



(C) : Manuela Franco

CAPAZ: Supply Chains for Peace

Context



An estimated 20 million people in the developing world make their living through artisanal and small-scale mining (ASM), contributing to the livelihoods of over 100 million people. Yet the industry suffers from widespread informality and limited resources for professionalization and technical support. As a result, this economic activity is often linked to challenging social and environmental concerns. Many who wish to improve their practices are prevented by the necessary investment in the training or technology to do so, or a lack of access to services due to their informal status. Although many artisanal miners wish to become formal, they are often stymied by opaque and sometimes conflicting policies and processes at a national level, as well as the expense associated with formalization. The informality of the industry and the poverty of those who participate in it has left artisanal miners vulnerable to exploitation and marginalization. Especially in conflict-affected and high risk areas, miners are vulnerable to exploitation by armed groups, militias, paramilitaries, and others engaged in illicit activity. Profits to such armed groups from these minerals further undermine the rule of law and stability, exacerbating and further entrenching the problem.

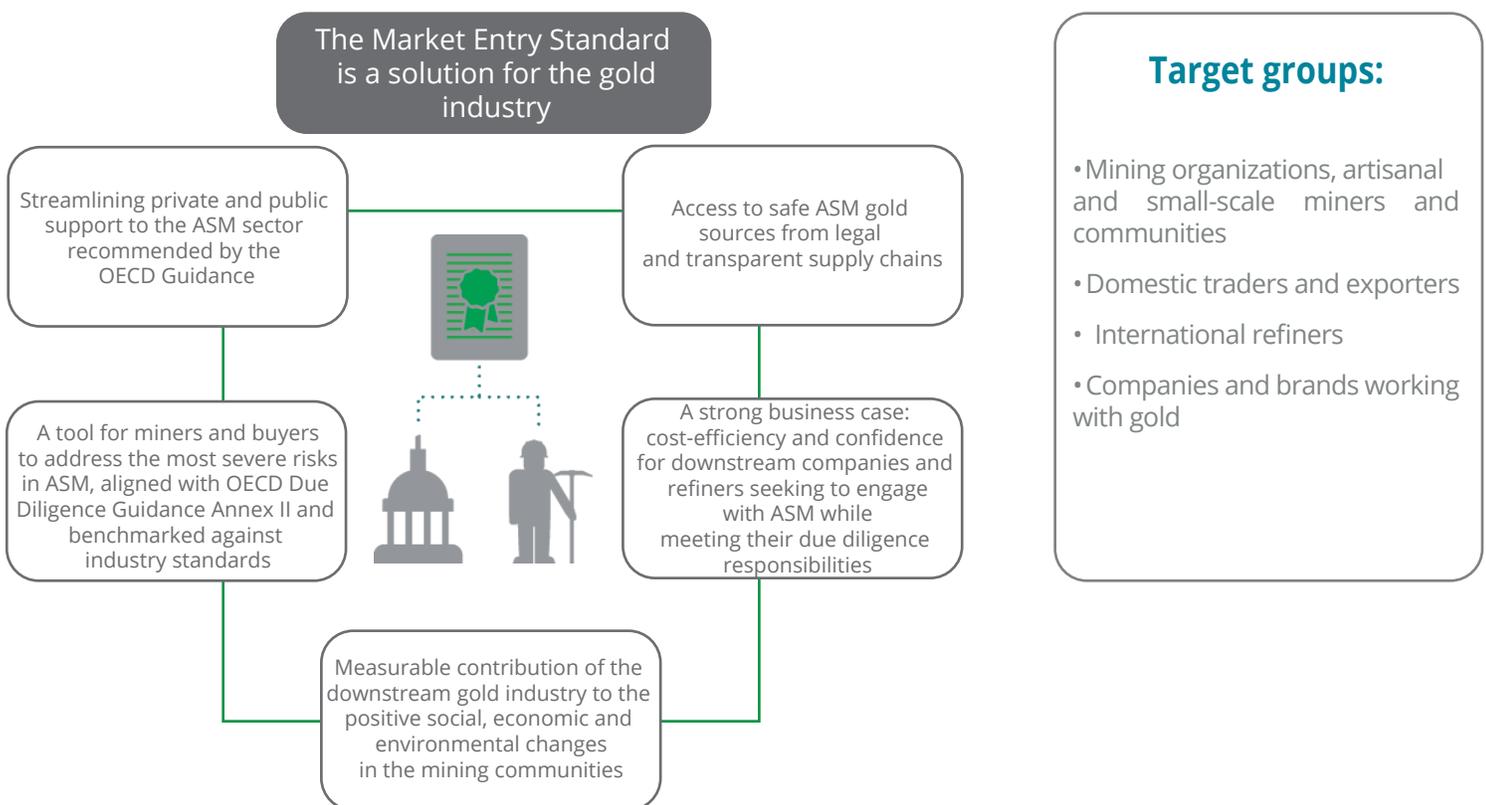
Following an increased interest of the public in higher standards and transparency in supply chains, the industry has been adopting mandatory and voluntary responsibility frameworks related to sourcing gold from ASM to promote the inclusion of artisanal miners in legal supply chains. However, there are no technical and widely-agreed criteria and guidance on how these regulations should be applied in an artisanal environment, taking into account the specific conditions and challenges in ASM gold mining.

