



# ICGLR Strategy for Artisanal and Small-Scale Gold

June 2022

---





## FOREWORD

Artisanal and small-scale gold miners in the Great Lakes region are known for performing activities with little to no technology use or machinery by individuals or groups. However, Gold Artisanal and small-scale miners operate informally. This situation has given rise to many sustainable development challenges in the region. It is for this fundamental reason, that the ICGLR has under the implementation of the Regional Initiative against the Illegal Exploitation of Natural Resources (RINR), prioritized the formalization of Artisanal and Small-Scale Gold Mining.

The ICGLR Conference Secretariat recognizes that all efforts to formalise the artisanal mining sector and integrate it into the formal economy should be based on lessons learned during the last decade of implementing the Regional Initiative against the Illegal Exploitation of Natural Resources (RINR) anchored on the Pact of Security, Stability and Development. The Strategy has been conceived as an important contribution towards realising the ASM gold sector's potential as a driver of economic growth and development in the region. It is in this spirit that the ICGLR and its Member States express their full commitment to the implementation of the present ASM Gold Strategy.

The Strategy is based upon extensive consultation with Member States and gold sector experts. The key themes covered in this Strategy include: Certification and Chain of Custody Tracking; Formalisation of the Gold Sector; Harmonization of Legal and Policy Frameworks; Inter-regional Cooperation and Communications; and Doing Business in the GLR. This Strategy aims to support Member States in optimal harvesting of benefits from the gold sector while controlling the negative impacts and the illegal trafficking of minerals and consequently eliminating their contribution to political and armed conflict in the great lakes region. It is also in conformity with the OECD Due Diligence Guidance for



Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and the Minamata Convention on Mercury.

This guide is a product of an intensive and broad consultative process and we are hopeful that ICGLR Member States will find this guide helpful and that it will serve as a foundation for eventually formalizing the ASM sector as an essential step toward mitigating the sector's various negative impacts and to unlock its full development potential.

A handwritten signature in black ink, appearing to read 'João Samuel Caholo', with a long horizontal flourish extending to the right.

Ambassador João Samuel Caholo,

**EXECUTIVE SECRETARY**



## ACKNOWLEDGEMENT

The ICGLR Strategy for the Artisanal and Small-Scale Gold was developed with the financing of Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), which commissioned Levin Sources to facilitate the development of this Strategy.

This assignment would not have been a success without the coordination and insights from Mr Gerard Nayuburundi and Mr Simon Nibizi from the ICGLR Unit on Natural Resources.

The Strategy is based upon extensive consultation with Member States and gold sector experts. A first regional meeting on the topic took place in Arusha on 27-28 March 2018, after which a “Zero-Draft” of the Strategy was developed. This was subsequently discussed and commented on by Member States and experts at an international workshop held in Nairobi, Kenya on 18-20 September 2018. The final draft of the document incorporates the comments and feedback received on the “Zero-Draft” of the Strategy.



# Table of Contents

Abbreviations and Acronyms.....	v
Executive Summary .....	vii
<b>0. Introduction.....</b>	<b>9</b>
0.1. Why a Gold Strategy for the Great Lakes Region? .....	9
0.2. Implementation of the Strategy .....	10
0.3. Prioritisation of activities.....	11
<b>1. Certification and Chain of Custody Tracking.....</b>	<b>17</b>
1.1. Commitment to implementing the Regional Certification Mechanism.....	17
1.2. Gold Chain of Custody Systems .....	19
1.3. Regional Mineral Database .....	23
<b>2. Formalisation of the ASM Gold Sector .....</b>	<b>27</b>
<b>3. Harmonisation of legal and policy frameworks.....</b>	<b>35</b>
<b>4. Intra- and Inter-regional cooperation and communications....</b>	<b>39</b>
<b>5. Doing business in the Great Lakes Region – ASM Gold .....</b>	<b>44</b>
<b>Conclusion and Way Forward .....</b>	<b>48</b>
<b>Key ICGLR reference documents .....</b>	<b>49</b>



## Abbreviations and Acronyms

ASGM	Artisanal and Small scale Gold Mining
ASM	Artisanal and Small scale Mining
BGR	Bundesanstalt für Geowissenschaften und Rohstoffe (Federal Institute for Geosciences and Natural Resources)
BMZ	German Federal Ministry for Economic Cooperation and Development
CEN-SAD	Community of Sahel-Saharan States
CoC	Chain of Custody
COMESA	Common Market for Eastern and Southern Africa
CRAFT	Code of Risk-mitigation for Artisanal and small-scale mining engaging in Formal Trade
DRC	Democratic Republic of the Congo
EAC	East African Community
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EPRM	European Partnership for Responsible Minerals
FAQ	Frequent Asked Questions
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
GLR	Great Lakes Region
H-P	High-Priority
HRBA	Human Rights Based Approach
ICGLR	International Conference on the Great Lakes Region
IGF	Inter-Governmental Forum on Mining, Minerals, Metals and Sustainable Development IOM Institute of Materials, Minerals and Mining



IOM	Institute of Materials, Minerals and Mining
ITOA	Initiative de Traçabilité de l'Or d'Exploitation Artisanale (ASM gold traceability initiative) iTSCi ITRI Tin Supply Chain Initiative
iTSCi	ITRI Tin Supply Chain Initiative
KPCS	Kimberly Process Certification Scheme
KYC	<i>Know Your Customer</i>
LSM	Large Scale Mining
MSM	Medium Scale Mining
OECD	Organisation for Economic Co-operation and Development
OMCO	Office of the Mineral Chain Ombudsman
RCM	Regional Certification Mechanism
RINR	Regional Initiative against the Illegal Exploitation of Natural Resources
RJC	Responsible Jewellery Council
RMD	Regional Mineral Database
SADC	Southern African Development Community
SMART	Specific, Measurable, Achievable, Relevant and Timed
TeN	Technology Network
TPA	Third Party Auditor
UAE	United Arab Emirates
UNGoE	UN Group of Experts
UNITAR	United Nations Institute for Training and Research
USAID	United States Agency for International Development
WCO	World Customs Organisation





# Executive Summary

Africa's Great Lakes Region (GLR) is endowed with substantial mineral resources. Many of these are experiencing growing demand from leading and emerging economies around the world as essential ingredients for a high-tech and low-carbon future. Unfortunately, countries and communities in the GLR have derived only very limited benefits from this resources. The largely informal and frequently illicit nature of mineral production and trade has deprived the region of vital opportunities to promote revenues, employment and industrialisation. While acknowledging the many challenges associated with the ASM gold sector in the GLR, this Strategy fully recognises the essential leadership by national governments in the region, working closely with the private and public sector and civil society, to strengthen the gold sector's contributions to economic development. It also emphasises the important role played by the International Conference on the Great Lakes Region (ICGLR) in coordinating and supporting relevant efforts by Member States through its Regional Initiative against the Illegal Exploitation of Natural Resources RINR. The Strategy outlines key intervention areas and activities that will be pursued by the ICGLR and Member States in order to contribute to improved ASM gold sector due diligence and business performance in the region. It groups them into high- and medium-priority activities and proposes timelines for their implementation. Importantly, the proposed priorities have been selected to ensure coherence and conformity with the ICGLR's Regional Certification Mechanism (RCM) and Organisation for Economic Cooperation and Development's (OECD) Due Diligence Guidance for Responsible supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Finally, the Strategy also proposes measures to monitor progress and adjust priorities on an ongoing basis.



The priorities included in this document are the results of high-level consultations with Member States and gold sector regional and international experts held in Arusha, Republic of Tanzania on 27-28 March 2018 and subsequently in Nairobi, Kenya on 18-20 September 2018. In addition, the document builds upon recommendations put forward in the ICGLR White Paper on Gold Strategy in the Great Lakes Region, published in July 2016.<sup>1</sup>

The key thematic areas agreed upon are

1. Certification and Chain of Custody Tracking
2. Formalisation of the Gold Sector
3. Harmonisation of Legal and Policy Frameworks
4. Inter-regional Cooperation and Communications
5. Doing Business in the GLR

The Strategy includes a dedicated chapter for each of these themes, setting out background and relevance for gold sector in the GLR before listing the actions that have been agreed through the consultative process.

In summary, the Strategy has been conceived as an important contribution towards realising the ASM gold sector's potential as a driver of economic growth and development in the region. It is in this spirit that the ICGLR and its Member States express their full commitment to the implementation of the present ASM Gold Strategy.

