

RESPONSIBLE ARTISANAL GOLD SOLUTIONS FORUM

Lessons Learned – Year 1: Executive Summary

The Responsible Artisanal Gold Solutions Forum (Forum) is a multi-stakeholder coalition seeking to learn about and address critical barriers to the production and trade of artisanal gold from Conflict-Affected and High Risk Areas (CAHRAs) in a way that verifiably meets national, regional, and international laws and OECD Due Diligence Guidance, and considers voluntary responsible sourcing standards. The Forum is engaging with pilots establishing compliant artisanal sources and supply chains to deliver that gold to responsible refiners, jewelers and other downstream users. The Forum is committed to promoting shared learning and broader engagement of industry, government, and civil society through dissemination of lessons learned and tools developed over the course of the pilots.

While the Forum’s first year focused on two pilots in the Democratic Republic of Congo¹, many of the lessons learned could be applied across geographies. This document captures insights from the Forum and its members’ efforts to date.

Defining “Responsible” Artisanal Gold and “Responsible Sourcing”: While there is alignment on the basic principles underlying “responsible gold,” there is some inconsistency in how these principles translate into criteria and expectations for artisanal sources. Responsible gold and responsible sourcing are also distinct; although few ASM sources could initially meet the highest environmental and safety performance standards, “responsible sourcing” could encompass purchasing from “acceptable” sources that meet minimum standards of compliance on issues of conflicts and human rights while working with suppliers to support and require progressive improvements to address a broader set of environmental and safety concerns.

Sustainable Financial Models and Incentives: The Forum is engaging with pilots that seek to become self-sustaining, but there remains a need to demonstrate models that do not rely on donors to subsidize start up and due diligence costs. The gold volumes in these pilots, by design, are very small; however many of the risks and fixed costs such as transport are consistent with greater supply and so unit costs would be prohibitive without donor support. While this is a challenge for several other artisanal minerals, including at a larger scale in the 3Ts, Forum partners seek to develop commercially viable models to incentivize upstream and downstream market engagement and increase the scale of production and trade. Sourcing models with long-term viability must also take into account market dynamics and offer commercial terms, services, or other incentives to miners, traders, and exporters that are competitive with other past or current buyers.

Clarity on Finance Components and Needs in Artisanal Supply Chains: The Forum identified multiple financing components for artisanal production, each with unique purpose and implications for due diligence and commercial agreements. Distinctions must be made between *prefinancing* of production, *prepayments* for metal received until refining is completed, and *inventory financing* to enable a pilot’s agent or comptoir to purchase gold from miners until stocks are of sufficient size to merit transaction costs associated with sale to a refiner.

¹ Capacity Building for Responsible Minerals Trade’s (CBRMT) pilot, operated by Tetra Tech; and Partnership Africa Canada’s Just Gold pilot project.

Shared Responsibility for Due Diligence: Due diligence is the responsibility of all supply chain partners, to ensure risk identification, mitigation, and progressive improvement. Yet the roles and responsibilities of each partner are not always clear. Translating due diligence principles to practice in ASGM has been an intensive process, and the Forum is creating a toolkit to support due diligence at all stages of an artisanal gold supply chain.

Local Engagement in Responsible Sourcing: Responsible artisanal gold production and trade requires engagement and capacity building not just among supply chain actors but with local and national government to address barriers such as tax regimes and concessions, cooperatives, and other artisanal mining designations. Engagement and securing buy-in from the local community, and linking successful, responsible artisanal gold trade to community benefits, is a key enabling condition and success factor.

ABOUT THE FORUM

The Responsible Artisanal Gold Solutions Forum is hosted and supported by the Solutions for Hope platform at RESOLVE. Solutions for Hope was established in 2011 to promote responsible sourcing from the GLR, initially focused on tantalum from DRC. Today, Solutions for Hope serves as a platform to convene partners seeking to source responsibly from conflict-affected areas, support responsible sourcing as a means of contributing to development, and build industry and local capacity through shared learning.

The Responsible Artisanal Gold Solutions Forum was convened in 2015, with additional financial support from Apple, Richline, and Signet, with significant in-kind contributions to Forum activities and products from Tetra Tech ARD, Partnership Africa Canada, PAMP, and other Forum members. For a full list of members, please visit the website: <http://solutions-network.org/site-ragsforum/>.