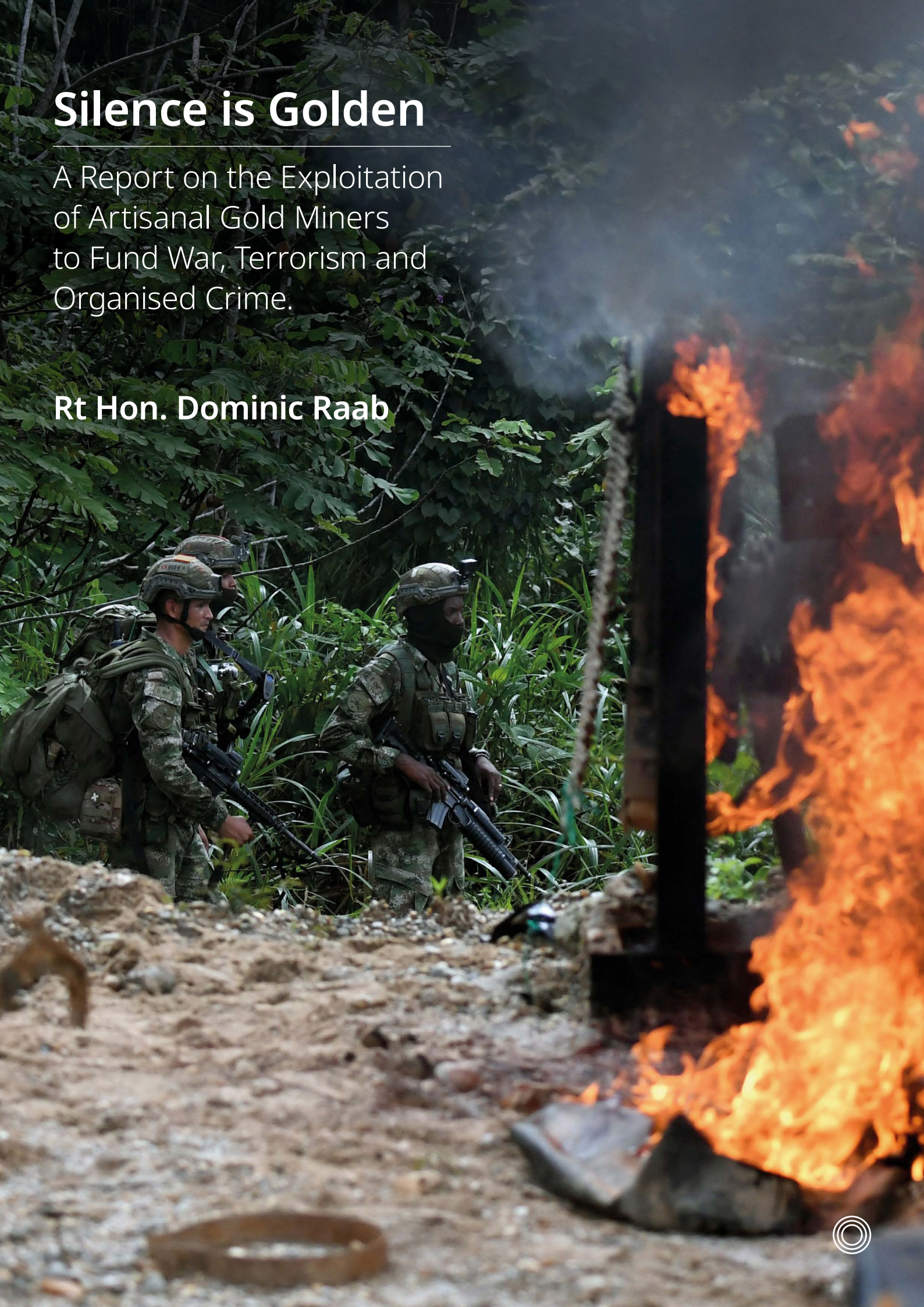


# Silence is Golden

A Report on the Exploitation  
of Artisanal Gold Miners  
to Fund War, Terrorism and  
Organised Crime.

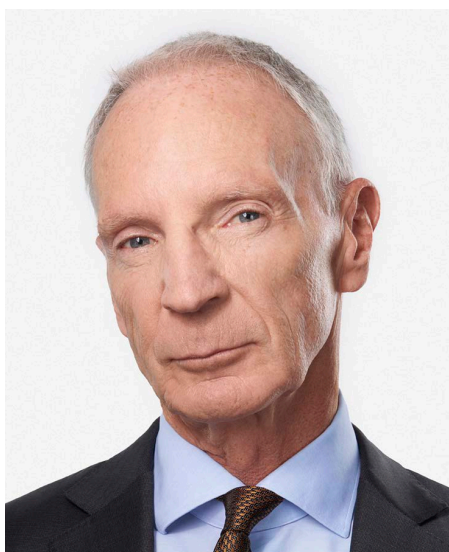
**Rt Hon. Dominic Raab**





# Foreword

David Tait, Chief Executive Officer, World Gold Council



Artisanal and small-scale gold mining (ASGM) accounts for approximately 20% of the annual supply of gold, and by some estimates 80% of the total global gold mining workforce. Millions of livelihoods depend on ASGM but working conditions and environmental standards are often poor. Children are frequently employed in extremely hazardous working environments, workers suffer from the harmful effects of the use of mercury as a recovery agent, and a lack of concern for the environment can have a destructive effect. Yet many employed in the sector have no choice or viable economic alternative.

***Industry, governments and local communities – must work together to support responsible ASGM.***

The ASGM sector – and the gold it produces – is often exploited by malign actors and institutions. This makes it harder for responsible buyers to source from the ASGM sector with confidence, further enhancing the power and influence of illicit groups. ASGM production has, unfortunately, been known to fund conflict, facilitate money laundering, and enrich criminal enterprises. But not all ASGM is bad, and millions of livelihoods – often in the poorest and most marginalised communities – rely on it. We – industry, governments and local communities – must work together to support responsible ASGM. We can do this by incentivising and resourcing best practices, making it easier for legitimate

buyers to source from the sector, displacing and disrupting those with malign intentions.

It is in this spirit that the World Gold Council has commissioned this study into tackling the illicit financing of the ASGM sector and the substantial volumes of funds it delivers into the criminal economy. The recommendations outlined in this report will complement our broader programme of work to improve the sector. These include exploring new technologies that can track and secure the supply chain, including from the artisanal and small-scale mine site through to the refiner; working in partnership with the World Bank to promote formalisation in West Africa; and working with official sector institutions to harness the power of domestic purchase programmes as a lever for change.

We are very proud that some of the world's most forward-thinking central banks who operate domestic ASGM gold purchase programmes came together to sign the *London Principles* – a set of operating principles to help structure and formalise central bank domestic purchase programmes.

This programme is set to expand, and we are looking forward to additional central banks signing up to the *London Principles*. These programmes have the power to move significant quantities of ASGM gold from illicit to legal channels.

Taken together, these initiatives should reduce the influence of malign actors over the sector; expand the opportunities for responsible ASGM production to grow; and improve the livelihoods of millions of individuals and communities that depend on the sector as a primary source of employment and income.



*Small pieces of raw gold after panning at an open-pit gold mine in Grand Cape Mount, Liberia.*

Addressing the challenges of ASGM fits into the broader remit of the World Gold Council. As the global authority on gold we work with international partners to enhance the integrity of the global gold market. We are a membership organisation that champions the role gold plays as a strategic asset, shaping the future of a responsible and accessible gold supply chain. We do this by developing standards, advocating best practice, and increasing awareness of the role that gold and the gold industry plays in the global economy.