---

<sup>1</sup> ICGLR. ICGLR White Paper on Gold Strategy in the Great Lakes Region. (July 2016).



# 0. Introduction

## 0.1. Why a Gold Strategy for the Great Lakes Region?

The publication of this commodity-specific strategy recognises the important role that the contraband trade in gold has in perpetuating conflict, insecurity and human rights abuses in the Great Lakes Region (GLR). A number of characteristics associated with gold make it a particularly high-risk commodity for contraband trade, notably: gold is highly fungible and can be easily commoditised, it can be traded anonymously (unrecorded) and it is easily smuggled and traded (high value to weight ratio). In addition, unlike other minerals associated with contraband trade such as diamonds, gold can be valued using simple and reliable techniques. Finally, the transfer and exchange of gold can play an important role as a trade currency in contexts where the banking and finance sectors are underdeveloped or uncompetitive.

While much international attention over the past 10 years has focused on the illegal traffic of artisanal and small-scale mining (ASM) gold from the east of the Democratic Republic of the Congo (DRC) and its role in the on-going conflict, this document emphasizes the non-declaration and smuggling of ASM gold as a serious challenge for all ICGLR Member States and for the international gold industry more generally. It results amongst other things in the loss of fiscal revenue to national treasuries, negatively impacts balance of payments by worsening trade deficits, contributes to human rights abuses within gold supply chains, intensifies environmental harm associated with unregulated mining, undermines the development potential of the ASM sector in the producing communities, and strengthens criminal and armed groups to the detriment of regional peace and security. Furthermore, through the avoidance of taxes and duties the illicit gold trade diminishes financial



resources available to Member State Ministries and agencies to carry the fight against the illegal exploitation of natural resources.

Despite measurable progress towards greater formalisation of the ASM sector in the GLR, Member States recognise without exception, that there is still a long way to go and that effective regulation and control of ASM gold from mine to export will require concerted efforts, coordination and cooperation at the local, national, regional and international levels. The role of the ICGLR in these efforts is to monitor, assist and support Members Sates in their on-going efforts.

## **0.2. Implementation of the Strategy**

The ICGLR ASM Gold Due Strategy identifies commonly agreed intervention areas and activities, which are to be implemented by the ICGLR and / or Member States. They have been developed collaboratively taking into account the institutional capacity of the ICGLR and Member States and the availability of human, material and financial resources.

It is emphasised by the ICGLR and Member States that the implementation of the present Strategy will not take place in isolation from other states, industry and civil society responsible mining and sourcing initiatives, but rather seek to complement and (where applicable) support them. Recognising this, the following guidelines for the implementation of the Strategy have been formulated:

As a regional body composed of Member States the ICGLR shall act as the regional platform to oversee the implementation of the Strategy.

- Due attention should be given to ensure that activities outlined in the Strategy conform to each Member State's national policy, legislative and regulatory frameworks. However, harmonization of national frameworks shall be a priority.



- In line with the commitment towards greater regional harmonisation of the governance of the mineral sector in the GLR, existing national strategies or action plans may require revision to incorporate the key intervention areas and activities identified in the Strategy.
- Provisions specific to Member States provide for a flexibility of application i.e. they are not prescriptive in how they should be achieved. Nevertheless, implementation of the activities by Member States should be responsive to the desired outcomes of the Strategy.
- Effective implementation of the Strategy requires coordination with all relevant ministries, including, but not limited to: Foreign Affairs Ministry, Treasury / Finance Ministry; Environment Ministry; Security Ministry, Justice Ministry, Trade Ministry, etc.
- Careful consideration should be taken of how the implementation of the Strategy can support (rather than replace or supersede) exist Such initiatives include, inter alia, civil society monitoring activities, public and private gold chain of custody systems, downstream responsible sourcing efforts and ing initiatives (state, industry, civil society) that contribute to due diligence efforts in the region.
- Sequencing and prioritisation of activities may require flexibility based on Member State priorities and resource availability. Consideration of this and how it impacts the objectives of the Strategy should involve both the ICGLR and the Member State/s.

### **0.3. Prioritisation of activities**

Recognising the importance of a phased implementation of the Strategy, the activities have been categorized in the following way:

- **High-priority** implementation to have commenced within 1-year of the publication of the Strategy with sufficient resources to have been allocated to undertake these activities in the first instance.



- **Medium-priority** implementation should have commenced within 2-5 years of the publication of the Strategy. Resources should be made available for the implementation of these activities only once priority activities have been implemented.

The table below details the High-Priority Activities sorted according to their Intervention Areas. Activities identified as High-Priority are also signposted in the body of the report using the abbreviation (H-P). All other activities are to be considered Medium-Priority. The Strategy presupposes an annual review process to take stock of the progress made in implementing High-Priority activities, at which point priorities for the subsequent year will be developed and annexed to an updated version of the Strategy.

Table 1: Table detailing High-Priority (H-P) Activities

Intervention Area	Activity
<b>1.1. Certification and Chain of Custody Tracking – Commitment to Implementing the Regional Certification Mechanism</b>	<ul style="list-style-type: none"> <li>• The ICGLR and Member States will finalize the revision of the Regional Certification Mechanism manual.</li> <li>• ICGLR Member States will, by way of a Declaration, reaffirm their continued commitment to the fulfillment of the purpose of the Regional Certification Mechanism, including implementing measures that contribute to the financial sustainability of the RCM self-financing Mechanism.</li> <li>• ICGLR Member States will facilitate the establishment and operationalization of gold Chain of Custody systems in the region in accordance with the RCM CoC system requirements.</li> </ul>



	<ul style="list-style-type: none"><li>• ICGLR will publish on its website a list of all accredited third-party audit firms and individuals.</li></ul>
<b>1.2. Certification and Chain of Custody Tracking – Gold CoC Systems</b>	<ul style="list-style-type: none"><li>• The ICGLR will undertake a comprehensive assessment of the successes and failures of gold traceability pilots active in the GLR and work with Member States to formulate how best to facilitate the development of RCM conformant gold CoC systems.</li><li>• Member States will facilitate the establishment and operationalization of gold CoC system providers in the region in accordance with the RCM CoC requirements.</li><li>• The ICGLR RINR website will host a list of approved gold CoC systems.</li></ul>



<b>1.3 Certification and Chain of Custody Tracking – Regional Mineral Database</b>	<ul style="list-style-type: none"><li>• The ICGLR will finalize the development and operationalization of the Regional Mineral Database.</li><li>• The ICGLR and Member States will put in place data transfer processes and procedures for sharing data to the ICGLR Regional Mineral Database.</li><li>• The ICGLR Secretariat will support Member States to put in place processes to permit the real time upload of ICGLR export certificates.</li></ul>
<b>2. Formalisation of the Gold Sector</b>	<ul style="list-style-type: none"><li>• The ICGLR and Member States will reaffirm their commitment to the formalization of the ASM gold sector. All subsequent activities detailed in this section are fully aligned with the Regional Guide.</li><li>• Member States commit to improving access to baseline data concerning their ASM gold sectors.</li><li>• Member States will at a minimum seek to promote policies that simplify the administrative burden and reduce the cost of adhesion to becoming a legal operation.</li><li>• The ICGLR will identify and publish key guidance documents related to formalization of the ASM gold sector on its website, including the Regional Guide</li></ul>





<p><b>3. Harmonisation of Legal and Policy Frameworks</b></p>	<ul style="list-style-type: none"><li>• Member States that have not yet domesticated the legal provisions of the Protocol on the Regional Initiative against the Illegal Exploitation of Natural Resources will do so within a reasonably agreed time-period.</li><li>• The ICGLR will undertake or commission a study with recommendations regarding the nature and extent of fiscal disharmony in the GLR. The study will inform ICGLR engagement with all Member States on harmonization of their fiscal regimes with a view to moving towards agreement on harmonization measures to be enacted across the region.</li></ul>
<p><b>4. Intra- and Inter-regional Cooperation and Communication</b></p>	<ul style="list-style-type: none"><li>• The ICGLR will fully engage with the private sector and governments of the downstream refining and trading countries with view to extending cooperation to tackle the issue of uncertified gold from the GLR.</li><li>• The ICGLR will develop a strategy to engage with service providers who play an indirect role in facilitating the illicit trade of gold (see details in body of Strategy)</li><li>• The Member of the ICGLR Regional Committee on Natural Resources in each of the Member States will be mandated to oversee and report back on the implementation of the present Strategy.</li></ul>



**5. Doing  
Business in the  
ICGLR**

- The ICGLR and Member States commit to undertake a process to move towards greater levels of fiscal harmonization based on the recommendations and outputs of the fiscal harmonization study (see harmonization of legal and policy frameworks)
- The ICGLR will engage proactively with market focused responsible gold programmes to identify and encourage responsible buyers to source from the region.
- The ICGLR will engage with Member States and the private sector with a view to improving Gold mining and mineral trading practices within the Great Lakes Region with particular regard to joint/regional ventures.
- The ICGLR and Member States will encourage the establishing of gold value addition facilities (refineries, jewellery) in the Great Lakes Region with particular regard to joint/regional ventures.



