



BUILDING COMMUNITY MINING

ANNUAL REPORT 2011



The vast majority of artisanal miners aspire to improve their livelihoods and the governance in their communities, and are willing to work in a responsible manner if the governments create enabling conditions for recognition of their rights and for their inclusion through formalization process.

Nevertheless in most cases, these miners are working in unsafe and exploitative working environments and live in poverty. In the case of gold, artisanal and small-scale mining often involves the unsafe use of mercury and other toxic substances, deforestation, discrimination against women, the use of child labor, poor working conditions and exploitative supply chains.

Mining communities are mostly kept in the "poverty trap" of an informal economy, being taken advantage of by unscrupulous middlemen and in some regions by armed groups. They typically are lacking financial capital and the legal security to improve their mining practices, increase productivity, and improve labor and environmental conditions. Miners working under such conditions are then accused for being irresponsible and the vicious circle is completed by denying their right to formalize and to have the opportunity to become responsible legal operations.

ARM aims to break this cycle by implementing our 2012-2014 Plan with governments, miners organizations and other key

stakeholders. It focuses on working towards formalization and legalization to achieve the attribution of rights and obligations, the improvement of environmental, social and safety conditions and the consolidation of fair and transparent market access.

It is by working together that we can bring about the positive transformation of the sector. With the continuous support of miners and their communities, local NGOs working with artisanal and small scale mining communities, the Fairtrade network, donors, governments and the industry, we can build common ground for a more sustainable approach to ASM.

Sincerely,

Maria Laura Barreto,
Chair of the Board of Directors



2011 has been, not unlike every year since the birth of ARM in 2004, a year of great achievements and ongoing transformations. We began the year with the successful market launch of Fairtrade and Fairmined (FT&FM) gold in the UK, demonstrating that certification and conscious markets can support the positive transformation of the artisanal mining sector.

Three additional mining companies achieved their certification and we worked hard with Red Social, Cumbre del Sajama, Amichoco, Asomircol and our partners in Fairtrade to scope new potential mining organizations; today we have a pipeline of more than 20 organi-

zations in the region interested in becoming FT&FM certified. It was also exciting to see other allies such as Solidaridad and Cred Jewelry supporting ASM groups towards FT&FM certification.

Throughout the year we maintained an ongoing involvement in the Mercury Negotiations, the Gold Supplement of the OECD guidelines and other key initiatives, always seeking to bring ASM as a key issue that needs to be incorporated in the developmental and corporate agendas that affect it. Lots remain to be done in the field of policy and awareness and we look forward to see this area of our work grow. A positive step in this direction was the Gold Dialogues, which we organized in partnership with Maplecroft to provide a space of discussion around the key challenges of ASM.

2011 was also a year that brought about a leadership change in ARM. With her great expertise and networking skills, Cristina Echavarría set the basis to consolidate ARM's work and managed to turn a newly founded organization into an international player with important partnerships at the local and global level. As we entered a period of institutional developments, we took some time to revise our strategic route, core capabilities and opportunities for innovation, leading to our 2012-2014 strategic aim, which includes key areas of work as ex-

panding the FT&FM certification initiative in Latin America, Africa and Asia. Another important focus is market opportunities. The gold needs to reach fair markets all over the world and consumers need to be made aware of their possibilities to help mining communities improve their lives without damaging the environment.

In this report we will present the main events of 2011 and present our team who has made this possible together with our partner organizations, donors and the mining communities.

Sincerely,

Lina Villa Córdoba,
Executive Director



Alliance for Responsible Mining



M46511 M







© Simon Rawles

FAIRTRADE AND FAIRMINED

The launch

On February 14th 2011, the first Fairtrade and Fairmined gold ever produced by artisanal and small-scale miners was launched on the market in the UK and Canada. This was an achievement of historical importance in the global effort to transform Artisanal and Small-scale Gold Mining (ASGM) into a dignified and responsible activity.

The launch was celebrated at a press event in the prestigious Hatton Garden jeweler quarter in London. The speakers included Manuel Reinoso, mining leader and Vice-president of ARM's Board of Directors, Cristina Echavarría, Board member, and at that point in time, ARM's Executive Director, Juana Peña, from the Cotapata Cooperative in Bolivia, Harriet Lamb, Executive Director of Fairtrade Foundation, Greg Valerio, Fair Trade Gold pioneer, and the award winning British jeweler Stephen Webster.

