



*Alliance for Responsible Mining*



**ANNUAL REPORT**  
**2010**

María Reyes, the President of Women Mineral  
Selectors Association of Cuatro Horas , Peru.





## Alliance for Responsible Mining

Alliance for Responsible Mining (ARM) believes that a responsibly-managed Artisanal and Small-scale Mining sector provides a unique opportunity for millions of people around the world to escape the vicious circle of poverty, environmental degradation, and human exploitation.

Becoming certified under the new Fairtrade and Fairmined gold standard, published jointly in March 2010 by ARM and Fairtrade International (FLO), gives ASM miners a powerful incentive to bring positive change to their businesses and communities. Though the present standard is applicable only in Latin America, ARM and FLO plan to extend the scope of the standard to Africa and Asia within the next few years.

ARM helps community mining organisations to grasp this opportunity by training them to improve their productivity, as well as their entrepreneurial, social, labour and environmental practices while facilitating their access to ethical and fair trade jewellery markets.

We have been working with over 1,500 producers in Bolivia, Colombia, Ecuador and Peru. Together with our partners from Solidaridad

and FLO we have started forming a network in Africa.

Our producer support programme is delivered through a network of national partners. Together we build local capacity to provide effective on-the-ground support to ASM organisations that are committed to joining the Fairtrade and Fairmined certification system.



Members of the Latin American responsible ASM network

### WHAT WE DO

#### Standards setting for responsible ASM

1. Producer support
2. Public policies, communications and advocacy
3. Standards development

### Artisanal and Small-Scale Mining (ASM) Facts:

- The livelihood of 100 million people worldwide depends on ASM.
- More than 15 million ASM workers produce around 10% of global supply of gold.
- They represent 90% of the labour force in gold extraction.
- Artisanal and small-scale miners often face high levels of poverty and extremely dangerous working conditions. They have little or no access to skills, technology or capital that would help improve their fate.

Source: "[Gold Policy Report](#)" and "[Rock Solid Chances for Artisanal Mining](#)"

Only legal miners can enter Fairtrade and Fairmined certification. ARM works with organised miners and a network of national support organisations, engaging with governments, private sector companies and international organisations to lobby for the recognition of rights for artisanal and small-scale miners through better legislation, fair and effective public policies and institutional support for the formalisation of ASM.

Certification provides dignity and legitimacy to responsible ASM, and offers miners a great motivation for formalisation.





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Three decades ago, when industry, governments, and civil society organisations started discussing sustainable development in mining, it was very common to hear that artisanal mining should disappear as “unsustainable”, and give way to modern, industrial mining. It is fair to say that artisanal miners were generally neglected while an apparent revolution took place in the large mining industry and governments gave most mining titles to large mining developments.

Extreme poverty and inequality are also unsustainable and lead to conflict and environ-

mental degradation. It is the poorest people, often women and children, who end up at the bottom of the artisanal mining pyramid, while community miners are denied mineral rights, persecuted, and sometimes enslaved.

Emerging from the deep rainforest of the Colombian Chocó, far from the “hi-tech” mining sector, the sole idea of certification of Artisanal gold mining proposed by Oro Verde® almost ten years ago, seemed like madness to everyone working in the sector. Perhaps because it was not born from the mining sector, but from environmental NGOs, development activists, and ancestral community miners, Oro Verde was allowed to prosper and inspire Fairtrade and Fairmined certification.

In 2005 Oro Verde partnered with the South American Artisanal Mining Network to create the Alliance for Responsible Mining (ARM). Together they catalyzed critical mass through the innovative elements of market access and ethical certification.

For the past 7 years ARM and its global network of allies have been working together to develop Standard Zero for Fairmined gold. This standard was tested with miners in Latin America for 3 years and taken to Africa and Asia to be discussed with experts, governments and miners.

In 2009, Fairtrade Labelling Organisations (FLO) entered into a partnership with ARM to create the Fairtrade and Fairmined standard, based on Standard Zero. By developing these standards with miners, guiding them on their way to become certified, and opening up work in Africa and Asia, ARM, the Artisanal Miners and Fairtrade have demonstrated that dreams can come true!

Fairtrade and Fairmined certification will allow us, together, to harness the enormous development potential of responsible artisanal and small-scale mining.

As we launch the first kilogram of Fairtrade and Fairmined gold from the Cotapata Cooperative in Bolivia, and ethical jewellers and consumers become inspired by the development story behind this gold, ARM’s main challenge will be to meet the growing demand for certified gold. We will do this by providing robust training programs with the new miners organisations while deepening our partnerships with miners and local organisations in order to expand supply. We welcome your support in helping us to change the face of artisanal mining forever!

