Fairtrade and Fairmined Gold

Artisanal and Small Scale Gold Mining
Geneva Briefing, 23 September 2010
Patrick SCHEIN - President S & P Trading (France) - ARM executive Board member
• Born from Oro Verde in 2004
• As an international and multi-institutional organisation operating from the South
• With a supply chain approach and multiple players
• To take advantage of emerging green and fair trade markets as incentives for improved social and environmental performance of ASM and contribute to poverty reduction
• ARM has led a process through which key stakeholders have reached agreements on universal standards and criteria for the certification of responsible and environmentally friendly artisanal and small scale mining practices, later medium scale operations.
OUR MISSION
...to work towards the transformation of artisanal and small scale mining into a socially and environmentally responsible activity, facilitate an economically just supply chain and educate the consumers as to their power to directly improve the quality of life of artisanal miners by purchasing fair trade jewellery and minerals.

OUR STRATEGY
To create an international certification system for responsible sourced minerals coming from artisanal and small scale mining and to develop differentiated markets for these products.

STRATEGIC OBJECTIVES
• Standard Setting
• Producer support
• Advocacy for improved public policy and consumer awareness
Why Fair Trade Model?

- It directly raises awareness of consumers and campaigns for changes in the rules and practices of conventional international trade.
- Economic incentive for positive transformation: TRADE NOT AID – It’s a Business Model
- Allows access to differentiated markets
- Recognizes change is a process: minimum and progressive requirements
- Long term vision
- Pays a fair price
- Pays a FT premium to producers
- Ensures traceability
- Ensures community development & environmental sustainability
- Bottom up, democratic & transparent processes
• Fairtrade/Fairmined Gold is exclusively available from ASM

• Miners must be formalised and organised (Legal mineral rights are a must)

• Requires consultation and consent of local community authorities, and grievance mechanisms to be in place

• Payment of all taxes and royalties

• Management of toxic substances (no whole ore amalgamation – obligatory use of retorts)

• No support to illegal activities or armed conflict

• Strict health and safety requirements

• NO child labor

• Rights for women miners

• Traceable gold
NETWORK OF PILOTS

- **Bolivia**: Cumbre del Sajama with Cotapata Cooperative
- **Colombia**: Oro Verde at Tadó and Condoto, Chocó
- **Colombia**: University of Nariño and Corponariño with Coodmilla and Asociacion Cumbitara, Nariño.
- **Perú**: Red Social y AMASUC with AURELSA, MACDESA, SOTRAMI, Women miners from Cuatro Horas and Filomena, Central-South Peru
- **Ecuador**: Escuela Superior Politecnica (ESPOL) with the Bellarica Cooperative, South Ecuador
- Regional coordination by: ARM
- Inspection and certification by FLO Cert. in 2010
Social Development Challenges

- The right to be legal
- Getting organised
- Developing democratic governance
- Literacy and numeracy
- Getting women miners in the picture
- Transparency and accountability in organisations
- Political incidence
• Strengthening administrative capabilities: strategic planning, risk management, accounting and democratic governance practices

• Capacity to develop an annual plan for the use of the premium-long term shared vision.

• Developing economies of scale and exporting directly

• Access to credit and pre-financing for purchase of Au and cleaner technology
Economic Development Challenges - 2

- Getting banks to work with ASM - credit (formal, semi-formal and informal)
- Getting governments to work with ASM - enabling legislation and public policy
- Getting LSM to work with ASM as part of the local community and a strategic aspect of closure planning.
- Getting professionals to work with ASM - where is the academia? in knowledge creation, technology, organisation, business models
Labour Development Challenges

- Informal work arrangements
- Women’s and disadvantaged groups’ rights
- Child labour - AIDS orphans dilemma specially in Africa
- Perception of risk - health and safety issues
- Mining rescue and equipment cost
- Social security
Environmental Development Challenges

- Access to clean technologies and efficient processing to end whole ore amalgamation
- Technological solutions to separate the Hg and Cn circuits
- Sanitation and access to drinking water
- Tailings management
- Top soil management for rehab
- Access to credit to improve efficiency of operations and get cleaner technologies
- Access to the appropriate retorts for Hg recovery
- Use of Hg by women and children

Certified Gold
Mercury and Cyanide:

miners must use safe and responsible practices for management of toxic chemicals in gold recovery and tailings, following UNEP/UNIDO guidelines

Where possible, no mercury or cyanide should be used for gold recovery

FT and FM Ecological GOLD:

No mercury or cyanide and strict ecological restoration practices

Ecological gold is scarce because without chemicals there is a drastic reduction in gold recovery
Proposition*: Guarantees a better deal for small-scale mining communities.