New certified organizations

In 2011 two new organizations were certified: The Condoto Community Council from the Colombian Oro Verde program and SOTRAMI from Peru. Presently there are three organizations worldwide that have reached certification since the Fairtrade and Fairmined certification was established in 2010.

Two Peruvian organizations, MACDESA & AURELSA, are close to reaching the certification and ARM has led a scoping study, carried out by our partner Producer Support Organizations in Bolivia, Colombia and Peru, which identifies almost twenty new miners' organizations with good potential to achieve the certification if provided with quality support.





CONDOTO

The Condoto Community Council from the Oro Verde (Green Gold) initiative consists of 90 family productive units that extract gold using ancestral artisanal mining techniques that ensure a sustainable use of the natural resources of their home, the Chocó Bioregion that is one of the most bio diverse ecosystems on Earth. No toxic chemicals are used in the mining and strict ecological restoration practices are observed in this operation.

Oro Verde is a part of the organizational process of ethnic Afro-Colombian communities, aiming at the preservation of their ancestral knowledge and cultural identity. It was made possible by an alliance of Community Councils of Condoto y Tadó, Las Mojarras Foundation and AMICHOCÓ Foundation with the support of the Environmental Research Institute of the Pacific.

Jorge Perea, community leader of Oro

Verde in Condoto, stated the following after receiving the certification: 'We consider the Fairtrade and Fairmined certification to meet the needs of miners seeking to improve their quality of life and strengthen our identity as an ethnic group, which was the aim of this worldwide process inspired by Oro Verde. Thanks to the hard work of ARM to gather the efforts of the mining communities in Latin America and the alliance with the Fairtrade system, we celebrate the launch of a label that makes our common dream come true. The golden doors of fairness are now open for all the small miners in the world.'

As the Fairtrade and Fairmined certification was inspired by the Oro Verde initiative this certification was a very a symbolical moment for everyone involved, furthermore it was the first *ecological* Fairtrade and Fairmined gold certification ever.



MULTILATERAL COLLABORATION

2011 was also an important year in terms of the activities of ARM that include the promoting of greater policy attention to ASM by governments and multilateral organizations, as well as creating awareness among consumers and producers regarding the use of fair trade certification to improve the lives of mining communities.

The Global Mercury Partnership

ARM has regularly participated in global initiatives and discussions, representing the interests of the ASM miners. A special emphasis was given to the global mercury treaty negotiations, where ARM lobbied the international community to support miners' transition to mercury-free technologies, ra-

ther than simply banning mercury use, which would foment the black market and further marginalize the miners.

ARM participates as a partner NGO and has been actively engaged in the process, to assure that the voice of artisanal and small-scale miners, who will be directly affected by the treaty, is taken into account. In October Manuel Reinoso, our Vice-president, spoke at UNEP's INC3 (Intergovernmental Negotiating Committee) meeting in Nairobi, Kenya. The objective of these negotiations is to reach an accord on the final text of the agreement, in time to adopt a new global mercury treaty at a diplomatic conference to be held in 2013.



OECD's Due Diligence Guidance

ARM participates in the drafting of the Annex 1 to the OECD's Due Diligence Guidance, the new international OECD guidance for 'conflict free' traceable gold. The objective is to create absolute trust that the gold produced under the guidelines neither fuels armed conflict, nor funds armed groups, nor contributes to human rights abuses associated with these conflicts. Being involved in the process is very important to ARM, as one of the unintended consequences of the guidance

could be that small-scale and artisanal mining could be made more illegal than ever before due to the lack of sustainable alternatives and access to international markets.

On May 1st 2012 ARM and other key players in the mining world will meet at the LBMA (London Bullion Market Association) Responsible Gold Forum 2012 in Paris to discuss how to enforce the due diligence guidance.





© Cedric Faimali

The Gold Dialogues

Another successful initiative, initiated and organized in 2011 by ARM and Maplecroft, were the Gold Dialogues, an event which gathered important mining industry players, civil society and policy actors to discuss the opportunities and potential for collaboration between Large Scale Mining and Artisanal and Small Scale Mining subsectors.

The first of these Gold Dialogues addressed 'The imperative of collaboration between Artisanal and Small scale and Large Scale Mining'. The event presented a real opportunity to signal important concerns to leading gold companies, industry associations, peer supply chain initiatives and concerned

NGO's, regarding ARM's objective of ensuring that artisanal and small scale miners are not further marginalized by emerging industry ethical supply chain initiatives.