# 1. Certification and Chain of Custody Tracking

## 1.1. Commitment to implementing the Regional Certification Mechanism

The Regional Certification Mechanism was developed and adopted in 2011. It is presently undergoing its first revision with a view to making amendments that account for seven years of implementation experience and to rationalise it in line with its original “Purpose” (or Terms of Reference), which is: “to provide for sustainable conflict-free mineral chains in and between Member States of the International Conference on the Great Lakes Region (ICGLR) with a view to eliminating support to armed groups that sustain or prolong conflict, and/or otherwise engage in serious human rights abuses”<sup>2</sup>

It is therefore agreed that:

- The ICGLR and Member States will finalise the revision of the Regional Certification Mechanism (RCM) manual (H-P). This activity will be delivered under an existing donor support programme and is a precursor to the remainder of the activities in this section. Member States commit to provide detailed feedback on the RCM as part of the revision process.
- The ICGLR and Member States will disseminate the revised RCM manual to all stakeholders with a view to sensitizing them to the roles and responsibilities of RCM Actors.

---

<sup>2</sup> Regional Initiative against the Illegal Exploitation of Natural Resources. Regional Certification Mechanism (RCM) URL:<http://www.icglr-rinr.org/index.php/en/certification>[Accessed 8th July 2018]



- ICGLR Member States will, by way of a Declaration, reaffirm their continued commitment to the fulfilment of the purpose of the Regional Certification Mechanism (H-P). This will include a commitment to the revised version of the RCM Manual as well as a pledge to allocate the resources required to effectively undertake their responsibilities as Member States to implement the requirements of the Manual. This includes implementing measures that contribute to the financial sustainability of the RCM (Self-financing Mechanism (H-P)). At present a large proportion of Member States are not-implementing, or only partially-implementing, the existing RCM; this may be due to the perception that it does not apply to them because initial implementation efforts have focussed on 3Ts (Tin, Tantalum, Tungsten). A Declaration will therefore also reaffirm that the RCM has always and continues to apply to gold, as one of the four named Designated Minerals, and therefore that all Member States will implement its requirements.
- ICGLR Member States will undertake to harmonize or amend (as appropriate) national legislation, within a commonly agreed period, in line with the requirements of the revised Regional Certification Mechanism. The ICGLR will assist this process through technical support to Member States, amongst others by way of peer-to-peer learning workshops, which draw upon the experiences of the Members States who have already successfully domesticated the RCM into national legislation.
- ICGLR Member States will facilitate the establishment and operationalization of gold Chain of Custody systems in the region in accordance with the RCM CoC system requirements (H-P).<sup>3</sup> ICGLR will produce an information manual (in English, French, Portuguese and Arabic) on the revised Regional Certification Manual with the purpose of sensitising upstream actors to its Purpose and requirements, as well as the responsibilities of respective stakeholders detailed therein.

---

<sup>3</sup> See below – Section 1.ii on “Support for Gold Chain of Custody Systems



- ICGLR will support initiatives to improve the efficacy of the implementation of key functions of the Regional Certification Mechanism (institutional learning and adaptation). Initial activities might be stimulated by the present revision of the Manual but need not be limited to it. This might include, for example, seeking ways to facilitate the engagement of Third Party Auditors (TPAs) by Export firms through 1) the online publication and management of a detailed list of accredited audit firms and individuals 2) the development of standard contracts for TPAs with commonly agreed terms 3) the establishment of an escrow account at the ICGLR Secretariat with relevant safeguards for the transfer of payment for TPAs between the Auditee and TPA firm.
- In line with the ICGLR Strategy on Gender Mainstreaming, the Regional Committee and the Audit Committee of the ICGLR will seek to improve female representation. Similarly, other offices proposed as part of the revised RCM, such as the Office of the Mineral Chain Ombudsman (OMCO), will establish gender participation criteria in their terms of reference.

## **1.2. Gold Chain of Custody Systems**

Operational and effective chains of custody (CoC) systems are essential to the licit export of gold from the GLR. The RCM requires CoC Systems to be in operation in ICGLR Member States so that Exporters can track the CoC of Designated Minerals (tin, tantalum, tungsten and gold) from the point of production (the mine site) to the point of export. The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas further requires supply chain actors put in place management systems in these areas that can assess and manage OECD Annex II risks to ensure that sources of minerals do not contribute to conflict or serious human rights abuses<sup>4</sup>; CoC systems form an integral part of this.

---

<sup>4</sup> OECD. OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (3rd edition, 2016). 5-step Framework



Despite the widespread roll-out of supply chain traceability for the 3Ts achieved over the past decade in eastern DRC and Rwanda, as of November 2018, the coverage of gold CoC systems is only in its nascent stage. The government of the DRC, with the support of USAID, is presently piloting the Initiative de Traçabilité de l'Or d'Exploitation Artisanale (ITOA), whilst IMPACT (formerly Partnership Africa Canada – PAC) is implementing the Just Gold project that seeks to trace gold from the mine to the point of export. Both projects focus on gold produced artisanally in the East of DRC and both can boast small, fully-traced exports of gold. Nonetheless, with a forthcoming IMPACT study estimating gold production in eastern DRC at 15-20tons per year<sup>5</sup>, there is a long way to go. This is one of the primary reasons why USAID has committed to fund a 5-year programme with a budget of up to \$15 million USD to establish conflict-free gold supply chains in Eastern DRC. The objective of this programme, as it should be in the GLR more broadly, is the scalability and sustainability of gold traceability.

It is fully recognised that there is no one-size-fits all solution to CoC tracking and that the role of the ICGLR and Member States is to put in place a business environment that fully encourages multiple CoC service providers to operate in the region.

It is therefore agreed that:

- The ICGLR will undertake a comprehensive assessment of the successes and failures of gold traceability pilots active in the GLR and work with Member States to formulate how best to facilitate the development of RCM conformant gold CoC systems (H-P). The initial assessment will base itself upon the practical implementation experience of the ongoing gold traceability pilots in the DRC, with a view to forming recommendations to Member

---

<sup>5</sup> Previous estimates of 10-15 tons for total annual ASM production from throughout the DRC probably need to be revised significantly upwards. As does the UN GoE estimate for the value of gold smuggled out of the DRC, \$383-\$409 million USD in 2013 – cf. Final Report of the UN Group of Experts on the DRC, S/2014/42, p. 37.



States on best practice methods to consider when establishing their own CoC Systems for gold, in line with the requirements of the RCM. The ICGLR will identify with Member States the best method for dissemination of results, which may include: 1) the development of a handbook on establishing gold CoC Systems 2) the hosting of periodic workshops to provide up to date insights into lessons learned from gold initiatives, and / or 3) visits to Ministries and technical departments of Member States to advise them on the establishment and implementation of gold CoC Systems. Furthermore, the ICGLR will continue to engage with Member States to formulate how best to facilitate the development of RCM conformant gold CoC systems either at the national or the regional level.

- The ICGLR will convene a meeting of licensed gold exporters (comptoirs, smelters, refiners, LSM). The purpose of the meeting is to bring together these actors to:
  1. Sensitise them to requirements of the RCM (need for implementation of CoC systems, additional due diligence managements systems, periodic TPAs, etc.)
  2. Share experiences of gold exporters in the export of licit gold from the GLR, including challenges and solutions
  3. Develop a joint vision statement for the sector to include commitment to regional certification requirements
  4. Identify and make recommendations for how Member States can facilitate the export of licit gold through registered entities by tackling procedural, fiscal, operational or other barriers to gold entering the licit market.
  5. Discuss and propose a sanction mechanism to apply to non-compliant exporters.