Promise: When you buy Fairtrade and Fairmined jewellery, you are supporting well managed community mines that are environmentally and socially responsible.

Benefit: Precious jewellery with a proven impact and a positive story

Reason to believe: The jewellery has a certified stamp of origin showing it’s been carefully extracted from a limited number of small scale mines, so it can be traced right from the miner to the jeweler. You can access the unique story of every mining community that is ‘fairtrade and fairmined’ certified.
There's a life story behind every piece

Fairtrade and Fairmined gold
Passion

that's forged the world's first ethical choice for precious metals

Fairtrade and Fairmined certified gold is the world’s first independent ethical certification system for gold and associated precious metals from artisanal and small-scale miners. This certification enables businesses, from designers and retailers to fabricators and distributors, to offer their customers the guarantee of a product which has been responsibly mined.
Commitment

to actively demonstrate fair sourcing practices

With jewellery, it's the 
thought that counts. 
Research reveals that 
people believe buying 
jewellery for a special 
occasion holds greater 
value and significance if it 
carries the Fairtrade and 
Fairmined marks.* It is a 
gesture which shows that 
the giver, the receiver and 
the business they bought 
the jewellery from are all 
committing to giving the 
miners a better deal.

Businesses that sell 
Fairtrade and Fairmined 
certified gold products 
will be at the cutting edge 
of industry trends. By 
pro-actively demonstrating 
their commitment to fair 
sourcing practices they 
will be acknowledged 
as leaders, seen to be 
shaping supply chains 
of the future by their 
customers, suppliers 
and wider stakeholders 
including trade bodies and 
government. They will be 
uniquely placed to fulfil the 
currently untapped market 
demand for responsibly 
mined gold.

An industry survey of 
96 companies across 
11 countries identified 
wedding rings, dress rings, 
necklaces, earrings and 
bracelets as consumer 
products with potential in 
this market.**

*Globescan, January 2010 
**Jewellery survey: 
Market Report, Fairtrade 
Foundation, 2009
A future in which miners can improve their livelihoods

Fairtrade and Fairmined gold is exclusively available from artisanal and small-scale mining organisations. Globally there are 100 million people who depend directly or indirectly on this type of mining. Artisanal and small-scale miners produce just 15% of global gold supplies yet account for 90% of labour in gold extraction. They are characterised by high levels of poverty, trapped in unfair supply chains and struggling to get a fair price for the gold they mine. Owing to the number of middlemen between the miner and exporter, once everyone takes their percentage the miner very rarely gets a fair price.

Fairtrade and Fairmined certification offers an opportunity for small-scale and artisanal miners to earn a fair price for the gold they mine, gaining dignity and rights by being involved in a recognised certification system.
Fairtrade and Fairmined certification enables miners to:

- Earn their living with **dignity** by participating in a system that gives them better access to their rights
- Gain more **security** from knowing there is a minimum price for the gold they mine
- Invest the Fairtrade premium in **community development** projects such as education, health and environmental restoration
- **Empower** themselves, gaining bargaining power with the traders and more control in the supply chain by developing democratic, collective organisations
- Address **gender equality** through creating better access to mineral sources for women
- Improve their **working conditions** through the mandatory use of protective gear and safer use of chemicals
Next Steps & Challenges?

- FT & FM Gold launch Feb 2011 for: UK, Canada, Finland
- Expansion in the 20 other countries where FLO Labelling initiatives are present with an objective of 5% of the jewelry market
- Mining communities: expansion in LATAM and introduction in Africa and Asia

Challenges:

- Mercury ban => Criminalization of its use => Is it the good way?
- Public Policy: get the ASGM miner into the picture: Legalization of the ASGM sector
Fairtrade and Fairmined Gold
Thank you!

www.communitymining.org | www.fairtrade.net