**Cristina Echavarría**







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## ARM-FLO PARTNERSHIP

Since 2009, ARM and FLO (Fairtrade Labelling Organisation) have worked together to develop the Fairtrade and Fairmined Gold Standard and create market access for gold products, which supports the social, environmental and economic development of artisanal and small scale mining communities, and brings transparency and traceability to the jewellery supply chain.

This historical alliance, announced in January 2010, enables both organisations to meet shared strategic objectives: ARM working with miners to develop supply and FLO increasing the demand for gold.



The partnership is marketed on the product via a label that uses both FLO's "FAIRTRADE" Mark and ARM's "fairmined" Mark.

ARM also signed a contract with FLO Cert., giving it a legal mandate to audit and certify gold coming from mines that comply with the Fairtrade and Fairmined gold standards.

## FAIRTRADE AND FAIRMINED STANDARD FOR GOLD GOES LIVE IN LATIN AMERICA

This achievement was a culmination of the robust stakeholder consultation and on-the-ground testing process in South America led by ARM and its national allies between 2006 and 2009. The consultation involved 3,182 persons from 14 countries. The Standard was tested with 9 pioneer South American producer organisations in a knowledge building process. It involved pioneer ASM miners, local support organisations, international experts and university researchers concerned with ASM, as well as governments, jewellers, and traders.

The Fairtrade and Fairmined gold standard was jointly published by ARM and FLO in March 2010. It is the result of collaboration between ARM's Technical Committee and FLO's Standards Unit, following International ISEAL guide-

lines for Standard Setting, and an additional round of consultation.

The Fairtrade and Fairmined standard gives miners clear guidance on what labour, organisational, environmental and traceability requirements they have to fulfil for their metals to be considered as Fairtrade and Fairmined. In return, the miners are guaranteed a fair price for their gold and they receive the Fairtrade premium of 10% (15% for Ecological Gold extracted without the use of toxic chemicals), which is to be reinvested in improving their businesses and social development.

To view the full standard please visit <http://ti-nyurl.com/FTFMstandard>





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## MARKET DEVELOPMENT

The announcement of the standard met with a warm welcome from the mining and jewellery industry, confirming the existence of strong interest from customers to purchase responsibly sourced gold jewellery.

Market development has been led by the UK's Fairtrade Foundation, in coordination with FLO's national Labelling Initiatives (LIs) which have been contacting potential commercial partners to test the demand for Fairtrade and Fairmined gold in their countries.

The first Fairtrade and Fairmined gold will make its debut in the UK and Irish markets on Valentine's Day, 14th February 2011. Canada is next in the line for the market launch in May 2011, with Scandinavia and other countries to



follow, depending on how fast more miners can be certified and more certified gold can be brought into the certified supply chain.

## FAIRTRADE AND FAIRMINED GOLD SUPPLY

The first Fairtrade and Fairmined gold is to be launched to market in February 2011. The major challenge leading up to market launch has been to balance supply of certified gold with expected market demand, while the gold begins flowing through the supply chain and the various players build trust.

With most buyers registering in the system only after September, and market demand focusing initially only on ecological Fairtrade and Fairmined gold, it was a real challenge to time certification. ARM wants to avoid bringing more gold to the market than can be sold. It is crucial to be able to sell all the certified gold, so the producers who have already invested 3 years in the development and testing of the standard, will see the economic benefits of certification.

The first signals from the market indicate that demand far outstrips supply. We are now pushing strongly to reach the present supply

potential which sits at around 350 kg of gold from the 9 pilot organizations annually.

As the remaining pilot projects get certified in 2011, the licensees who have signed up to purchase the Fairtrade and Fairmined gold will be able to access certified gold and support the transformation of ASM.

Experimental testing of export routes was done in 2010 with traders and jewellers who have been committed to this process since its birth, and have played a key role.

The challenge in 2011 is to diversify traceable routes to market. ARM and FLO will facilitate trust building between miners and traders, under lead from a Gold Partnership Manager, and a jointly managed ARM-FLO Gold team.





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## FIRST FAIRTRADE AND FAIRMINED CERTIFIED ORGANISATION

In December 2010 we celebrated the certification of Bolivia's Cotapata Mining Cooperative under the Fairtrade and Fairmined standard. Cotapata is thus the first mining organization in the world whose gold will be used to make jewellery bearing the double stamp.