Responsible gold mining does, and should, support sustained socio-economic development. The large-scale gold mining sector employs millions of people, invests significant capital in local and national country infrastructure, and generates significant fiscal receipts.

Just like large-scale mining can be a force for good, we are confident that the ASGM sector – when operating to high standards – can also make a positive contribution to society. The recommendations outlined in this report are particularly focussed on the role of international institutions and law enforcement agencies in co-operating against illegal mining and illicit flows. They are broad in scope and in summary include:

- Actions to disrupt and prevent illicit and malign activity in the ASGM sector;
- Measures to improve the transparency of the supply chain;
- Recommendations to increase the opportunities for responsible ASGM to enter the formal supply chain, further incentivising best practice.

To be successful we must all work together. International organisations, host countries, international bullion centres, and the wider gold market must collaborate and cooperate in a shared endeavour to improve the livelihoods and opportunities for the millions that work in the sector, and to reduce the ASGM sector's role in funding conflict, human rights abuses, and criminal enterprise.

The World Gold Council looks forward to working with the international community and global gold market to address some of the most fundamental issues facing our industry.

**David Tait**  
CEO, World Gold Council

# Foreword

Rt Hon. Helen Clark, EITI Board Chair



**The scale of artisanal and small-scale mining (ASGM) activity is undeniable. While data on the sector remains challenging to collect, it is estimated to account for as much as one-fifth of newly mined gold production and to employ 15 to 20 million people globally.**

Over the last two years, the international gold price has increased by over 40 per cent. Sustained high gold prices provide an additional incentive for participation in artisanal gold mining. They also create an opportunity for the sector to make a meaningful economic contribution to communities engaged in such activity.

But the reality for those involved in ASGM is rarely prosperity. The sector is more likely to be associated with environmental degradation, the use of mercury, child labour, and poor safety controls, resulting in incidents such as a landslide<sup>1</sup> in a small Indonesian gold mine in July 2024 that killed at least eight workers. Increasingly, there is evidence of the growing contribution of illegal mining to international crime, corruption and conflict. A recent statement of concern<sup>2</sup> from the United States Government draws attention to the role of illegally and artisanally mined gold in funding conflict in the Great Lakes region.

This latest report from the World Gold Council seeks to tackle a challenging ASGM landscape by offering solutions for international collaboration to fight corruption, terrorism, and international crime – activities which inevitably result in the diversion of revenue away from those who should benefit from mining revenues. While regulation is needed to address the environmental, health, and safety impacts of ASGM, international action is essential to respond to the global networks which drive corruption, international terrorism and criminal activity.

***The reality for those involved in ASGM is rarely prosperity.***

The development of a framework for collective action by the World Gold Council is a welcome step which will complement other initiatives. As in other aspects of resource governance, the contribution of the Extractive Industries Transparency Initiative (EITI) has been to promote the publication of data and provide a platform for debate. Through implementation of the 2023 EITI Standard, the EITI can help lay the foundation for collective action.

<sup>1</sup> [www.thestar.com.my/aseanplus/aseanplus-news/2024/07/08/indonesia-gold-mine-landslide-kills-at-least-eight](https://www.thestar.com.my/aseanplus/aseanplus-news/2024/07/08/indonesia-gold-mine-landslide-kills-at-least-eight).

<sup>2</sup> [www.state.gov/statement-of-concern-related-to-certain-minerals-supply-chains-from-rwanda-and-eastern-drc/](https://www.state.gov/statement-of-concern-related-to-certain-minerals-supply-chains-from-rwanda-and-eastern-drc/).



Provisions of the 2023 EITI Standard will provide new data from more than 50 countries, including many with large ASGM sectors such as Burkina Faso, Colombia, DRC, Ghana, Indonesia, and Mali.

Pursuant to the 2023 EITI Standard, implementing countries in the EITI are required to disclose the legal and regulatory frameworks under which ASGM operates where these are relevant, as well as policies and ongoing or planned reforms affecting the sector. They are also required to provide estimates of production and exports from the ASGM sector, and identify potential weaknesses in this data.

***It is important that those in the ASGM sector can realistically aspire to work in a more predictable, safe environment and reap greater benefit from their resources.***

Contextual data in EITI reporting now covers the size and contribution of the ASGM sector. Public debate and dialogue in multi-stakeholder groups also needs to include ASGM where the issue is relevant to, and aligned with, national priorities.

The EITI therefore looks forward to working with international stakeholders, including the World Gold Council, to understand how to accelerate data disclosures to inform holistic solutions. It is important that those working in the ASGM sector – often among the most vulnerable – can realistically aspire to work in a more predictable safe environment and reap greater benefit from their resources. Stemming the abuse of ASGM production to fund crime, terrorism and conflict is vital to promote this objective, and to lay the foundation for a more stable geopolitical environment for all.



**Rt Hon. Helen Clark**  
EITI Board Chair

# Contents

Foreword	02
<hr/>	
Executive Summary	07
<hr/>	
1. The Global Scale of Artisanal and Small-Scale Gold Mining	12
2. Plundering the Poor – the Exploitation of Artisanal Miners	16
3. <i>Cui Bono?</i> Beneficiaries of the Illicit Trade in Gold	26
4. A Clarion Call to Action	34
5. Support for Taking Action	46
6. About Us	48



# Executive Summary

## The Systemic Threats from the Illicit Trade in Gold

### 1. The Global Scale of Artisanal and Small-Scale Gold Mining

Artisanal and small-scale gold mining (ASGM) provides income for millions of people in over 80 countries across the world. On some estimates, 80% of ASGM takes place in the shadow economy. ASGM communities are preyed upon by criminal gangs, armed groups and corrupt officials, and exploited by intermediaries who launder gold out of the country clandestinely.

### 2. Plundering the Poor – the Exploitation of Artisanal Miners

There is no shortage of international and domestic instruments intended to protect ASGM, including the United Nations Guiding Principles on Business and Human Rights 2011, the EU's Conflict Minerals legislation and the US Dodd-Frank Act. There is, however, a striking lack of transparency across businesses and governments in relation to the implementation of legal standards prescribed, coupled with a dangerous inertia in enforcing the law against the most nefarious criminals involved.

### 3. *Cui Bono?* Beneficiaries of the Illicit Trade in Gold

The violence artisanal gold miners suffer ranges from attacks by governments and mercenaries to exploitation from criminal gangs. The illicit profits they make and launder – sometimes via the main international gold hubs, including Hong Kong, India, Miami, Switzerland, Turkey, and the United Arab Emirates – now present a real and present danger to international security.

### 4. A Clarion Call to Action

The Wagner group has been one of the greatest beneficiaries. Estimates suggest it earned more than US\$2.5 billion from illicit gold mining, since the invasion of Ukraine alone, which has been funnelled back into the Russian war machine. The illicit trade in gold also fuels civil wars, and funds terrorist groups and organised crime. The extortion from ASGM communities has been an integral part of the expansion strategy of affiliates of Islamic State and Al-Qaeda operating in the Sahel. In Colombia, the Clan del Golfo and former paramilitary groups, the National Liberation Army (ELN) and dissident Revolutionary Armed Forces of Columbia (FARC) finance their activities from illegal mining. The plunder of ASGM communities also robs the countries affected of enormous flows of income and revenue. In one year, this cost Sudan almost US\$2 billion.



*Aerial view of deforestation due to illegal artisanal gold mining in a tropical rain forest, Central African Republic.*

## Action Plan

---

There is no panacea to remove these threats. Governments, international organisations and the gold sector must coordinate sustained action to prosecute the criminal perpetrators, prevent illicit profiteering, integrate responsible ASGM into legal and viable supply chains, cut off the profits of criminal actors, and nurture the livelihoods of responsible ASGM communities.