On-boarding gold exporters is essential to the scalability and sustainability of these systems, since they rely on export fees and levies to fund their operations; identifying a critical mass of clients may result in economies of scale which could push the per unit cost of CoC tracking down to tilt the cost-benefit pendulum of licit-illicit gold in the desired direction. This could also result in the founding of an 'ICGLR Gold Producers and Exporters Association' for LSM, SME and ASM sectors i.e. a trade association run by its members and affiliated to the ICLGR where issues, challenges and ideas can be discussed by those with the most knowledge and expertise on the subject. The ICGLR may also wish to invite CoC System providers to this meeting to showcase their products and provide insights as to how CoC tracking works in practice / what competitive advantages it can confer.

- Member States that have outstanding applications from CoC System providers to establish operations in their country will expedite these. This means providing a reasonable deadline by when prospective service providers can expect a response to their proposals and meaningful feedback as to why their application has or has not been accepted. Member States will encourage meaningful competition amongst CoC System service providers by pursuing a policy that accepts and encourages multiple service providers. This should have the effect of expanding service provision whilst reducing cost through increased competition and the need for operational efficiency to attract clients.
- Member States will facilitate the establishment and operationalisation of CoC System providers in the region in accordance with the RCM CoC requirements (H-P). This might include, but should not be limited to, the establishment of transparent regulation and licensing programmes that set out the requirements for operating in each Member State, which might include for example license fee requirements, transparency and data reporting requirements etc. Establishing a defined and predictable operating framework for service providers is a key “ease of doing business” indicator





and is likely to result in new market entrants to fill the present gap and a higher quality of service provision.

- The ICGLR will seek to establish peer-to-peer learning partnerships with CoC systems and third-party due diligence providers. This might include capacity building workshops for ICGLR officials run by CoC System service providers for example concerning the issues and challenges facing gold supply chain traceability, as well as any lessons learned, and difficulties overcome. Conversely, the ICGLR may use the workshop to disseminate changes to the revised RCM manual and what this means for CoC System operators. Other models of ongoing sharing and learning should be explored.
- The ICGLR will build regular contact with major donors and / or implementers regarding programme activities related to the promotion and scalability of CoC tracking solutions. Key learning from respective programs / initiatives should be shared between focal points. Donors with relevant programmes include: GIZ, BGR, USAID, the World Bank, IOM, etc.
- The ICGLR RINR website will host a list of approved gold CoC systems (H-P). This list should include a resume of the services provided by each of the systems, the territories in which they operate, their license status and key contact information. The list could in the first instance be used by gold exporters to identify potential CoC Systems to fulfil their CoC tracking needs

### **1.3. Regional Mineral Database**

The ICGLR Regional Mineral Database (RMD), is the fourth tool of the RINR. The database will serve as a repository for all mine site, CoC and exporter data for gold (and other designated minerals) in the GLR. The user interface is intended to permit query functions that will allow for dynamic analysis of regional gold flows. It is therefore a vital component of the ICGLR ASM Gold Strategy and is to be supported



by Member States, who have committed to collecting, storing and uploading datasets – via national Member State Databases – to the ICGLR RMD.

A number of elements feed into the successful development and launch of the ICGLR RMD; these are detailed in the activities detailed below. Further, a more general commitment to data transparency and inter-regional cooperation regarding data sharing is absolutely essential to the promotion of CoC transparency. Self-financing measures are further foreseen as a way of contributing to the financial sustainability of the ICGLR RMD and the RCM more generally.

- The ICGLR will finalise the development and operationalization of the Regional Mineral Database (H-P). This activity will be delivered under an existing donor support programme and is a precursor to the remainder of the activities in this section.
- The ICGLR will advocate for and assist Member States to share all non-commercially sensitive mine site, chain of custody and export data required by the RCM to the Regional Mineral Database. The RCM requires that Member States share specified data sets with the Regional Mineral Database Unit for use in the Regional Mineral Database. The data interpretation and query functions are an important tool in identifying and diagnosing anomalous mineral flows within and between Member States, but whilst commitment to share such data is foreseen in the RCM, data transfer has to date been limited. ICGLR will therefore advocate for Member States to fulfil their obligations in this regard. In addition, the ICGLR should recognise that data transfer has also been inhibited by slow development of a database with required specifications and limited training as to what data to collect and how to store and transfer it. Therefore, as part of the development of an updated RMD the ICGLR will seek to extend training and technical assistance to Member States focussed on data collection, corroboration and transfer.



- The ICGLR and Member States will put in place data transfer processes and procedures for sharing data to the ICGLR Regional Mineral Database (H-P). Whilst Member States have already committed to share mine site, CoC and exporter data with the ICGLR, to date data transfer has been limited. This is in part due to the fact that the ICGLR RMD has not yet become fully functional. Nonetheless, as the database is completed Member States will be expected to discharge of their obligations. This means establishing compatible Member State Databases and putting in place data transfer processes and procedures. Member States with existing datasets will cooperate with the ICGLR RMD Unit in piloting the database through the transfer of initial datasets.
- The ICGLR Secretariat will develop options for the RMD to become self-financing. Data is big business, and good data is essential to downstream and upstream due diligence and risk management systems. The RMD, when fully functional, will have a significant commercial value. The ICGLR and Member States will develop ways to harness this commercial value whilst making upstream risk and KYC information available to relevant stakeholders and (in some cases) the general public. For example, the ICGLR might consider the development of a subscription or pay-per-query service for supply chain actors (esp. exporters, refiners and downstream) as part of their risk profiling. If a percentage of revenue is then shared back to Member States, this model could provide the carrot for sharing the data in the first place. The commerciality of the ICGLR RMD is an opportunity that has to be exploited but requires careful consideration and planning. The success of this self-financing Mechanism will depend upon the accuracy and timeliness of the data therein.
- The ICGLR will support Member States to put in place processes to permit the real time upload of ICGLR export certificates (H-P). A major preoccupation of a number of Member States is the ongoing production and circulation of counterfeit ICGLR Certificates, in particular the absence of a process to cross-check the validity



of certificates. There have been other instances where falsified certificates have been cleared for export in other Member State countries. Without a process in place to identify and cross-check certificates, this type of incident will persist, resulting in reduced international confidence in the RCM, and disagreements and mistrust between Member States. In addition, the absence of a system of verification of certificates may result in an increased incidence of gold trafficking networks exploiting gaps in the system to legitimise exports. Therefore, the real time upload of scanned certificates and unique identifiers - a requirement of the RCM – will be pursued as a priority activity and overseen by the ICGLR Secretariat. The ICGLR Secretariat shall also develop a system of ‘advanced import/export notification’ between Member States of the region to be hosted on the RMD



## 2. Formalisation of the ASM Gold Sector

With the financial support of the African Development Bank, the ICGLR developed a Regional Guide on ASM Formalisation in the Great Lakes Region (2017). This guide is based upon a comprehensive review of formalisation programmes in place in Member States and their supporting national legal and regulatory frameworks from which best practices for formalisation were identified. The activities outlined in this section align with the best practices identified in the guide.

Formalisation and the channelling of ASM gold from the informal into the formal supply chain is a key strategy being undertaken by the Member States to combat the negative impacts of the illicit gold trade. Nonetheless, without exception, there is a strong recognition that there is still a long way to go and that effective regulation and control of ASM gold from mine to export will require concerted effort, coordination and cooperation, both at the local and national level, but also the regional level.

It is recognised by Member States that the progressive and on-going formalisation of the ASM gold sector holds enormous potential to delink it from illegal exploitation and criminal and / or armed-group profiteering, whilst promoting its role in the sustainable development of rural and national economies. The mutualism between formalisation of the ASM sector, combating the illegal exploitation of natural resources and development is further underlined in the Regional Initiative against the Illegal Exploitation of Natural Resources (RINR), where it forms one of the six tools<sup>6</sup>. As such it is a high policy priority for the ICGLR, as demonstrated by the publication of an ASM formalisation guide in

---

<sup>6</sup> Regional Initiative against the Illegal Exploitation of Natural Resources. Formalization of the Artisanal and Small-Scale Mining Sector URL: See <http://www.icglr-rinr.org/index.php/en/formalisation>[Accessed 14th July 2018]



2017<sup>7</sup>.