This major milestone means that for the first time after years of preparations to fulfil the requirements of the standard, the mining organizations will start reaping the benefits of their hard work.

The first kilogram of gold was exported with all the legal paperwork, paying all taxes and royalties. This first shipment of Fairtrade and Fairmined gold from Cotapata Cooperative will be presented at Hatton Gardens in London, on Valentine's Day 2011.



## WORKING WITH THE MINERS TOWARDS THE CERTIFICATION

During 2010, ARM continued working with its local network of support organizations, including 9 mining organizations in Latin America, to help them prepare for the independent audit for the Fairtrade and Fairmined standards by the certifying body FLO Cert. By the end of 2010, two pilot mining organizations were ready to enter the certification process: Condoto Community Council from Oro Verde (Colombia) and SOTRAMI S.A. (Peru). Other pilot mining organisations will shortly apply for their inspections as well.

Between 2007 and 2010, ARM has provided support on the ground in developing and testing the standards and in preparation for certification with the pilot organizations in alliance with our national partners. Their efforts and capacity to deliver support are crucial for the success of Fairtrade and Fairmined. This process has been possible thanks to the support of Dutch organisations and the people of the Netherlands, through: SOLIDARIDAD, Oxfam NOVIB, and DOEN Foundation.

The following local organisations supported the certification process on the ground:

- Bolivia: [Cumbre del Sajama](#)
- Colombia: [Fundación Amigos del Chocó](#) and Universidad de Nariño
- Ecuador: Escuela Superior Politécnica del Litoral and Bellarica Cooperative.
- Peru: [Red Social and AMASUC](#) (Asociación de Productores Mineros Artesanales del Centro y Dur medio de Peru)
- We are glad to report that SOTRAMI S.A., in Peru, as a strong organization, has required no further support from ARM.

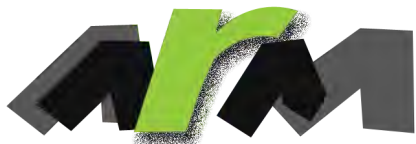
The profiles of all pilot mining organizations can be viewed [on our website](#).



Pulling the ore cart out of the mine at Cotapata, Bolivia







## Alliance for Responsible Mining

During 2010, the producer support program focussed largely on closing gaps, ensuring that paper documentation was in place, and that full traceability of gold from mine to market was demonstrated. To get a better understanding of the certification process, ARM's Latin American network of pilots participated in a training session where a mock audit was performed. Still, the miners have to take the first step, and pay for the FLO Cert audit.

To continue improving the delivery of the producer support ARM has formed a partnership with Solidaridad to jointly develop toolkits, methodologies, and delivery methods, focusing on taking producers to certification.

A special emphasis will be put on launching the Training of Trainers programme, creating a pool of specialised trainers with capacity to assist producers in the certification process.



Women miners, Peru

By working with organised community miners towards the overall improvement of their operations, certification promotes the legitimacy of artisanal mining and the recognition of the rights of local communities to their mineral wealth. Certified miners will be able to establish long-term partnerships with traders and jewellers, which will allow them to improve their business enterprises and their communities.

### Impact of the Producer Support Programme in 2010

Country	Direct beneficiaries total	Direct beneficiaries women	Indirect beneficiaries
Bolivia	80	10	100
Colombia	558	144	600
Ecuador	19	1	95
Peru	896	313	6000
<b>TOTAL Latin America</b>	<b>1553</b>	<b>468</b>	<b>6795</b>

Our Producer Support activities directly benefit the miners employed by the mining organizations with which we work, and indirectly benefits their entire community. Better environmental and labour practices improve the quality of life in the proximity of the mines, while

advances such as female empowerment and the banning of child labour contribute to harmonious social development in the communities.

The Fairtrade and Fairmined standard puts emphasis on transparent self-governance of the mining organisations. They have formed democratic decision-making bodies in order to assure a transparent use of the Fairtrade premium and empower the miners.





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## LOBBYING FOR IMPROVED PUBLIC POLICIES FOR ASM

The price of gold in 2010 reached historic highs, bringing with it a huge gold rush. Fairtrade and Fairmined certification is a powerful incentive for ASM to become formalised. However, if governments do not give mineral rights to ASM, or prioritise the development and implementation of enabling legislation and public policies, ASM will remain marginalised and illegal. Conflict, environmental degradation and crime could expand, and we may lose the opportunity to generate decent jobs and reduce poverty out of this mining boom.