To achieve these strategic objectives, the following measures are recommended:

### Prosecute and Disrupt the Criminal Perpetrators

---

1. **The International Criminal Court** should consider, as part of its investigation in Ukraine, the potential criminal responsibility of those who facilitate illegal refining, laundering and transfer of the profits of the Wagner Group back into the Russian war machine.
2. Governments should **implement all of the United Nations Office on Drugs and Crime's recommendations** to make greater use of UN Conventions to promote better judicial cooperation and more prosecutions.
3. **Donor countries should provide greater support for regional judicial cooperation** with international destinations for gold from ASGM communities under United Nations Conventions, in order to prosecute illegal gold traffickers on a greater scale.
4. **Interpol** should be mandated to deliver a step-change in the use of its data, border controls and operational support to national authorities, including the Red Notice system, to **prevent those engaged in the illicit gold trade from slipping through borders.**
5. Members of the **World Customs Organisation** should expand Project Tentacle with a properly funded five-year mandate to seize assets from the illicit trade in gold.
6. Governments should enact **sanctions under the Magnitsky Law** model, of visa bans and asset freezes, against government leaders and officials who partner or collude with the Wagner Group or any equivalent organisation.



## Prevent Illicit Profiteering

7. Governments should implement **targeted, secondary, sanctions** against high-level individuals and companies involved in the smuggling and laundering of gold.
8. Governments should review implementation of the OECD's 'Due Diligence Guidance for Responsible Supply Chains' in the gold sector, with a renewed focus on refineries and trading hubs. The **Financial Action Task Force** should be mandated to renew its 2015 thematic report into the gold sector, make further recommendations, and develop a **specific framework** with key performance indicators that need to be satisfied for any **international hub** in the gold trade to avoid the 'black list' and 'grey list'.
9. Governments should require international hubs and major refineries to collate **country-level data to build up a clearer picture of ASGM imports and exports**, and its corresponding financial flows.
10. **Donor countries should focus aid and development policy to prevent governments from contracting private military groups** to maintain security in return for access to natural resources.



*Drill pads established to support the exploration of gold bearing quartz-sulfide veins in the valley of Sua river deep in the jungles of Keerom Regency, Indonesia.*





Man searches through the dirt for gold under the blazing sun in Poura, Burkina Faso.

## Integrate ASGM into Legal and Viable Supply Chains

11. With the support of donor countries, **governments of ASGM communities** should **adopt national legal frameworks** that ASGM communities can realistically engage with, and uphold the rule of law applicable to them proportionately.
12. With the support of donor countries, **governments of countries with ASGM activity** should provide wider support for the integration of **ASGM communities**, including with respect to land rights, licensing fees, taxation and geological exploration.
13. Donor countries' support for regional cooperation, through organisations like ECOWAS, should focus on prevention, including developing an **early warning system for vulnerable ASGM communities**, to safely alert authorities to early security threats.
14. G7 and G20 governments, alongside the **World Bank**, should **support the expansion of central bank gold purchasing schemes to integrate ASGM** communities into national legal frameworks, and sign up to the World Gold Council's (WGC) *London Principles*.
15. **Large-scale gold mining companies** should adopt and publish a policy for implementing and **supporting sustainable supply chains with responsible ASGM** communities, in accordance with the WGC's Responsible Mining Principles.
16. Where the legal framework and local conditions allow, **large-scale gold mining companies** should seek to support local **ASGM integration**. Options include identifying land for ASGM activities, exploring the potential for tributer, sub-contractor and buy-back arrangements and technical support.
17. Governments with significant gold refining and smelting sectors should encourage sourcing from such **ASGM communities**, and incentivise them with targeted tax breaks.
18. Where the legal framework and local conditions allow, **refiner and smelter businesses** should seek to **proactively source gold from responsible ASGM communities**, and large-scale mining companies should prioritise refiners and smelters which do.
19. The **London Bullion Market Association** should implement an **ASGM Good Delivery List within two years**, and publish a plan with milestones and key performance indicators. The plan should focus on intermediate refiners and aggregators who work with responsible ASGM actors, central banks, large-scale miners who support local ASGM due diligence efforts, and mercury-free processing plants which adhere to international standards.
20. Governments in the major gold consuming countries should promote awareness amongst consumers about the source of gold purchased in their shops.



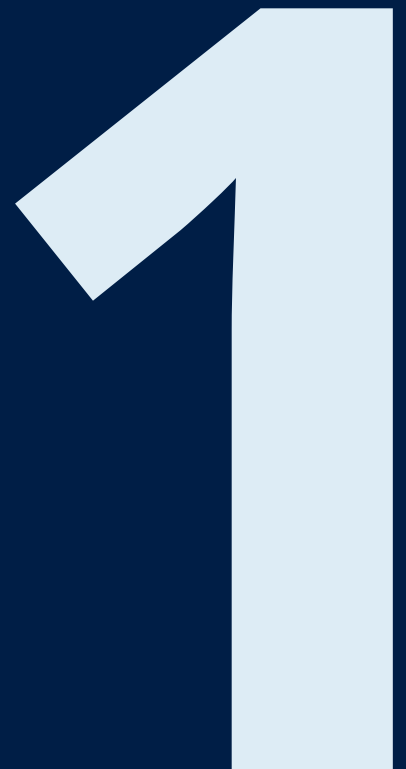
## Sustain a Coordinated and Focused International Effort

21. G7 and G20 governments should formally recognise that the illicit financial flows from illegal gold mining represent a **'systemic threat'** to international security.
22. G7 and G20 governments should keep the exploitation of ASGM and the related security threats as a **standing item on their annual agenda** to focus on the implementation gap.
23. The members of the **Organisation for Economic Cooperation and Development** should expand its mandate to make it the **central forum on ASGM**, with a standalone annual meeting to coordinate efforts to bridge the implementation gap.
24. The **WGC** should continue to act as a **champion and industry leader for innovative collaborations**, and a **critical advisor to help drive change** and expand good practice.



*A geologist directs the driver as he attempts to cross this makeshift bridge in the remote jungles of Central Kalimantan, Indonesia.*

# The Global Scale of Artisanal and Small-Scale Gold Mining







A man hauling rocks from a small-scale gold mining tunnel in Compostela Valley, the Philippines.

**Artisanal and small-scale gold mining (ASGM) provides a source of income for millions of people in over 80 countries spanning the world, but is particularly focused in Africa, Asia and Latin America.**

The Minamata Convention on Mercury defines artisanal and small-scale gold mining (ASGM) as gold mining conducted by individuals or small enterprises with limited capital investment and production. In reality, ASGM can comprise anything from a single individual with a rudimentary sieve on the side of a hill or river, struggling to sift out gold from the mud and water, to more sophisticated but still relatively small family or village operations striving with the same aim in mind. Small-scale mining may also include significant, industrial-scale, operations with the requisite plant and machinery, where relatively low output makes it commercially unviable for larger scale mining operations to be involved in extraction.