Formalisation is generally considered to be a process that combines multiple strands, amongst which a non-exhaustive list may include: policy, legal and regulatory reform, institutional development, private sector development (including greater access to finance), administrative and technical assistance to mine and supply chain operators, organisation of labour, and monitoring and enforcement.

There is consensus amongst Member States that professionalisation of the ASM sector is also a key outcome of formalisation, and that this in turn will lead to, inter alia: improved and safer working practises; improved access to information, skills and technology; enhanced exploration, production and recovery rates; improved access to formal

---

<sup>7</sup> Mondlane, S. ASM Formalisation Guide in ICGLR Member States, ICGLR (Dec, 2017).



financial services; better environmental management, and; reduced conflict between ASM and LSM. Nevertheless, Member States are cognisant that formalisation can lead to unintended consequences that might erode or undermine the positive outcomes detailed above unless carefully monitored and managed. Examples of this may include: the marginalisation of vulnerable groups, including poorer segments of the rural population, as mining becomes more capital intensive; the exclusion of women from the production cycle; a reduction in employment opportunities with low barriers to entry; undermining local “spin-off” economies, and; greater levels of elite capture. Member States therefore commit to pursue a human rights based approach (HRBA) to formalisation, which takes into account the rights of all stakeholders.

The suite of activities throughout this document is intended as a whole to contribute to the process of formalisation. Additional activities outlined below focus on good governance of the sector; that is a governance environment that is conducive to the process of formalisation. Mandated as an inter- governmental conference, the ICGLR - and its Member States - is uniquely positioned in the region to implement these activities.

It is therefore agreed that:

- **The ICGLR Member will develop national ASM Formalisation action plans towards the implementation of the Regional Guide (H-P).** This will include activities on how Member States intend to incorporate the 14 recommendations from the Guide into their ASM policies and how they plan to minimise the legal requirements for ASM to acceptable and accessible levels.
- **The ICGLR and Member States will reaffirm their commitment to the formalisation of the ASM gold sector. All subsequent activities detailed in this section are fully aligned with the Regional Guide. (H-P).** Formalisation is a policy option that recognises the inherent value of the ASM sector and one that



seeks to incorporate its contributions into the formal local and national economy. Committing to formalisation as a policy means committing substantial financial and human resources to this end and that Member States commit to periodic reporting on sector formalisation efforts through existing ICGLR fora.

- **Member States commit to improving access to baseline data concerning their ASM gold sectors (H-P).** A major impediment to the effective formalisation of the ASM gold sector is the lack of availability of reliable and up-to-date data, which is essential to paint a picture of the present state-of-play of the sector. An initial step that Member States will take is to undertake baseline assessments of their gold ASM sector, with a longer-term view to institutionalising the ongoing monitoring of the sector. Improved data and its subsequent analysis will result in greater understanding of the challenges and opportunities of formalisation, as well as inform the allocation of limited resources into priority activities to be pursued as part of formalisation programmes. Key data sets that are often lacking at present and will be prioritised include: population statistics (disaggregated accounting for gender, age, etc.); production data; location and footprint of mine sites; level of formality vs. informality; income and pricing data along the value chain; environmental impact; etc.
- **Member States further commit to sharing sectoral baseline data through ICGLR hosted learning platforms to foster greater understanding of regional gold mining and trade patterns.**
- **The ICGLR and Member States will recognise all forms of legitimate ASGM as defined by the OECD.** A formalisation strategy will be predicated on the realisation that it will involve engaging with informal actors, which by definition, may not be fully legal. This does not necessarily mean that they are illegal. The OECD Due Diligence Guidance Supplement on Gold offers guidance on how to measure legitimacy of ASM actors. Member States should





recognise this and seek to incorporate it into policy and practice. To not do so risks marginalising, or worse, criminalising, a significant segment of the ASM population who should be a primary target for formalisation efforts.

*...Legitimate [ASM] refers, among others, to artisanal and small-scale mining that is consistent with applicable laws. When the applicable legal framework is not enforced, or in the absence of such a framework, the assessment of the legitimacy of artisanal and small-scale mining will take into account the good faith efforts of artisanal and small-scale miners and enterprises to operate within the applicable legal framework (where it exists) as well as their engagement in opportunities for formalisation as they become available (bearing in mind that in most cases, artisanal and small-scale miners have very limited or no capacity, technical ability or sufficient financial resources to do so). In either case, Artisanal and small-scale mining, as with all mining, cannot be considered legitimate when it contributes to conflict and serious abuses associated with the extraction, transport or trade of minerals as defined in Annex II of the Guidance. (OECD Supplement on Gold).*

The ICGLR will encourage all Member States to publicly recognise this definition of legitimate ASM.

- **Member States will ensure that their policy and legal frameworks are accessible<sup>8</sup> to ASGM producers and supply chain actors.** The benefits of ASM formalisation must outweigh the costs associated with it. This simple mantra should guide Member States' approach to governance of the sub-sector, especially where gold is concerned. When governments seek to formalise a sector, they are invariably replacing (and therefore competing with) an existing system. With the gold sector this is not only the informal purchase and sale of a mineral, but also

---

<sup>8</sup> Accessible" refers to ensuring that the legal framework does not confer financial, material, administrative or other associated obligations which either preclude or disincentivise adhesion (through a reasonable cost-benefit assessment)



the markets and opportunities it makes possible as a currency. Making formalisation at once a requirement (through regulation and enforcement) and a preferred destination (through incentives and benefits afforded to formal actors) will contribute to greater formalisation. The ICGLR will take leadership on guiding Member State policy and legal reform by identifying and sharing cases of best practice and helping Member States to avoid pitfalls through the collective wisdom of prior experience.

- **Member States will at a minimum seek to promote policies that simplify the administrative burden and reduce the cost of adhesion to becoming a legal operation (H-P).** Furthermore, the application of a Member State's policy and legal framework should be consistent with its texts. As with all businesses, ASM operators will perform best in a context of predictability and stability. Whilst combating the instability caused by on-going conflict and insecurity may be a long-term objective of the RINR, reducing operational instability through the consistent application of a policy and legal framework may be a way of encouraging ASGM operators into the legal sphere in the short-term.
- **The ICGLR will advocate for all Member States to develop and implement ASGM formalisation action plans as detailed in the Regional Guide.** Developing a national ASM or ASGM strategy is essential for effective planning and allocation of resources. A national ASGM strategy helps countries to consider and prioritise ways to tackle the issues and opportunities that are present in the sector and balance intervention priorities against available resources. They further provide a benchmark against which their progress can be measured and may attract external funding, where Specific, Measurable, Achievable, Relevant and Timed (SMART) activities and outcomes are planned. National ASGM strategies will be developed / revised in line with HRBA principles and on the basis of close consultation with ASGM sector stakeholders to ensure broad-based credibility and inclusion. Where Member States already have strategies in place they further commit to



making them publicly available. The ICGLR will make all Member State national strategies available through their website and broker agreements for Member States to participate in “how to build a national ASGM strategy” peer- to-peer learning sessions. ICGLR will also provide technical support to Member States with regard to the development of ASGM strategies in case of need.

- **Member States will develop national ASM formalisation action plans in line with the recommendation of the Regional Guide (H-P).** Action plans will detail measures to fulfil the 14 recommendations detailed in the Guide. They will further assess how ASM policy, legal and regulatory frameworks can be revised to encourage greater levels of formalisation amongst ASM operations.
- **The ICGLR will identify and publish key guidance documents related to formalization of the ASM gold sector on its website, including the Regional Guide (H-P).** Each document will be accompanied by a short synopsis of the resource so that its value is easily identifiable. Documents will include for example: The ASM Formalisation Guide in ICGLR Member States<sup>9</sup>, the IGF ASM Guidance for Governments<sup>10</sup>, the UNITAR and UN Environment Handbook for Developing National ASGM Formalization Strategies within National Action Plans<sup>11</sup> and the CRAFT Code– (Code of Risk-mitigation for artisanal and small-scale mining engaging in Formal Trade)<sup>12</sup>, which is designed to be a ‘market entry standard, enabling OECD-conformant ASM gold producers to deliver into legal supply chains at the earliest possible stage in their development’.
- **The ICGLR and Member States will seek to progressively eliminate the worst practices<sup>13</sup> associated with mercury use**

---

<sup>9</sup> Mondlane, S. ASM Formalisation Guide in ICGLR Member States, ICGLR (Dec, 2017)

<sup>10</sup> Paget, D, N Garrett, & A Crawford. IGF Guidance for Governments: Managing artisanal and small-scale mining. Intergovernmental Forum on Mining, Minerals and Sustainable Development (IGF) (2017)

<sup>11</sup> UNITAR & UN Environment. Handbook for Developing National ASGM Formalization Strategies within National Action Plans. UNITAR & UN Environment, Geneva.(2018).