As a multi-stakeholder organisation that developed from the bottom up, ARM is very active in engaging governments, multilateral organisations, NGOs, academia, and other miners in promoting the rights and formalisation of responsible ASM. In 2010 ARM participated in 8 international meetings on ASM public policy developments, which favour ASM legalization and guarantee miners' rights to natural resources. These events facilitated an exchange and systemization of experiences of miners from different countries in lobbying for improved ASM public policy. This is an important contribution to the empowerment of responsible

ASM both nationally and at global level, and a learning process for ASM leaders as they strengthen their capacities to participate at global level.



ARM participated in the inter-institutional committee on the impact of mining on the ethnic groups and the environment in Colombian Chocó Bioregion, organised by AMICHOCÓ

## MAKING MINERS' VOICE HEARD

ARM is a member of the UNEP's Global Mercury Partnership (GMP), which strives to protect human health and the environment from the anthropogenic mercury releases.

In February 2009, the Governing Council of UNEP agreed on the need to develop a [global legally binding instrument on mercury](#). This convention will have a serious impact on impoverished artisanal miners around the world and ARM wants to make sure that their voice is

taken into account in the negotiation process. In December 2010, ARM launched an online petition to publicize and raise support for the [Miners' Mercury Reduction Declaration](#), issued by the miners' representatives at the UNEP GMP meeting in Manila. This document acknowledges the need to reduce the releases of mercury by artisanal and small-scale gold mining, but at the same time stresses the need to achieve the reduction goals in cooperation with governments, through various means including the formalization of the sector as well as support for technology transfer and capacity building.

The declaration and the petition signed by miners and organizations working with ASM will be presented by ARM to the governments gathered at the International Negotiating Committee at Chiba, Japan in January 2011.

In 2011, we see a great potential for further engagement of ARM in the UNEP Global Mercury Partnership activities and other international forums on ASM.







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## RAISING PUBLIC AWARENESS

In 2010, ARM launched a new, more graphic and user friendly website format [www.communitymining.org](http://www.communitymining.org)



We have also explored the potential of communicating through social networks, such as Facebook, acquiring a growing base of followers: [www.facebook.com/communitymining](http://www.facebook.com/communitymining).

In 2010, ARM also worked intensively with the Fairtrade Foundation (FLO's Labelling Initiative in the UK) on facilitating the market conditions

in preparation for the UK launch of Fairtrade and Fairmined certified gold on Valentine's Day 2011.

## BUILDING THE KNOWLEDGE BASE

This year we continued our efforts to be a source of quality information on responsible ASM. In order to spread the word to the miners beyond English and Spanish speaking countries, we translated "[The Golden Vein - a Guide to Responsible ASM](#)" into French.

Experiences of Peruvian artisanal and small-scale miners' movement that led to creating a new ASM-tailored legislation were described in the publication (in Spanish) "[Public policy advocacy for small scale mining - lessons learnt from the Peruvian case](#)".

January 2011 saw the publishing of the "[Rock Solid Chances for Responsible ASM](#)" – the No.3 of ARM's Series on Responsible ASM. This publication illustrates what artisanal and small-scale gold mining is, the challenges it faces and the development opportunities that it offers if miners are given access to ethical markets.

Apart from these new informative materials on ASM, we started the development of "[Resources](#)" section of our website, which will continue to grow in 2011.

## ARM CONTINUES TO GROW ITS TEAM

During all of 2010, ARM had a core team of 5 people, which brought significant stability to the organization. By restructuring job functions and descriptions we were able to set clear boundaries for individual responsibilities and began a process of more effective work delegation. This, combined with the documentation of procedures, the implementation of the Balanced Scorecard and the governance guide sets the basis for a more sustainable organisation.



The MACDESA mining company's processing plant, Peru

## AFRICA

The year 2010 saw significant progress in the configuration of ARM's Anglophone African network. Work took place on the ground with partners in Ghana, Kenya, Tanzania, Uganda and Mozambique to consult and discuss with selected producer organizations the potential and challenges of participating.

Following these consultations with local organizations and experts, 3 pilot projects were identified in Tanzania (245 workers involved), 2 sites in Uganda (more than 500 families impacted), 3 sites in Ghana (more than 650 workers), and 1 pilot project in Mozambique. Work in Kenya was also undertaken and it is likely to join the network.