All participants agreed that we are entering the era of ethical minerals, and in this process, ignoring the need for formalization and inclusion of ASM, can compromise these emerging ethical mining and supply chain initiatives.

ARM will continue to engage with the stakeholders to create innovative approaches addressing the role of the mining and minerals sector as a whole in building fair and ethical minerals supply chains.



© Alliance for Responsible Mining

WORKING WITH COMMUNITIES

Developing new producer support toolkits - a workshop for the Latin American Fairtrade and Fairmined projects network.

The mining leaders of the Fairtrade and Fairmined pilot projects and support organizations from Bolivia, Colombia, and Peru met on the 16th and 17th of May 2011 in Santa Fe Antioquia, Colombia to interchange and evaluate their experiences of working towards Fairmined and Fairtrade certification.

The objective of the workshop, organized by ARM and Solidaridad, was to construct guidelines on the type of tools that should be developed in order to better assist artisanal and small scale mining organizations

in complying with the Fairtrade and Fairmined standard.

The inputs given by the participants will guide the joint work by ARM and Solidaridad in the coming years, to further develop a quality producer support program, permitting the quicker and more efficient introduction of new mining organizations into the system.

The meeting was at the same time a place for enriching dialogue. The miners were able to exchange the experiences of their organizations and discuss the situation of artisanal and small scale mining in their countries.





NEW AGREEMENTS

2011 was also the year where ARM signed new important agreements with leading global initiatives.

UNIDO

In June ARM announced a joint declaration with The United Nations Industrial Development Organization (UNIDO) to collaborate in the transformation of Artisanal and Small Scale Gold Mining (ASGM). The joint declaration recognizes the potential of the Fairtrade and Fairmined certification to drive responsible and equitable development of ASGM communities and to promote the reduction of the use of mercury and improve environmental management in operations. UNIDO and ARM shall work closely to support miners in their process of complying with the Fairtrade and Fairmined

gold certification requirements, focusing their efforts on capacity building, environmental issues and Public Policy advocacy.

The Responsible Jewellery Council

In November ARM and the Responsible Jewellery Council (RJC) agreed on a Memorandum of Understanding to work cooperatively on advancing their shared objectives. ARM and RJC will collaborate to ensure the standards and modalities of their respective certification systems are mutually supportive. ARM and RJC will also work together to develop projects recruiting private, governmental and intergovernmental sponsors and increasing market awareness and support for jewelry raw materials sourced from well-managed artisanal and small-scale mining operations.

FUNDERS

Thank you for believing in our initiative and supporting responsible artisanal and small scale miners.

The logo for Solidaridad, featuring the word "Solidaridad" in a bold, black, sans-serif font. A thick, curved orange line is positioned below the text.

Canadian
International
Development
Agency

Agence
canadienne de
développement
international

**DONATIONS WERE MADE TO THE PRODUCER SUPPORT FUND
BY**

Zoe Pook

S & P Trading

VOLUNTEERS

Thank you for your priceless help and support.

Sabine Albach, Germany

Educational background: Latinamerican Studies, University of Munster and International Business, Universidad Pontificia Bolivariana, Medellín.

Sabine worked as a volunteer in ARM from January to March 2011 elaborating the document: “Organizational structure identification and adequate management strategies for ARM’s internationalization.”

Pablo Villa, United States

Educational background: Politics and Government, Ohio Wesleyan University.

Pablo helped out as a volunteer doing research for fundraising from May to August 2011.

Coralie Bruel, France

Educational background: IESEG - Business School, Paris

Coralie assisted ARM from August to October 2011 in the area of communications and marketing. Among other things, she elaborated a Social Marketing Strategy.

We would also like to recognize the efforts of everyone else who contributed voluntarily to our work. Thank you for your valuable support.

SUPPORT ORGANIZATIONS

Without our local partners our work would not be possible.

Thank you!

AMICHOCÓ

Cumbre del Sajama

Asomircol

Red Social

OUR TEAM IN 2011



Cristina Echavarría
Executive Director
2004-2011



Lina Villa Córdoba
Executive Director
2011– today



Elisa Bravo
Finance and Develop-
ment



Marcin Piersiak
Projects



Daniel Lafuente
Producer Support



Ronald Koepke
Producer Support



María Calderón
Executive Assistant

BOARD MEMBERS

Maria Laura Barreto (Chair)

Manuel Reinoso (Vice Chair)