<sup>12</sup> CRAFT – Code of Risk-mitigation for ASM engaging in Formal Trade – Version 1.0 –July 31, 2018.

<sup>13</sup> Ref. Annex C of Minamata Convention on Mercury. (2013). URL:<https://treaties.un.org/doc/>



and where feasible, eliminate the use of mercury. The ICGLR and Member States affirm the importance of reduction and where feasible the elimination of the use of mercury, as detailed in the Minamata Convention. It is recognised that this is an important element of the gold due strategy, noting the linkages between the counter- trade in mercury and gold, which can militate against efforts towards greater formalisation and sustain the informal, illegal and / or illicit trade of gold<sup>14</sup>. Where States have ratified the Minamata Convention, they will undertake to develop a National Action Plan (in line with Article 7 of the Convention).<sup>15</sup> NAPs require the development of strategies to eliminate work practices and promote mercury-free methods; facilitate the formalisation or regulation of the sector<sup>16</sup>; studies to establish baseline estimates of mercury usage; strategies for managing trade and preventing the diversion of mercury and for providing information to ASGM affected communities; a public health strategy regarding exposure of miners and communities to mercury and a strategy to prevent the exposure of vulnerable populations.<sup>17</sup>

---

Treaties/2013/10/20131010%2011-16%20AM/CTC-XXVII-17.pdf[Accessed 24th July 2018]

- <sup>14</sup> See, for example. Hunter, M and Adal, L. Follow the Money: The Philippines – A Rapid Assessment of Gold and Financial Flows Linked to Artisanal and Small-scale Gold Mining in the Philippines, UNEP, UNDP (2017) and Hunter, M and Adal, L. Follow the Money: Mongolia – A Rapid Assessment of Gold and Financial Flows Linked to Artisanal and Small-scale Gold Mining in the Mongolia, UNEP, UNDP (2017)
- <sup>15</sup> UN Environment. National Action Plans. URL:<http://web.unep.org/globalmercurypartnership/our-work/reducing-mercury-artisanal-and-small-scale-gold-mining-asgm/national-action-plans> [Accessed 24th July 2018]
- <sup>16</sup> See Section 2 of the present document
- <sup>17</sup> Annex 3 of the Minamata Convention. URL:<http://web.unep.org/globalmercurypartnership/our-work/reducing-mercury-artisanal-and-small-scale-gold-mining-asgm/national-action-plans> [Accessed 24th July 2018]



### 3. Harmonisation of legal and policy frameworks

The harmonisation of legal and policy frameworks of ICGLR Member States is the second tool prescribed in the Regional Initiative against the Illegal Exploitation of Natural Resources. It requires that Member States domesticate the legal provisions of the Protocol on the RINR. To facilitate this, a model law was developed to be domesticated into national legislation.<sup>18</sup> At present only 4 Member States have initiated (1) or finalized (3) this process<sup>19</sup>.

Additionally, the RINR details that harmonisation of legal frameworks further includes “...the identification of key differences between legal frameworks governing the mineral sector in the different Member States”.<sup>20</sup>

It is therefore agreed that:

- **Member States that have not yet domesticated the legal provisions of the Protocol on the RINR will do so within a reasonably agreed time-period (H-P).** Member States should seek support and advice from the ICGLR Secretariat, as well as other Member States who have already domesticated the legal provisions of the RINR.

Beyond these de minimis requirements there are a number of concrete strategy activities to be pursued by the ICGLR and Member States. Through committing to them, Member States recognise the central

---

<sup>18</sup> ICGLR. The Six Tools of the RINR. URL: <http://www.icglr.org/index.php/en/six- tools> [Accessed 14th July 2018]

<sup>19</sup> DRC, Rwanda and Burundi have fully domesticated the provisions of the RINR, whilst Uganda has developed a draft law which is awaiting executive signature.

<sup>20</sup> ICGLR. The Six Tools of the RINR. URL: <http://www.icglr.org/index.php/en/six- tools> [Accessed 14th July 2018]



importance of this issue to tackling the persistent illegal exploitation of the gold sector by criminal groups and armed actors in the region. As was identified in the BGR report «*Certification and Due Diligence in Mineral Supply Chains – Benefit or Burden?* »<sup>21</sup>, policy and legal (in particular fiscal) disharmony can generate incentives for smuggling, which exacerbate and enable the control of the sector by illicit groups.

Whilst not the only contributor to loss of revenue from ASM produced minerals, the structure of fiscal regimes significantly contributes to where and how minerals are traded and what proportion of these minerals are subject to taxes and levies. Fiscal harmonisation, if implemented well, has the potential to result in much greater levels of revenue capture from ASGM in each of the Member States.

Another finding of the BGR report is that the implementation of certification and due diligence measures themselves can have an effect on the incentives for smuggling – which may, unwittingly, catalyse contraband.<sup>22</sup> Measures concerning the harmonisation of legal and policy frameworks therefore need to take into account how the implementation of such measures impact the incentives of supply chain actors; that is to say, an effective gold strategy must also consider ways to mitigate how due diligence efforts themselves may impact the environment in which they are operating.

It is therefore agreed that:

The ICGLR will undertake or commission a study with recommendations regarding the nature and extent of fiscal disharmony in the GLR. The study will inform ICGLR engagement with all Member States on harmonization of their fiscal regimes with a view to moving towards agreement on harmonization measures to be enacted across the region (H-P). The study will consider the fiscal and parafiscal framework

---

<sup>21</sup> Schütte, Philip. Gudrun Franken and Patricie Mwambarangwe. Certification and Due Diligence in Mineral Supply Chains – Benefit or Burden? BGR (2014).

<sup>22</sup> Ibid.



along the upstream value chain to the point of export, with a view to identifying solutions for levelling the “costs-of- doing-business” within the GLR. Two immediate uses of the report will be:

1. As an advocacy tool for demonstrating the real cost of fiscal disharmony and generating political will for greater cooperation on the subject
2. To inform policy and strategy options to put on the table for greater cooperation.
3. To inform ICGLR engagement with all Member States on harmonization of their fiscal regimes with a view to moving towards agreement on harmonization measures to be enacted across the region.

At present the protocol on the RINR has achieved high-level backing for this, but to date no agreement has been made on how to achieve greater fiscal harmony in practice. This type of study will be essential for the ICGLR Member States to move beyond “in-principle” agreement toward full working agreement on implementation.

- **The ICGLR will provide a forum for Member States to assess policy options that may impact on the capacity of other Member States to effectively develop and regulate their gold sectors.** In-country / in-region value addition is high on the policy agenda and is likely to remain that way, as states seek to maximise the economic potential of export-bound materials within their national borders. As a policy aim, this is commonly pursued across export sectors to generate increased value-retention and job creation within an economy. Nevertheless, in- region value addition may also give rise to unintended consequences and / or undermine neighbouring country policies. One example of this is the establishment of in-country refining and smelting capacity, particularly where processing capacity and fiscal incentives may contribute to cross-border smuggling. Recognising the optimism for and the desire to implement gold value-addition policies across a number of Member States, the ICGLR is uniquely placed to jointly consider such



policies including their likely impact, prior to their implementation. Indeed, in the ICGLR RINR business plan, 2014-18<sup>23</sup> the concept of developing regional-level mineral processing capacity is explored, which constitutes a policy measure for greater consideration at the forum. With particular reference to the Lusaka Declaration which states the ICGLR is “*committed to putting in place infrastructure as well as joint projects and industries in the extractive sector at national and regional levels to enhance value addition of the raw materials produced in the Great Lakes Region*”, there is a distinct emphasize on the significance of adding value to the production through joint/regional infrastructure projects. Implementation of such projects could, for example, be for a group of Member States to design and implement a joint initiative/s for a regional gold smelting project building on the regional needs to develop such value addition facilities.