The wider practice of artisanal small-scale mining of metals and minerals (ASGM) has a long history, based on the potential financial rewards and in many countries a sense of local heritage. Yet, it is striking that recent times have seen an explosion in artisanal mining world-wide.<sup>1</sup> In 1993, there were an estimated six million people working in ASGM. By 2014, that figure had rocketed to an estimated 30 million, fuelled by the increasing challenges of eking out a living from farmland and rising mineral prices (with more than 150 million people indirectly dependent on ASGM). Estimates today suggest 45 million people work in ASGM.<sup>2</sup>

In geographic terms, the regional practice of ASGM varies as a proportion of a country's population, ranging from less than 1% in some Asian countries to up to 20% in certain African ones.<sup>3</sup>

ASGM comprises around 20% of all annual gold supply, and 80% of employment in the sector – with the rest made up of large-scale mining by private sector or state corporations.<sup>4</sup> As with wider artisanal mining, ASGM production has increased dramatically, from up to 304 tonnes in 2002 to up to 669 tonnes in 2018.<sup>5</sup> By 2022, it is estimated that ASGM was providing direct livelihoods for some 15 to 20 million people, and indirectly supports an additional 270 million people.<sup>6</sup>



**countries**

in which millions of people use ASGM as a source of income.

<sup>1</sup> 'Global Trends in Artisanal and Small-Scale Mining, A Review of Key Numbers and Issues', Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development, 2017.

<sup>2</sup> 'Artisanal miners: A hidden but critical force in the global economy', PACT, January 2023.

<sup>3</sup> See footnote 1.

<sup>4</sup> Ibid.

<sup>5</sup> Delve database, at [www.delvedatabase.org](http://www.delvedatabase.org).

<sup>6</sup> 'Gold Mining's Contribution to the UN Sustainable Goals', WGC, 2020. See also footnote 2.



## Case Study Ghana

*'I go [to the gold processing site] at 6am and come back at 5pm. I have a break at lunchtime. I am very tired from it. Sometimes I buy painkillers to soothe the pain in my back and chest.'*

*'I sell the gold to a buyer... at his house. He does not ask about my age. The trader also gives me mercury.'*

**'Kwame', a 12-year-old artisanal gold miner, Ghana. (Human Rights Watch, 'Precious Metal, Cheap Labour', 2015.)**

While ASGM is widely viewed as a spartan practice derived from poverty, in reality the earnings from this rugged but precarious entrepreneurialism may be several multiples of what a worker can earn from farming, fishing or other viable sources of local work in their community.

Nevertheless, the vast majority of ASGM operates outside formal legal frameworks, and normally at arms-length from larger mining operations, although there are also examples of competition, integration and interdependence between the two.

This report adopts the broad typology used by the WGC, seeking to distinguish between: 'legal' mining, which does not infringe any legal prohibitions and complies with any prescribed legal requirements; 'formal' mining, whereby miners have obtained permission to operate, given an existing mining code; 'informal' mining, where either some of the substantive legal requirements have not been fully met, or there is no effective or applicable mining code; 'illegal' mining, which takes place contrary to a reasonably well prescribed set of laws or regulations; and 'criminal or illicit' mining which is controlled by or benefits criminal groups.<sup>7</sup>

In practice, on some estimates, 80% of ASGM takes place in the shadow economy.<sup>8</sup> This gives rise to a range of serious risks and challenges. Artisanal gold miners are often preyed on by criminal gangs, armed groups and corrupt state officials. Equally, there co-exists in parallel a complex challenge for the state to integrate ASGM into formal frameworks and prevent ASGM communities from being abused and exploited, whilst proportionately upholding the law applicable to ASGM actors themselves.

## **Artisanal gold miners are often preyed on by criminal gangs, armed groups and corrupt state officials.**

ASGM communities are also exploited by intermediaries – often paying artisanal miners a pittance – who specialise in getting gold out of the country clandestinely and, in the process, deny national governments a precious source of tax revenue.



## Up to 40%

Global mercury emissions from ASGM.<sup>9</sup>

Beyond such direct abuses, there are other hazards for ASGM. Mercury is used as a cheap – albeit relatively inefficient – means for artisanal workers to separate gold from ore. Human exposure to mercury can damage the kidneys, impair hearing, harm eyesight, and cause neurological damage. The impacts are particularly severe amongst children. ASGM accounts for up to 40% of global mercury emissions, polluting land, rivers and air, afflicting the local environment, food-chains and economy.<sup>9</sup>

When artisanal miners cannot find mercury, there are widespread instances of them using cyanide instead, which – if not used according to internationally recognised guidelines – harms respiratory and cardiovascular health. Lead and cadmium exposure is also a common health risk for those engaged in ASGM.<sup>10</sup> Lack of other basic safety standards across ASGM give rise to high fatality rates, for example from landslides and pit collapses, alongside disproportionate instances of hearing loss, speech deficiencies, respiratory diseases and other ailments.<sup>11</sup>

<sup>7</sup> For example, see Section 3, 'Lessons Learned on Managing the Interface between Large and Artisanal and Small-scale Gold Mining', the WGC, March 2022.

<sup>8</sup> See footnote 6.

<sup>9</sup> Ibid.

<sup>10</sup> Landrigan et al, Environmental Health, 2022.

<sup>11</sup> See footnote 1.

Given the range of risks and rewards for artisanal miners in the gold sector, governments have responded in a myriad of ways, from trying to evict miners, to ignoring them altogether, or alternatively seeking ways to integrate them. The case for recognising and integrating ASGM communities has been articulated by, amongst others, *The Economist*:

*'Small-scale mining is not a curse. On the contrary, it creates jobs in some of the poorest places on earth. Globally, artisanal mines employ about ten times as many people as industrial ones. Moreover, small mining towns are less affected by the commodity boom-and-bust cycle than are towns that depend on large-scale capital investment. Big foreign mining firms tend to retrench quickly when markets turn down; small local miners tend to keep digging. Also, small miners' earnings tend to be spent locally. In central Mozambique, for instance, increased legalisation of formerly illicit gold mining over a decade has led to a farming renaissance in many villages, alongside booms in construction and trade.'*

*Governments that allow miners to legalise their operations see several benefits. They can keep a closer eye on labour and environmental conditions, and collect millions of dollars in taxes that would otherwise not be paid. In return, they sometimes offer miners basic services such as water and sanitation.'*<sup>12</sup>

There is no shortage of domestic and international frameworks intended to offer legal protections and safeguards against many of the risks and perils ASGM face, including the United Nations Minamata Convention on Mercury 2013, the United Nations Guiding Principles on Business and Human Rights 2011,

## ***The lack of credible and consistent compliance and enforcement has enabled the most cruel and nefarious practices to spread.***

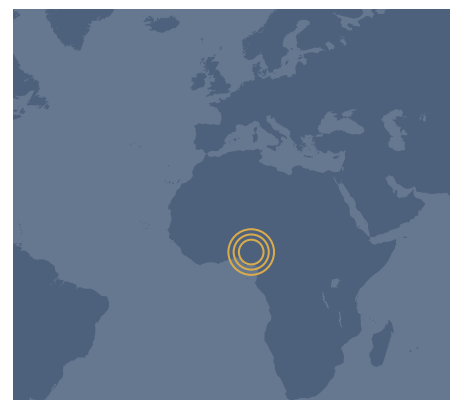
the United Nations Convention Against Transnational Organised Crime 2000, the OECD Anti-Bribery Convention 1997, various International Labour Organisation (ILO) Conventions, the WGC's Responsible Gold Mining Principles, EU Conflict Minerals legislation and the US Dodd-Frank Act.

Yet, for all the legislative activity – at both national and international levels – there remain three fundamental challenges.

First, there is a striking lack of transparency across businesses and governments in relation to the implementation of, and compliance with, the legal standards and principles prescribed.

Second, endemic failures in providing meaningful accountability, for serious breaches of national laws and international obligations, are coupled with a commonplace inertia in enforcing the criminal law against some of the most egregious perpetrators of the most serious offences against artisanal miners.

Third, in the absence of a concerted and joined-up approach to enforcement and compliance amongst the many national authorities and international agencies mandated to protect vulnerable ASGM communities, criminal organisations are left to make enormous profits from serious human rights abuses.