These responsible producers will pioneer the field testing of the Fairtrade and Fairmined gold standard through an intensive and focused hands-on training in a partnership that brings together ARM, Fairtrade and Solidaridad, with local organisations, governments and experts who already work with the miners.

The 1st African Regional Workshop took place in November in Mwanza, Tanzania. It convened

for the first time a group of trainers, producers, support organisations and government officials from these countries. The meeting was an opportunity to share the Latin American experience and allowed African stakeholders to get a better understanding of the potential of Fairtrade and Fairmined certification standards and to identify their main challenges and gaps for compliance with the standard.

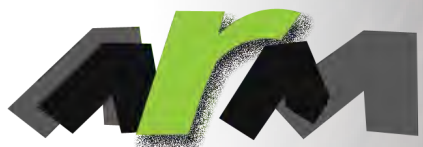


## ASIA

In 2010, ARM was also approached by the "Support to Artisanal Mining" (SAM) project in Mongolia, interested in incorporating the Fairtrade and Fairmined certification as a guideline for producer support and an incentive for miners and the government for formalisation of ASM. Mongolia has a great potential to supply large quantities of Ecological Fairtrade and Fairmined gold to the market.





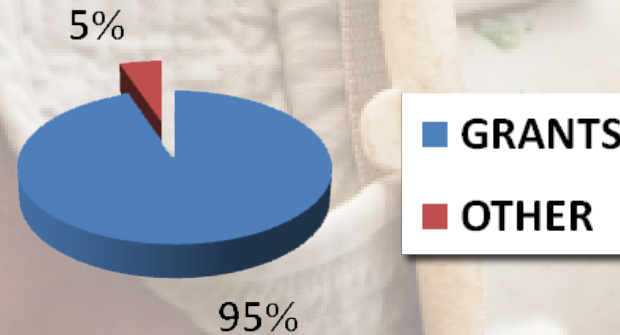


Our operating income totalled 655,773 Euros in 2010, a 300,833 Euros increase over 2009. In 2010 we were able to secure funding for our producer support work in Africa as well as funding to consolidate a stronger executive team that in 2010 grew to five people: the Executive Director, a part time Financial and Administrative Director, a Producer Support Coordinator, a Programs and Communications Coordinator and an Office Administrator.

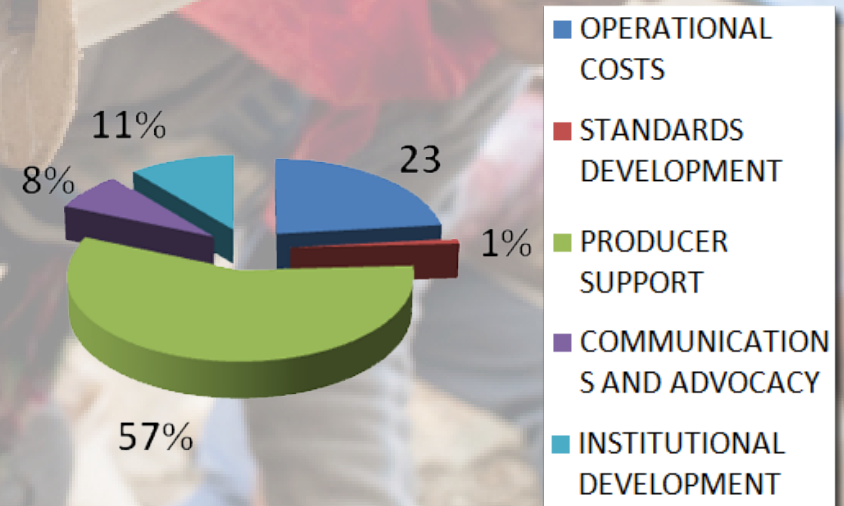
In 2011 ARM still has the challenge of broadening its donor base to support the growth of current programme areas, deliver supply development of certified gold in our partnership with FLO, as well as respond to increasing policy work demands from governments, multilateral organizations and mining companies.

In terms of expenditure, ARM executed 82% of its approved institutional 2010 budget, where the balance represents delays in planned activities. In 2010 administration expenses were reduced, while our investment in program areas grew significantly and are the largest of any fiscal year in our history. These program funds were mainly invested in expanding our work with supporting producers, advocacy and public policies.

## INCOME 2010



## EXPENSES 2010







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## PRODUCER SUPPORT FUND

The Fairtrade and Fairmined initiative has the potential to reach thousands more artisanal and small-scale miners worldwide. However, to comply with the standards miners need support and training to transform their practices.