- **Member States will encourage, where possible, through regulation and licensing agreements with CoC Systems, the levelling of intra- and inter-country costs of those systems.** Where disparities exist - and these costs are passed on to miners - it is likely that gold smuggling into “lower-cost” areas will occur. Whilst this is one of many of the cost-benefit assessments that gold supply chain actors will make, Member States are well positioned to influence this and should be guided by the principle that “CoC Systems should do no harm”. The ICGLR may, through its role as the “assurer” seek to undertake further investigations into CoC System operational costs and pricing and make recommendations for how to reduce service cost-differential across geographies. This role is likely to be mandated to the revised Independent Mineral Chain Auditor, which is set to become the Office of the Mineral Chain Ombudsman (OMCO).

---

<sup>23</sup> ICGLR. RINR Business Plan, 2014-2018. (October 2014).





## 4. Intra- and Inter-regional cooperation and communications

As a regional platform the ICGLR has a mandate to facilitate information sharing and communication and to foster shared vision and collaboration between Member States. Despite existing mechanisms for this e.g. via the Inter-Ministerial Committee of the ICGLR, the ICGLR Summit, and National Coordinators, the ICGLR and Member States resolve to promote and consolidate its role in this regard on the issue of contraband gold. This is especially important since the illicit trade of gold in the GLR is highly divisive, and yet progress towards greater control of the sector requires redoubled inter-state cooperation as a result.

Beyond this, there is a growing sentiment amongst Member States that the ICGLR ought to extend its remit to engagement beyond the region. This engagement, as developed further in the activities below, will take the form of both cross-institutional learning and diplomacy. The ICGLR Secretariat is well placed to create and develop such strategic connections and partnerships, for example with gold importing countries or regions and public and private international organisations within and beyond Sub-Saharan Africa. Whilst the RCM targets upstream actors, OECD Due Diligence conformance requires downstream actors to conduct due diligence and risk assessment on minerals sourced from Conflict Affected and High-Risk Areas. On this matter, the ICGLR can effectively engage with the primary importers of gold from the GLR such as the United Arab Emirates and India. Discussions with governments of major import hubs would serve to improve understanding of why and how imports of illicit gold from the GLR are occurring and open a platform to explore bi-lateral cooperation to tackle its occurrence. Such advocacy and learning opportunities have a significant role to play in the combat of the illicit trade of gold in the GLR.



It is therefore agreed that:

- **The ICGLR will fully engage with the governments and private sector of the downstream refining and trading countries with view to extending cooperation to tackle the issue of uncertified gold from the GLR (H-P).** It has often been the case that producer countries have been expected to bear the burden of providing solutions to issues that are beyond their capacity or resources, whilst nations that benefit from the natural resources have all too often in the past ignored these issues. Whilst there has been a discernible shift over the last 10 years towards increasing recognition of the role downstream buyers can play in mitigating negative impacts - or even positively impacting development – in upstream in the supply chain, ongoing and deepening collaboration between trading / consumer and producer nations (and regional bodies) is essential. A good existing example of this type of engagement is the joint ICGLR- OECD-UNGoE Multi-stakeholder Forum on Mineral Supply Chains, which has generated significant results, including; convening relevant stakeholders and contributing to the development of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas<sup>24</sup>. The ICGLR will prioritise intensifying engagement with countries and or areas known to be associated with the purchase of uncertified gold from the GLR. This will include, in particular, the UAE States and India. It will further engage bilaterally with governments where high-profile cases of smuggling have been uncovered.
- **The ICGLR will seek cooperative partnerships with other inter-regional bodies who engage with similar issues.** This will include establishing partnerships with: African Mineral Development Centre (AMDC) hosted by UNECA, Common Market for Eastern and Southern Africa (COMESA); Community of Sahel-Saharan States (CEN-SAD); East African Community (EAC); Economic Community of Central African States (ECCAS), Economic Community of West African States (ECOWAS); Southern



African Development Community (SADC), et al. The partnerships will focus on inter-institutional learning with regards to policy and legal harmonization; what has worked What has not What could have been done differently What obstacles were faced in brokering agreements How were they overcome

- The ICGLR Secretariat will create and develop strategic partnerships with other relevant initiatives that exist in the region and globally. The purpose of this will primarily be to learn from responsible sourcing initiatives that are taking place elsewhere including what has and hasn't worked. Beyond this, close cooperation might foster interest amongst international initiatives to pilot their approaches in region. One of the major bottlenecks to promoting responsible trade of gold from the region is the lack of demonstrable examples of sustainable and scalable solutions that sufficiently interest downstream buyers (low volume, high-risk); this is particularly the case with gold which can easily be sourced from elsewhere. The ICGLR will therefore seek cooperation and partnerships with responsible sourcing initiatives such as Fairtrade and Fairmined, with international standards or standard setting organisations such as CRAFT and the RJC, and multi-stakeholder partnerships such as the European Partnership for Responsible Minerals (EPRM).
- The ICGLR will further develop and strengthen partnerships with international organisations mandated with monitoring and / or regulating / enforcing the international trade of minerals (and even non-mineral products). A number of relevant organisations in this regard include, inter alia: the Kimberley Process (KPCS) and the World Customs Organisation (WCO).
  - KPCS: There are strong overlaps between the illicit trade of diamonds and gold. The ICGLR and Member States should therefore seek to understand what lessons can be applied from the KP when implementing gold supply chain monitoring. This may include for example, how the KP has managed the effective embargo of particular jurisdictions (suspension of KP in a given



country or territory) following evidence of non-conformance with the KP, or how it has sought to deal with challenges concerning provenance in the absence of viable and cost-effective analytical finger printing methodologies.

- WCO: Strategic Goal 5 of the WCO is to promote information exchange between all stakeholders. It says to do this by "... providing a forum for international cooperation to promote greater connectivity and more harmonious interaction, including the exchange of information and experience and the identification of best practices, between Member administrations, other government agencies, international organizations, the private sector and other relevant stakeholders". The ICGLR should seek to identify what the specific learning and capacity building opportunities that extend from this are. It may include, for example, a review of regional customs procedures with a view to improving practices and making recommendations for harmonisation, attending existing capacity building workshops undertaken by WCO, or making use of the WCO Technology Network (TeN) to identify appropriate technological solutions that could contribute to improved Customs performance.
- The ICGLR and Member States will further seek to engage with relevant international organisations and agencies specialising in illicit financial flows and law enforcement. This activity would be undertaken with a view to strengthening Member State efforts to pursue and prosecute known gold smugglers and gold smuggling networks.
- The ICGLR will work with Member States to develop a support facility for customs officials (both regionally and in major trading hubs) to identify cases of smuggling. The details of this activity will be developed by the ICGLR Secretariat in collaboration with Member States, drawing upon external expertise (such as national and international law enforcement and customs agencies) where necessary. The support facility may include: an ad hoc advisory committee; periodic trainings at the national and regional level; the development of sensitisation literature for dissemination at borders



e.g. leaflets, posters etc., and; the development of a FAQ and / or troubleshooting guide.

- The ICGLR will develop a strategy to engage with service providers who play an indirect role in facilitating the illicit trade of gold (H-P). For example, to move their product from A to B illicit networks make use of everyday, licit services such as air travel providers and shipping and postal services. Close cooperation between the ICGLR and these companies presents a number of opportunities for identifying contraband actors and cutting off the means by which they do business. With a view to optimising the impact of this cooperation, the ICGLR will review the impact and past successes of initiatives that have pursued similar approaches to tackling the contraband trade, such as the Kimberley Process. Further, the ICGLR will identify initiatives already underway in this regard – such as by those led by the OECD - and seek to support them in their efforts, noting its unique regional mandate and legitimacy. This will help to refine a shortlist of approaches to be pursued, which may include:
  1. Training airline staff to identify common modes of smuggling e.g. carry on hand luggage, etc. (would need to be conducted in close cooperation with customs authorities).
  2. Working closely with transport / postal service providers to identify unconventional methods of smuggling (for example the fashioning of ASM gold into crude consumables such as jewellery) and identifying strategies for tackling this.
  3. Developing Standard Operating Procedures following the identification and interception of illicit materials, etc
- The ICGLR Regional Committee members will be mandated to oversee and report back on the implementation of the present Strategy (H-P). The ICGLR Secretariat will develop a Terms of Reference and a monitoring and evaluation framework for Regional



Committee members (role defined in Chapter. III Art. 25 of the RINR) to ensure consistent implementation and monitoring of work flows. This will include key Member State- level activities, their implementation timeframes and performance indicators against which they can be measured. Reports will be shared with the ICGLR Secretariat and subsequently to a public audience to demonstrate effective use of public funds through the implementation of the Strategy.