### **Case Study Nigeria**

*'In Nigeria, a young girl named Precious ... 16 years old, works at a gold mining site in Ashata. She carries a worn out pan, which she uses to carry and wash the ore in the hopes of finding precious gold.'*

*'If you are lucky, you get it. If you are not, then you get nothing ... We are only doing this because there is no other work. There is nothing at home. It is with this that we are able to pay some school fees, eat at home, and buy soap.'*

**Cited from ACCEL Africa Project: Advancing Responsible Gold Mining, 6 June 2023, International Labour Organisation.**

The lack of credible and consistent compliance and enforcement has enabled the most cruel and nefarious practices to spread, allowing the pillage and plunder of modern ASGM communities, which continues to cause grotesque human suffering and loss, while profiting dangerous organisations which directly threaten local, regional and international peace and security.

<sup>12</sup> 'In praise of small miners', *The Economist*, 7 May 2016. For a more detailed consideration, see 'Risk and vulnerability: evidence from the artisanal and small-scale mining sector', Bannock Consulting, 2005.



# Plundering the Poor – the Exploitation of Artisanal Miners

# 2



*Team of geologists responding to reports of gold, wade upstream a swollen river in Keerom Regency, Papua province, Indonesia.*

**The violence artisanal gold miners suffer ranges from direct attacks and threats from the arms of governments or state sponsored mercenaries, most notably the Wagner Group, to abuse and exploitation from criminal gangs, bandits and – in cases of weak or fragile states – armed insurgents.**

In some instances, the central government of a state can find itself in direct dispute or conflict with a local community or region, which may be exacerbated by local deposits of gold. For example, the long-standing struggle between the Indonesian government and secessionist groups in Central Papua has been intensified by claims to the substantial gold deposits in the Intan Jaya Regency. Local and international NGOs have reported concerns over abuses of, and threats to, human rights in the context of plans for government-run mining gold operations in the region.<sup>13</sup>

In some cases, hired mercenaries acting at arms-length on behalf of one or more governments are responsible for systematic human rights abuses. The most prolific is the Russian Wagner group, which was directly connected to the Kremlin in Moscow.

The mysterious death of Yevgeny Prigozhin, head of the Russian mercenary Wagner Group, in a plane crash in August 2023, has not curtailed Russia's looting and pillaging of natural resources around the world – from Libya to the Central African Republic (CAR). Instead, the Kremlin has seized the moment to wrest back control over those lucrative business interests.

Take the CAR, where the Russian Defence Ministry now directs the mercenaries, previously under Prigozhin's control. A senior Russian diplomat coordinates the partnership carefully cultivated with CAR President, Faustin-Archange Touadéra, struggling to assert control over a country ravaged by civil war since 2012.

This bargain, trading resources for security, licences egregious human rights abuses.

***There are similar accounts of executions, rape and torture by Russian forces.***

In September 2021, in northwest CAR, there were reports of a wholesale military assault on the town of Kouki. The attacks included the arbitrary execution of civilians who stood in the way of Russian mercenaries seizing the local goldmine, killing mostly artisanal miners in order to plunder their resources. There are similar accounts of executions, rape and torture by Russian forces against artisanal gold miners in Ndassima.<sup>14</sup> In another attack in 2021 on the town of Bambari, which was surrounded by artisanal gold mining, eyewitnesses reported aerial bombardment of the local community.<sup>15</sup>

<sup>13</sup> See 'Gold Rush: Indonesia's mining plans risk fueling abuses in Papua', Amnesty International, March 2022.

<sup>14</sup> 'Central African Republic: Abuses by Russian-Linked Forces', Human Rights Watch, May 2022; 'Calls grow for CAR to expel Wagner Group forces', ADF,

November 2021; 'Russian mercenaries accused of deadly attacks on mines on Sudan-CAR border', *The Guardian*, June 2022; and 'How Russia's Wagner Group funds its role in Putin's Ukraine war by plundering Africa's resources', CBS, May 2023.

<sup>15</sup> 'Russia's Wagner Group accused of using rape and mass-murder to control an African gold mining town', CBS, 25 May 2023.



## Case Study Central African Republic (CAR)

*'[Usman's] family used to be in the gold dealing business, which is a big one in Central African Republic (CAR). 'It was very prosperous,' he said. 'It paid for the education of all the children in our family and gave us a good life. We lacked nothing.'*

*Then in 2021, Wagner came to his family's small-scale, artisanal mining town. Usman told us that his younger brother was killed, his sisters were raped and their gold business was seized by the Russians. Usman said he was carted off to a makeshift prison cell at the Wagner forces' base, where he was tortured for days and tied up in a bag with a rope. He claims he eventually escaped and that he's been in hiding ever since.*

*'What they did to my country, seeing my parents... As a man it makes you feel useless,' Usman said, breaking down weeping as he spoke with us. 'They stole our possessions, burnt down our home... I even see Wagner soldiers riding on my motorbike with my name still on it.'*

CBS Investigation, May 2023

At the other end of the spectrum from state-directed attacks on ASGM, there are widespread instances of weak government institutions as well as failures of government to protect vulnerable communities. Where gold is discovered in remote areas, competition for scarce but precious resources can lead to fighting between small groups of artisanal miners, as well as other unlawful behaviour. For example, in 2022, in Caraveli, Peru, 14 people were killed during an armed confrontation between artisanal gold miners. Peru is the largest producer of gold in Latin America, with well over 10% of its supply coming from ASGM.<sup>16</sup>

The weaker the rule of law, the greater the risks of ASGM giving rise to child labour. In 2015, Human Rights Watch documented the widespread practice of child labour in artisanal gold mines in Ghana:

*'Thousands of children work in Ghana's artisanal and small-scale gold mines in hazardous conditions, despite both Ghanaian and international law prohibiting hazardous child labour. Most children are aged 15 to 17, but younger children work in mining too. The youngest child interviewed by Human Rights Watch was nine years old.'*

*Children work alongside family members, are sent to work by their families, or work on their own. They work anything from a few hours to 14 hours a day, pulling the gold ore out of shafts, carrying heavy loads of ore, and crushing it. Children wash the ore on a sluice (a board) and pan it. Finally, they work with mercury, a highly toxic metal, by amalgamating it with gold and then burning the amalgam to separate out the gold.'*

*Children suffer numerous health consequences from mining work. The heavy lifting causes pain in the back, head, neck, joints, and arms, and can lead to long-term spinal damage. Some children suffer from respiratory disease as a result of the dust produced from crushing ore. Children have been injured in mine collapses, when working with sharp tools, and during other accidents. In April 2013, a 17-year-old boy was killed by a mudslide at a mine near Dunkwa-on-Offin, Central Region.*

*Children working with gold are often exposed to high levels of mercury. Mercury attacks the central nervous system and can cause lifelong disability, including brain damage, and even death. Mercury is particularly harmful to children, but is readily available in some gold trading shops and provided by gold traders to child laborers. Children – and adults – have limited and sometimes false information about mercury, and usually do not know its risks or how to protect themselves properly from this toxic metal.*

*While the majority of children working in mining are boys, girls mine gold too or do other jobs on mining sites, such as selling food or other items. They face the additional risk of sexual harassment, sexual exploitation, and rape.'<sup>17</sup>*



**14 people  
killed**

during an armed  
confrontation  
between artisanal  
gold miners.<sup>16</sup>

<sup>16</sup> 'Dispute between artisan gold miners in Peru leaves 14 people dead', Reuters, June 2022.