To fund these efforts, ARM has established a Producer Support Fund where committed jewellers, industry players, the donor community, national governments and individuals can come together to make responsible ASM a reality.



Small-scale miners from Bella Rica, Ecuador

**The Fund will be invested in activities aimed at getting new miners organisations certified:**

- Development of training programmes
- Training of trainers
- Capacity building

**The impact your donation can make:**

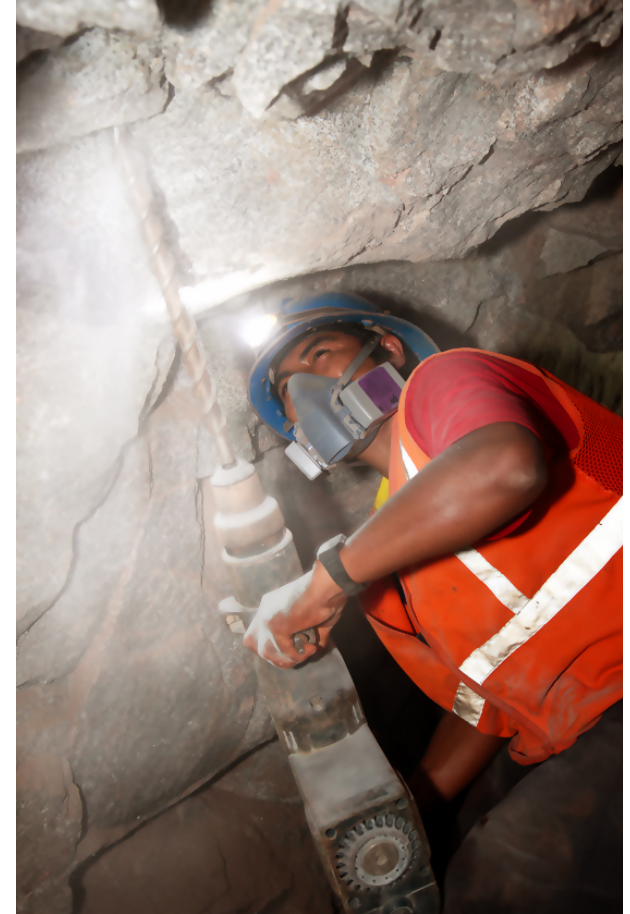
To maximise the impact on the miners we need to make sure that we can provide enough certified gold to match the growing demand. To achieve this we expect to bring approximately 30 producer groups into the Fairtrade and Fairmined system within the next 5 years. An estimated investment of €40,000-70,000 is needed for a producer organisation to reach the standards.

**How will you benefit?**

Your company will be part of a ground breaking programme pioneering the sustainable transformation of artisanal and small scale mining. Depending on your contribution you will receive ARM's annual report, a newsletter, an audited financial report, and for large donations, a narrative report of activities.

Your contribution to the Fund can be publicized in your corporate communications.

Your logo will be published on ARM's website.



[DOWNLOAD THE PRODUCER SUPPORT LEAFLET FOR MORE INFORMATION](#)





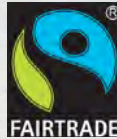
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## ARM WISHES TO THANK:

- Our donors



- Fairtrade International and its Labelling Initiatives, particularly the Fairtrade Foundation



- The regional network of support organizations, who work with the miners on the ground (see page 5 or this report)

- ARM's Stakeholders Alliance and Technical Committee

- Hogan Lovells law firm for legal advice

- Our volunteer: Lauren Echavarría

- And above all, the miners from the pilot projects in Latin America who accepted the challenge of Fairtrade and Fairmined certification

## WHO WE ARE

### Our Board members:

- Laura Barreto: Chair since March 2010
- Catalina Cock Duque: Chair until March 2010
- Manuel Reinoso: Vice Chair since Nov 2010
- Wilson Mutagwaba
- Toby Pomeroy: since November 2010
- Ervin Rentería
- Patrick Schein
- Greg Valerio: until March 2010

### ARM Senior Advisor:

- Felix Hruschka

### Our team in 2010:

- Cristina Echavarría: Executive Director
- Lina Villa Córdoba: Administrative and Finance Director
- Maria Eugenia Calderón: General Assistant
- Daniel Lafuente: Producer Support Coordinator Latin America
- Juan Camilo Arrubla: Communications Coordinator (until August 2010)
- Marcin Piersiak: Communications and Programs Coordinator (since September 2010)

## Contact details:

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