Better Gold Initiative

Creating a Sustainable Gold Value Chain from Mine to Market

Meeting of the OECD-hosted forum on implementation of due diligence in the gold supply chain

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Better Gold Initiative

- Private-Public-Partnership between the Swiss Better Gold Association (SBGA) and the Swiss State Secretariat for Economic Affairs SECO
- SBGA is a non for profit organization with different stakeholders from the Swiss gold value chain that wants to support development in mining communities by enabling linkages to finance and markets
- SECO is the Swiss Agency responsible for Economic Development Cooperation, promoting among other objectives, a sustainable export economy strengthening competitiveness and sustainable supply chains
- Initiative is seen in the context of the OECD DD, implementing the recommendations of the ASM Appendix; SECO is a donor for the implementation phase
Better Gold Initiative

• Switzerland has a wide range of experience contributing to the development of sustainable ASM in Ecuador, Bolivia, Peru and Mongolia; 2 of 3 FT/FM certified operations have been environmentally/technically supported by the Swiss projects

• Main objective of the BGI is to generate development in mining communities through market driven incentive payments and enabling transparency/traceability to ensure future fair prices for ASM Gold in the market

• BGI builds on previous experience and existing initiatives, strengthens the supply chain by creating demand in Switzerland and links certified or certified willing producer with the Swiss market

• BGI has realized stakeholder meetings in Switzerland and in Peru; it is now in the final design phase and recommendations are still welcome
Better Gold Initiative

Peru is selected as a country for pilot implementation:

- Peru has a wide range of artisanal, small-scale and medium-scale gold mining distributed all over the country
- ASM and informal/illegald mining is on top of the political agenda
- A legal package of national relevant decrees have recently been approved: definition and regulation of illegal and informal mining; simplification of the formalization process (one stop window); confiscation and destruction of illegal mining equipment; environmental control; control of chemicals; money laundering and organized crime
- a good balance between control and incentive
- The implementation of these measures is still pending, but the conditions are favorable
- Switzerland has a long tradition with Peru in cooperation and trade
- Existing first experiences with certification systems (FT/FM and RJC)
BGI Components

1. Consolidation of a simplified supply chain from mine to market
2. Support of the relevant certification systems (FT/FM and RJC) and their implementation
3. Policy dialogue in Peru
4. Support to the organization of the demand in Switzerland with the Swiss Better Gold Association
Component 1 – Supply Chain

Simplified Supply Chain

Certification Standard
FT/FM, RJC

Small / Medium mining operation
Ex.: Sotrami

Peruvian Government
Regional Government

Buyer / Refiner
Metalor

Transformer

Ex.: Watch Brand
Incentive

Local Verifying
Local support/NGO

Swiss Better Gold Association (SBGA)

Incentive
Component 1 – Supply Chain

• Creation of the simplified, inclusive supply chain to create more transparency and traceability
• Metalor is committed as a partner with ongoing negotiations to define their participation and contribution to the project: advanced due diligence practices, pre-finance, transport and export are the main gaps to fill
• Initially starting with SOTRAMI, a FT/FM certified operation; in a second step including formalized ASM with traceable and „conflict free“ gold; condition for participation is the commitment for future certification
• Together with Peruvian partners implementation of technical assistance (among others best practice, clean technologies, environmental management, training, direct support to formalization) to producers to prepare for further certification
Component 2 – Certification Schemes

• Build on existing initiatives (FT/FM and RJC)
• Support the FT/FM system, especially to enlargement of certified ASM supply, including dissemination of best practice
• Support the creation of a RJC „Code of Practice“ certification case, especially where a medium scale mine can integrate ASM
• Support the implementation of the RJC „Chain of Custody“ certification in collaboration with Metalor
Component 3 – Policy Dialogue

- Policy dialogue with the national Government
- Advisory service to the National and selected Regional Governments
- Support Government and mining associations in the planning and local implementation of the formalization process
- Ongoing coordination with Government and donor organizations
- Partnering with Peruvian National and Regional Governments, OECD and other multilateral organizations to get international, national and regional support for a country-specific „Gold for Peace“ project
- Participation in national and international events for dissemination of experiences
Component 4 - Demand

• Support to the organization and consolidation of the Swiss Better Gold Association (strategic plan, business plan, corporate identity, sustainability)

• Organize the demand and match with the supply; link brands, retailers and investors with the sustainable sourcing options

• Watch brands and investors are the defined priority sectors for the demand side

• Define the functioning of the incentive payments
Support to Implementation of ASM Appendix

- In country national and local stakeholder commissions
- Legalization and formalization process
- Establishment of traceability/chain of custody
- Providing financial support to multistakeholder commissions and traceability schemes/CoC initiatives
- Promoting directly ASM Gold to Switzerland, including incentive/premium payments
- Cooperation with customs authorities