## 5. Doing business in the Great Lakes Region – ASM Gold

The GLR is endowed with substantial (and in some cases, world class) gold deposits, which are mined both industrially and artisanally. With global demand for gold unmet by industrial production, major gold refiners are developing strategies to source artisanal gold to fulfil latent processing capacity. This represents a significant opportunity for artisanal and small-scale producers in the GLR to access legitimate international markets and thereby service this global demand. Furthermore, strong regional commitment to promoting value addition (see Section 3), in particular in-region refining of gold, can serve as a useful aggregation point for artisanal gold and thereby achieve the scale requirements of downstream buyers. This in turn will contribute to vital opportunities to promote revenues, employment and industrialisation.

Whilst acknowledging the many challenges associated with the ASM gold sector in the GLR, this section of the strategy underlines the importance of reducing the cost-of-doing-business in the region to encourage legitimate investment and buyers. Put simply, if the cost-of-doing business through legal channels is lower than the costs (including risks) associated with doing business informally, higher levels of legality are likely to prevail.

It is therefore agreed that:

- **The ICGLR and Member States commit to undertake a process to move towards greater levels of fiscal harmonisation based on the recommendations and outputs of the fiscal harmonisation study (see Section 3) (H-P).** This relates not only to export tariffs but the cumulative burden of fiscal and parafiscal taxes along the upstream supply chain. By way of demonstration,



a case study that explored the taxes and levies associated with the export of 5kg of gold from South Kivu, DRC identified 24 unique charges on the mineral lot from the point of production to the point of export; this totalled 19.05% of the total value of the gold (based on evaluated price prior to export)<sup>24</sup>. When compared to taxes and levies on gold value chains in neighbouring countries, the financial incentive to smuggle becomes clear. There is therefore a strong consensus amongst Member States that fiscal disparity is a major cause of contraband gold flows in the GLR and that combating these structural incentives to smuggling is a priority.

- **The ICGLR will engage proactively with market focussed responsible gold programmes to identify and encourage responsible buyers to source from the region (H-P).** One such programme that is in the process of being launched is the USAID funded “Commercially Viable, Conflict-Free ASM gold (CBCFG) project”, which seeks to engage downstream actors to overcome market barriers to sourcing ASM gold from DRC. ICGLR will seek to be present at key fora organised on the subject and disseminate relevant outputs to Member States, including recommendations to improve the business operating environment.
- **The ICGLR will engage directly with the formal banking and financial services sector in the GLR to encourage more affordable access to credit and sensitise the industry on conflict minerals and anti-money laundering due diligence requirements.** The ICGLR will sensitise the banking and financial services sector to the scale (and value) of the parallel informal gold market, which serves as an alternative to using costly formal financing services in the region. The emphasis will be upon the lost market opportunity for financial service providers with a view to establishing a commitment to more financially viable credit lines for

---

<sup>24</sup> Bulongo, Safanto. Etude de cas : Paiement effectues du puits à l'exportation pour 5kg d'or. (Presentation Nairobi, 19th November 2018)





business operators in the region. The ICGLR will further educate financial institutions on the purpose and aims of the ICGLR RINR, KYC and Anti-Money Laundering requirements and related risks associated with the gold industry.

- **The ICGLR shall convene a meeting of representatives of Member State central banks to explore the ASM gold trade, with a focus on affordable access to finance.** The meeting would seek to explore the wide range of fiscal, social and environmental aspects of ASM gold mining and where the banking community (and other financial service providers) can play a role in helping formalization and reducing illicit flows of money and gold. This would include measures available to central banks to encourage access to affordable financing in the region, to evaluate the cost / fee drivers and structures of State and private banks (with specific regard to the sector), the management and control of foreign exchange in the GLR, and how this influences and drives the informal and parallel use of gold as a trade currency.
- **The ICGLR will engage with Member States and the private sector with a view to improving Gold mining and mineral trading practices within the Great Lakes Region with particular regard to joint/regional ventures.** ASM gold mining is characterised by a low technical capacity that impedes its ability for efficient exploration and recovery of gold. The ICGLR will work with Member States to ensure that their technical expertise, from both government and private sources, will be utilised with regard to creating an initiative to improve these aspects of the ASM gold industry. It is expected that these initiatives will be carried out on a joint/regional basis.
- **The ICGLR and Member States will encourage the establishing of gold value addition facilities (refineries, jewellery) in the Great Lakes Region with particular regard to joint/regional ventures.** Ensuring that a high percentage of the value of the gold is realised in the country of origin is vitally important to Member States. The ICGLR strongly encourages the establishing and



development of value addition facilities and services i.e. refining and jewellery manufacture in Member States and will work towards developing dialogues and initiatives on a joint/regional basis to take this forward.



## Conclusion and Way Forward

Throughout history, good governance and well managed, and accordingly successful and profitable, mining sectors have made important contributions to national and regional economic development. However, nature mineral wealth does not automatically translate into jobs, revenues and thriving industries. To make this happen national, governments and regional organizations have essential role to play. This strategy sets out a clear and practical agenda for the ICGLR and its member states to help transform the GLR's ASM gold sector from a major contributor to conflict, corruption and crime to a driver of wealth and social development. It deliberately takes a very practical approach, setting out prioritized intervention areas and activities and clearly identifying responsibilities for implementation. While it would be unwise to underestimate the size of the challenge, the Strategy should – if implemented in full – make an important contribution towards more effective regulation and control of the ASM gold sector in the region.

Strategy implementation will be in line with the roles and responsibilities set out in the Introduction. Year 1 implementation will focus on activities that have been identified as high-priority. The sequencing of medium-priority activities will be determined as part of a review at the end of the first year. This will be led by the ICGLR Secretariat in consultation with Member States and consider progress with high-priority activities as well as the resources required for strategy implementation during subsequent years. It will also take into account any relevant changes in the wider context for ASM gold and – if appropriate – re-prioritise the intervention areas and activities scheduled for future years. Further reviews will take place on an annual basis to capture progress and consider priorities and resources for subsequent implementation periods.



## Key ICGLR reference documents

- ICGLR Guidelines for Mainstreaming Gender in the Minerals Sector. J.Hinton. URL: <http://icglr-rinr.org/images/resources/documents/ICGLRGuidelinesMainstreamingGenderMiningSector.pdf> (2012)
- ICGLR Lusaka Declaration Against the Illegal Exploitation of Natural Resources URL: <https://www.oecd.org/daf/inv/mne/47143500.pdf> (2010)
- ICGLR Protocol Against the Illegal Exploitation of Natural Resources URL: [https://ungreatlakes.unmissions.org/sites/default/files/icglr\\_protocol\\_against\\_the\\_illegal\\_exploitation\\_of\\_natural\\_resources.pdf](https://ungreatlakes.unmissions.org/sites/default/files/icglr_protocol_against_the_illegal_exploitation_of_natural_resources.pdf) (2006)
- ICGLR Regional Certification Mechanism (RCM) – Certification Manual URL: [https://www.deutsche-rohstoffagentur.de/EN/Themen/Min\\_rohstoffe/CTC/Downloads/ICGLR\\_def\\_manual.pdf;jsessionid=E88333CC519A90BE0C40C86F2100D891.1\\_cid321?\\_\\_blob=publicationFile&v=5](https://www.deutsche-rohstoffagentur.de/EN/Themen/Min_rohstoffe/CTC/Downloads/ICGLR_def_manual.pdf;jsessionid=E88333CC519A90BE0C40C86F2100D891.1_cid321?__blob=publicationFile&v=5) (2011)
- ICGLR. RINR Business Plan, 2014-2018. (October 2014).
- ICGLR. White Paper on Gold Strategy in the Great Lakes Region (2016)
- ICGLR. The ASM Formalisation Guide in ICGLR Member States (2017)
- OECD. OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas URL: <https://www.oecd.org/corporate/mne/GuidanceEdition2.pdf> (3rd edition, 2016).