<sup>17</sup> 'Precious Metal, Cheap Labour', Human Rights Watch, 2015. See, more recently, 'The child labourers risking their lives in Ghana's illegal gold mines', investigation by *The Sunday Times*, 6 December 2020.



Child labour is a clear violation of Ghana's Children's Act, but where ASGM operates without a licence, local traders have few procedures to check they are not benefiting from the practice. Human Rights Watch have also criticised major international refiners sourcing from Ghana.<sup>18</sup> In June 2023, the government of Ghana launched a five year action plan against child labour.<sup>19</sup>

Thirteen thousand kilometres away, in The Philippines, a similar pattern has been documented. Thousands of Filipino children, some as young as nine-years-old, have been found working in ASGM. In 2015, Human Rights Watch (HRW) documented the practice:

---

*'Children work in unstable 25-meter-deep pits or underwater along the coastal shore or in rivers, and process gold with mercury'. In September 2014, a 17-year-old boy suffocated in an underground mine because there was no machine providing oxygen.*

*In underground mines, children risk injury from falling rocks and wood beams, pit collapse, and lack of oxygen.*

*Underwater mining for gold, locally known as 'compressor mining,' puts adult and child miners at risk of drowning, decompression sickness, and bacterial skin infections. Staying underwater for several hours at a time in 10-meter-deep shafts, the miners receive air from a tube attached to an air compressor at the surface. This work is carried out by adolescent boys and – mostly – adult men. Several boys described moments of fear when they dived for the first time.*

*Fourteen-year-old 'Dennis' said: 'I was 13 the first time [I dived]. I felt scared because it's dark and deep.' If the diesel-powered compressor stops working, the miner can drown or get 'the bends' coming up too quickly. 'Sometimes you have to make it up fast, especially if you have no air in your hose,' said 'Joseph,' 16. 'It's a normal thing. It's happened to me.'*

*Children also work with mercury, a readily available toxic metal that is commonly used to process gold. Children are particularly susceptible to mercury, which attacks the central nervous system and can cause brain damage and even death. Unaware of the health risks, children use their bare hands to mix mercury with gold ore and create an amalgam. When they burn off the mercury to retrieve the raw gold, they breathe in toxic fumes.*

*In the mining village of Malaya, Camarines Norte, Human Rights Watch observed the unrestricted flow of light-grey, mercury-contaminated tailings from gold processing into the nearby river, where children play, swim, and pan for gold. Several children in Malaya complained of tremors, symptoms that could be signs of mercury poisoning.'<sup>20</sup>*

---

<sup>18</sup> Pages 7 to 10, *ibid*.

<sup>19</sup> 'The New Ghana Accelerated Action Plan Against Child Labour 2023-2027 is launched', press release, UNICEF, 12 June 2023.

<sup>20</sup> 'What ... if something went wrong?', Human Rights Watch, September 2015. See also 'Dangerous diving-Child gold miners in the Philippines', DW, 10 June 2024.





*A man collects stones looking to extract a small amount of gold in the Compostela Valley, the Philippines.*

The Philippines is the world's 25th largest gold producer, and it is an important country for ASGM.<sup>21</sup> An estimated 200,000 to 300,000 people work in the country's small-scale gold mines. According to the WGC, overall gold production in The Philippines rose from 28 tonnes in 2014, to 41 tonnes in 2023.<sup>22</sup>

The trends are not all one way in The Philippines, and there have been some positive developments since the Human Rights Watch report's findings. In 2015, the government prohibited the use of mercury in mining as well as compressor mining, although enforcement remains a critical issue.

Furthermore, the country's central bank is the official buying agent for gold from small-scale mining and exports it. Whilst Human Rights Watch reported in 2015 that the Central Bank of The Philippines had no process in place to check the conditions in which the gold has been mined, in June 2024 it became one of the inaugural signatories of the *London Principles*, in partnership with the WGC, undertaking to purchase ASGM gold in accordance with a range of international standards.

<sup>21</sup> Global mine production data set, 2023, WGC.

<sup>22</sup> Metals Focus data set, WGC.





Above: Mother and child prepare to search for gold in Koupela, Burkina Faso.

Left: Residents of the world's highest city face great hardships in their search for gold, La Rinconada, Peru.

The *London Principles* include commitments to exercise supply chain due diligence according to international principles, reduce the use of mercury, formalise the position of ASGM communities, and bolster accountability, law enforcement and governance oversight.

### **4,500 Peruvian and Bolivian girls trafficked for sexual exploitation.**

Nevertheless, the overall global picture remains bleak, and it is not just human rights organisations which are concerned by the trends. In 2016, investigations pursued by the Global Initiative Against Transnational Organized Crime (GITOC) disclosed widespread human trafficking, sex trafficking and child labour associated with ASGM in Latin America. This illustrates the risk of criminal practices and gangs infiltrating ASGM. Examples reported include:

- *'Women and young girls from all over Peru, as young as 12-years-old, are recruited through false job offers and trafficked to the mining areas of La Pampa and Delta 1 (both Provinces of Madre de Dios) and La Rinconada (Province of Puno) to work in brothels. It has been calculated that there are approximately 2,000 sex workers employed in the illegal gold mining town of Delta 1 alone, of whom 60% are minors. Peruvian police estimated that in La Rinconada there are more than 4,500 Peruvian and Bolivian girls trafficked for sexual exploitation to work in bars frequented by miners;*
- *Research carried out by Verité has identified a large number of indicators of forced labour among workers involved in illegal gold mining in the Peruvian Departments of Madre de Dios, Cusco, Puno, and Arequipa;*
- *In Sur de Bolívar, Colombia, 1,500 workers were employed at a mine owned by the wife of an ex-AUC leader and were not able to leave the area without being accompanied by the narco-paramilitary group operating in the area;*
- *In the mining region of Potosí, Bolivia, children can be bought for 3-7 US Dollars;*
- *The United Nations Special Rapporteur on Contemporary Forms of Slavery highlighted illegal gold mining as one of the four sectors in which slavery was most prevalent in Ecuador;*
- *Illegal miners exploit individuals from the indigenous Yanomami tribe in Venezuela as cheap mining labour and in several communities Yanomami have been found with slave numbers tattooed on their shoulders.'*<sup>23</sup>

<sup>23</sup> 'Organized Crime and Illegally Mined Gold in Latin America', GITOC, April 2016. See also 'Illegal gold is booming in South America', *The Economist*, 9 November 2023.

## Case Study Peru

*'When 'Oscar' was 16 years old, his female cousin, who had worked in a bar in a mining camp... in Madre de Dios, convinced him to take a job at the mine with stories of how he would be paid in chunks of gold. [He] discovered that his cousin had 'sold' him to the mine owner and that he had to work for 90 days to pay off the money... He was forced to carry at least 100 wheelbarrows full of sand and rock per day. A couple of weeks after he arrived, he contracted malaria. He was not given any medical attention and was left to die on the floor... When he finally came to after 15 days... he was told he had to work in the kitchen if he wanted to eat.*

*He was finally allowed to go and was paid with ten grams of gold, which he sold to a gold buyer in Cusco who cheated him and only gave him PEN 300 (USD 115) for his eight months of hard labor. A couple of days later, he came down with the symptoms of yellow fever, which he had contracted in the jungle. The money he had earned didn't come close to covering the costs of the hospital stay and he had to borrow money from his mother. He then had to go back to an illegal mine in the jungle to earn money to pay his mother back.'*

**The Nexus of Illegal Gold Mining and Human Trafficking in Global Supply Chains, Verité, 2016 (page 10).**

In the context of Latin America, GITOC noted that US law enforcement efforts against drugs had raised the costs and reduced the profitability of drug trafficking, with the ancillary effect that, during the 2000s, criminal groups associated with the drug trade sought out other opportunities in the illicit gold sector.<sup>24</sup> Likewise, the fragmented, isolated and often remote geography of ASGM makes it easier for the criminal gangs to enter the market and then exercise coercive control. This strategic shift proved so profitable that, by 2016, the value of illegal gold exports surpassed that of cocaine exports from Colombia and Peru, the two largest cocaine producers in the world.