Global Market Entry Standard*: Passport to Markets Program

Most artisanal and small-scale mining organizations are far from being able to meet the performance requirements of responsible sourcing standards, making it difficult for them to access the global markets that could support further growth and development. There is a need for an intermediary standard guaranteeing essential due diligence and giving miners a practical tool to satisfy the demand of the global markets for transparent and conflict-free mineral sourcing.

Responding to this need, the Alliance for Responsible Mining (ARM) and RESOLVE are developing a Market Entry Standard to provide an entry point for artisanal and small-scale mining organizations toward further opportunity, improved performance and a contribution to better life conditions of their communities.

**Working name which may be changed.*





CAPAZ: Supply Chains for Peace

Through a grant from the European Partnership for Responsible Minerals (EPRM), ARM and RESOLVE will develop the first stage of the CAPAZ program, which will be implemented from February 2017 to June 2018. This first stage has two primary objectives:

1. To develop a globally applicable Market Entry Standard to engage with artisanal and small-scale gold mining, especially in conflict-affected and high risk areas.

CAPAZ is **scalable** to reach more mining organizations in different countries. The program has multiple phases, including the current, EPRM-funded phase which **will bring together global stakeholders** to develop the first version of the Market Entry Standard.

The Standard will be developed under Open Source licence, so that stakeholders may freely use it as an "ASM module" in their own sourcing or certification systems.

This Standard aims to have a global scope, in conflict and high risk areas and beyond. In this first stage, the standard will be tested in Colombia, bringing together importers, traders and three pilot mining sites to build transparent and **OECD-conformant supply chains**.

2. To pilot supply chain models for conflict-free minerals in Colombia.

- **Identification and evaluation of mining sites** to test the CAPAZ approach.
- **Empowerment of miners to establish legal supply chains**, build tailor-made progressive improvement plans and develop a route of positive changes.
- **Cost-effective and participatory due diligence process**.
- **Engagement with the national, regional and local institutions** to boost formalization efforts and raise awareness on conflict-free minerals regulations.
- **A business case and an incentives model** will be developed by supply chain actors participating in the pilots.
- **Gold from the pilot sites** will be delivered through a transparent, OECD-conformant supply chain.
- Environmental, economic and social improvements will be measured through a set of simple **key performance Indicators**.

Project update by October 2017

1. As part of the development of the Market Entry Standard, two multistakeholder governance bodies were established: the **Advisory Group** and the **Standard Committee**, including artisanal miners. We appreciate the time and expertise of individuals and organizations such as artisanal miners from 5 countries, CFSI, Dragonfly Initiative, IRMA, LBMA, Levin Sources, Pact, RJC, Solidaridad, UNEP, Valcambi, thematic experts, and OECD as an observer.

2. **Piloting the OECD Due Diligence in three mining zones in Colombia** (La Llanada, Suarez, and Taraza) and local and national stakeholder engagement. The pilot mining sites represent diverse scenarios in terms of mining type, geography, culture, legal and organizational forms and local contexts.

3. A draft of the Market Entry Standard will be released **in January 2018** for a 2 months **public consultation**. Version one of the Standard is expected to be ready by the end of May 2018.

Scaling up for broader impact

The Market Entry Standard has the potential to create opportunities for hundreds of thousands of miners in developing countries. With the development of a pathway for ASM gold to enter formal markets, new allies and donors from the private and public sectors are invited to join CAPAZ to widen the impact and support scaling up and implementing a system which is sustainable for miners and international markets.



CAPAZ TEAM

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