Catalina Cock

Cristina Echavarría

Toby Pomeroy

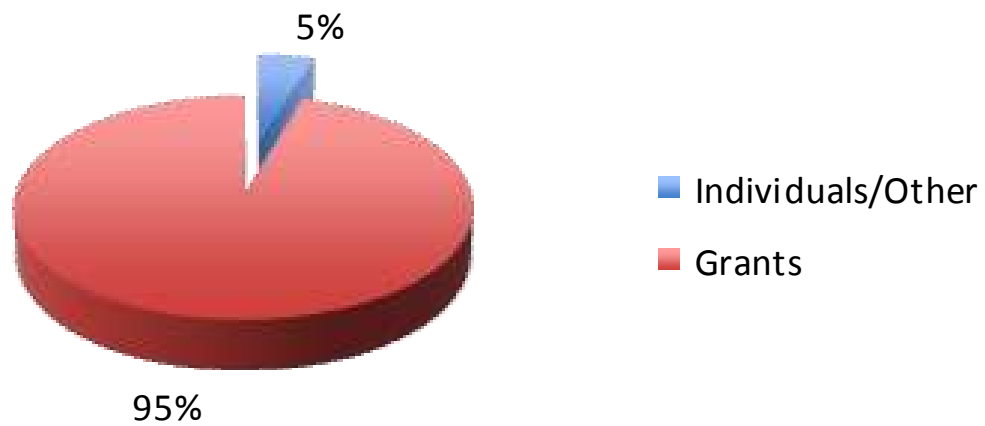
Patrick Schein

Ervin Rentería

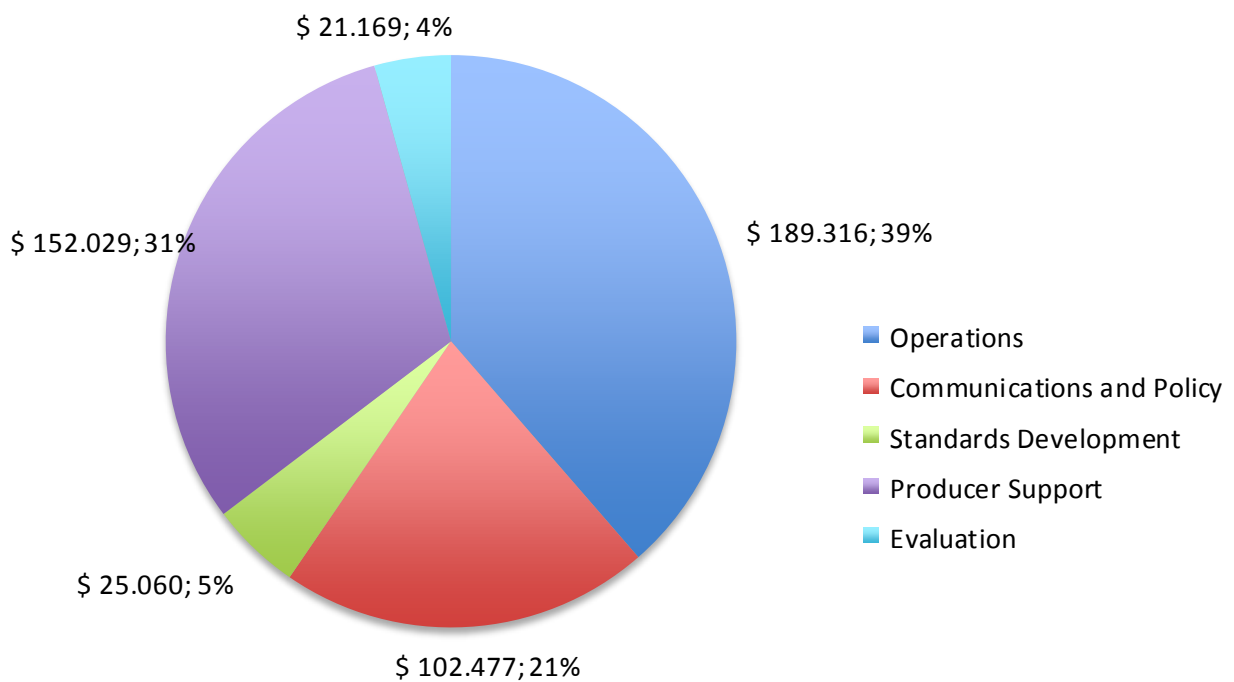


FINANCIALS

Income



Expenses



Alliance for Responsible Mining

Calle 32B Sur # 44A61

Envigado, Colombia

(574) 3324711

arm@communitymining.org



© Nigel Wright