### ***Illegal mining is the easiest and most profitable way to launder money in the history of Colombian drug trafficking.***

This nexus between the abuse and exploitation of vulnerable ASGM communities, and the illicit profits made by major international criminal organisations, including armed groups,

gives rise to the additional dimension that these unchecked practices present a real and present danger to national and international security.

The findings from GITOC's 2016 investigations include:

- *'Colombian Government authorities estimate that the FARC obtains 20% of its funding through illegal gold mining and the 34th front of the FARC alone earns over USD 1 million per month through extortions of illegal miners;*
- *The tax authority of Peru estimates that 35 tons of contraband gold worth over USD 1 billion were transhipped via Lima to the USA and Switzerland between February and October of 2014;*
- *Since 2006, about 68 tons of gold illegally extracted from the Amazon and northern border areas have been smuggled out of Bolivia;*
- *'Illegal mining is the easiest and most profitable way to launder money in the history of Colombian drug trafficking' (according to a report by Colombia's Institute for the Study of Development and Peace).'<sup>25</sup>*



Gold mining along Madre de Dios River, Peru.

24 Page vi, *ibid.*

25 Page vi, *ibid.*



Verité, a US NGO that investigates abuses of workers' rights in international supply chains, concludes that, not only is illicit gold more profitable than drug trafficking, but the product is also more straightforward to transport and can be easily laundered to be concealed as a legitimate consumer commodity.<sup>26</sup>

According to Verité, criminal organisations exploiting ASGM for illicit profit include drug mafia organisations in Peru, as well as the FARC and ELN guerilla groups in Colombia. Linked to the emergence of such groups, amidst a vacuum of government authority, artisanal gold miners have been subject to human trafficking and debt bondage in Colombia and Peru, with children as young as eight-years-old forced to work in dangerous conditions. In addition, amidst the armed struggle between groups for control of gold resources in Latin America, artisanal miners have been shot at, injured, killed and suffered amputation of their limbs.<sup>27</sup>

More recent research suggests that these practices are continuing, if not expanding, largely unabated. A review in 2024 by OjoPublico, a Peruvian investigative media group, found that illegal dredging for gold on the Beni, Madre de Dios and Picosutu rivers in Bolivia had done serious harm to the local environment and indigenous communities.<sup>28</sup> Whilst Bolivia's official figures for gold production in 2022 amounted to 53 tonnes, customs figures documented 63 tonnes exported – highlighting the scale of illicit smuggling of gold from artisanal communities and illegal mines.



*Small scale miners using a sluice box to mine for Gold in the rainforest, Guyana.*



*The concentrated gold charge is heated with Borax before being poured into a Gold bar, Guyana.*

26 'The Nexus of Illegal Gold Mining and Human Trafficking in Global Supply Chains – Lessons from Latin America', Verité, 2016.'

27 'Venezuelan Tainted Gold', Human Rights Watch, April 2022.

28 'Dredge invasion and tons of gold of unknown origin in Bolivia', OjoPublico, 14 April 2024.



Notwithstanding concerted efforts to remove illegal gold miners by the authorities in Peru, initiated under Operation Mercury in 2019, the illicit activity has moved in response to circumvent law enforcement operations, creating new illegal hubs. On one estimate in 2022, 28% of gold in Peru is illegally mined.<sup>29</sup> An investigation conducted by the Organization of American States, in 2021, concluded that:

---

*'Peru faces complex and substantial challenges in combating the illegal gold trade due to the scale of the illegal activity, corruption, significant and persistent informality, deeply entrenched illicit actors, and limitations of international coordination ... Peru's ability to combat the illegal gold trade is also complicated by the transnational nature of its illicit supply chains, including the prominence of contraband inflows and outflows of mercury, cyanide, and illegal gold. The transnational nature of these illicit networks is also bolstered by the proximity of illegal mining activities to border regions where the government lacks sufficient enforcement and oversight capacity'.<sup>30</sup>*

---



**Up to 28%**  
of gold in Peru is  
illegally mined.<sup>29</sup>



*Large and small scale miners use hydraulic techniques to mine gold deposits, causing major impact on the rain forest environment, Venezuela.*

<sup>29</sup> 'A Toxic Trade: Illegal Mining in Peru's Amazon', Javier Lizcano, InSight Crime, 2 June 2022.

<sup>30</sup> 'On the Trail of Illicit Gold Proceeds, Strengthening the Fight Against Illegal Mining Finances – Peru's Case', Department against Transnational Organized Crime (DTOC), Organization of American States (OAS), November 2021.





Malagasy panners wash extracted soil as they pan for gold, on river Tsiribihina, Madagascar.

Finally, beyond state-directed attacks on ASGM or those abuses that take place within a vacuum of government authority in an otherwise functioning state, there is a third related context – where the state itself is so fragile that it is at risk of collapse or disintegration. In a seminal report in 2012, Southern Africa Resource Watch (SARW), an African NGO, documented the impact of conflict in the Democratic Republic of Congo on ASGM communities, on top of the wider humanitarian suffering from one of the most lethal conflicts in recent history.<sup>31</sup>

### ***Militias and bandits displaced artisanal miners, forcing them into a nomadic lifestyle.***

In North Kivu province, SARW reported on the militias and bandits who displaced artisanal miners, forcing them into a nomadic lifestyle. In Manguredijpa, similar banditry led to widespread extortion from gangs. In Walikale, villagers reported having to flee from armed attack every six months, again precipitating a nomadic lifestyle. The alternative choice of acquiescing in extortion by the army rendered the profit margins for workers engaged in artisanal mining unviable.

In 2017, a report by the US Government Accountability Office (GAO) to Congress, found:

---

*'[A]lmost all DRC-sourced ASGM gold is produced and traded unofficially and smuggled from the country, according to reports and stakeholders. Further, elements of the Congolese army as well as illegal armed groups, frequently exploit ASGM gold, often through illegal taxes on its production and transport, according to reports and stakeholders.'*<sup>32</sup>

---

Furthermore, the GAO reported:

---

*'With the disappearance or weakening of armed groups such as the March 23 Movement and the Democratic Forces for the Liberation of Rwanda from the DRC, illegal armed groups are now smaller and more fragmented, tending to pillage mines rather than impose permanent control.'*

---

Alongside these reports of killing and violence, the GAO documented extremely high levels of sexual violence against men and women.<sup>33</sup>

From government-directed assaults to the lawless vacuums that invite predatory attacks on ASGM communities, the human suffering that has historically, and continues to be inflicted today, on vulnerable men, women and children is unimaginable in terms of both its cruelty and prevalence. The industrial scale of this brutality is matched only by the volume of illegal profits being derived from this ruthless trade in human misery, which is silently siphoned off to fund illegal wars, terrorist organisations, and a variety of other criminal enterprises.

<sup>31</sup> 'Conflict Gold to Criminal Gold – the new face of artisanal gold mining in Congo', SARW, November 2012.

<sup>32</sup> 'Information on Artisanal Mined Gold and Efforts to encourage Responsible Sourcing in the Democratic Republic of Congo', GAO, August 2017.

<sup>33</sup> Page 23, *ibid*.

*Cui Bono?*  
Beneficiaries  
of the Illicit  
Trade in Gold

3





Gold prospectors grind rock spoil before washout, IV Cataract Nile region, Sudan.

Amongst the patterns of systemic exploitation of ASGM communities, the evidence suggests that Russian mercenaries, formerly of the Wagner group now being incorporated into the Russian army, are one of the greatest beneficiaries from the illicit international trade in gold. In December 2023, a team of independent researchers published the 'Blood Report', setting out the scale of the plunder.<sup>34</sup> The Russian state has deployed soldiers, propaganda, misinformation and finance to secure natural resources at the expense of

local communities in a range of conflicts, including Syria, Libya, Mali and the Central African Republic (CAR).

In total, the report estimates that the Wagner group has earned more than US\$2.5 billion from illicit gold mining, since the invasion of Ukraine alone, which could then be funnelled back into the Russian war machine. This includes the profits from mines and refineries under Russian control, as well as retainers for security services, in CAR, Sudan and Mali.

***The Wagner group has earned more than US\$2.5 billion from illicit gold mining, since the invasion of Ukraine.***

Gold plundered by Wagner can be transported back to Russia directly via Russia's military base at Latakia, in Syria, or indirectly via international gold trading hubs, in circumvention of international sanctions.

<sup>34</sup> 'The Blood Gold Report', Berlin, Clement, Elufisan, Hicks and Kész, December 2023.

In its 2023 report, 'Guns for Gold: the Wagner Network exposed', the United Kingdom's House of Commons Select Committee on Foreign Affairs documented the *'trail of atrocities in virtually all theatres where [the Wagner Group] have operated'*, functioning *'like an international criminal mafia, fuelling corruption and plundering natural resources'*, noting that *'its wealth creation sits largely in Africa'*.<sup>35</sup>

Far from curtailing its activities since the death of Mr Prigozhin and its incorporation into the Russian armed forces, there are increasing reports of the Wagner group expanding its control of natural resources in Mali, including seizing control of an artisanal gold mine at Intahaka in February 2024.<sup>36</sup>

### ***An international criminal mafia, fuelling corruption and plundering natural resources.***

On the battlefields of Ukraine, as the struggle for control of territory hangs in the balance, it is noteworthy how little concerted political will there has been to halt the illicit flow of profits from the exploitation of gold resources in Africa into the Russian war machine. With Ukraine in need of more financial and military support to withstand the Russian offensives, and rising donor fatigue on both sides of the Atlantic, the strategic failure to address these illicit financial flows is even more glaring.

Beyond the Wagner Group, the illicit trade in gold also fuels civil wars, most notably in Sudan. Both main factions in the current conflict, the Sudanese Armed Forces and the Rapid Support Forces nurture cross-border networks to channel illicit gold, often plundered from ASGM communities, to enable them to rearm and sustain their military efforts. The United Arab Emirates (UAE) is a key hub for trading gold from Africa, including Sudan, and has been regarded as vulnerable to illicit smuggling and laundering.<sup>37</sup>

Similarly, in 2021, there was a surge of terrorist activity in Burkina Faso, killing thousands of people and displacing millions, as armed groups targeted gold mining areas.<sup>38</sup> In June of that year, violent Islamist forces killed over 130 people at Solhan, in the country's deadliest attack ever. It was part of a concerted assault on artisanal gold mines, repeated across the Sahel, where the main groups in the region are Jama'at Nasr al-Islam wal Muslimin (JNIM), an off-shoot of Al-Qaeda, and Islamic State in the Greater Sahara (ISGS). From Burkina Faso, the illicit gold is reportedly transported to Dubai for refining, via Togo, on a large scale – ASGM is estimated to produce 20 to 50 tonnes each year.<sup>39</sup> The lack of effective border controls, and resulting smuggling, demonstrates the need for more concerted international cooperation to increase the detection of illicit gold, including gold carried across borders by hand as well as freight.

In 2023, the United Nations Office on Drugs and Crime (UNODC) found that '[a]rtisanal gold mining areas in Mali have been an integral part of the expansion strategy of the Coalition des Mouvements de l'Azawad (CMA), a coalition of armed groups', including JNIM and ISGS, who extort protection money from artisanal miners in return for allowing them to dig.<sup>40</sup> These groups purport to claim that their extortion is a form of 'zakat', a religious obligation to pay a proportion of accumulated wealth to charitable and religious causes, but the levy is several multiples of religious practice.<sup>41</sup>



## **20 to 50 tonnes**

estimated illicit ASGM gold production from Burkina Faso.<sup>39</sup>



Gold nuggets in a bowl, Atbara, Sudan.

35 See paragraphs 25 and 40, 'Guns for Gold: the Wagner Network exposed', UK House of Commons Foreign Affairs Committee, July 2023.

36 Salafi-Jihadi Movement Weekly Update, Critical Threats, Institute for the Study of War, 15 February 2024.

37 'How gold fuels the war in Sudan', Africa Aware podcast, Chatham House, 15 March 2024.

38 'Instability in the Sahel: how a jihadi gold rush is fuelling violence in Africa', *Financial Times*, 27 June 2021.

39 'Gold at the crossroads Assessment of the supply chains of gold produced in Burkina Faso, Mali and Niger', OECD, 2018. See also 'Illicit Financial Flows and Conflict in Artisanal and Small-Scale Gold Mining: Burkina Faso, Mali and Niger',

Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development, 2022.

40 'Gold Trafficking in the Sahel', UNODC, 2023.

41 'Beyond Blood', Marcena Hunter, GITOC, November 2022, at page 16.



The Counter-Terrorism Committee of the United Nations Security Council has noted that the mining of gold is an 'increasingly important source of terrorism financing for global affiliates of ISIL and Al-Qaeda in Africa', encouraged by poor accountability and oversight, and a dearth of proactive criminal investigations and prosecutions.<sup>42</sup> Given the recent experiences of terrorist attacks by both Islamic State and Al-Qaeda, and the subsequent tactical successes in reducing and mitigating their reach and impact, the room now being afforded to these dangerous groups to refinance and revive their organisation and operations is stark and of serious concern. A similar trend is playing out across Latin America.

According to the Centre for Strategic and International Studies (CSIS):

*'Illegal mining in Colombia intersects with some of the most intractable security challenges in Latin America. Both the ELN [National Liberation Army] and dissident FARC [Revolutionary Armed Forces of Colombia] groups finance their regional activities with profits derived partly from illegal mining. There is mounting evidence that the Maduro regime is partnering with the ELN and dissident FARC groups, not only providing a permissive environment for their operations, but actively seeking to wrest control over the gold trade from the Colombian criminal groups that have traditionally controlled it. This partnership is mutually beneficial – it permits the Maduro regime to profit from illegal gold mining, layered into legal operations, while opening new revenue streams to proxy groups that work to destabilize Colombia, its traditional regional rival. It is not hyperbole to say that the entire peace process in Colombia could be at risk if the ELN and dissident FARC groups are permitted to continually cross the border, recuperate, rearm, and collect money that enables them to lengthen their insurgency and wear down an already weary population.'*<sup>43</sup>



Left: Men gold panning in shallow river, Masango, Cibitoke, Burundi.  
Below: Miner uses mercury to separate out the gold from waste minerals, Guyana.



<sup>42</sup> 'Concerns over the use of proceeds from the exploitation, trade and trafficking of natural resources for the purposes of terrorism financing', CTED Trends Alert, UNSC Counter-Terrorism Committee Executive Directorate, June 2022.

<sup>43</sup> 'A Closer Look at Colombia's Illegal, Artisanal and Small-scale Mining', by Berg, Ziemer and Kohan, CSIS, December 2021.



Given the relative ease of laundering illegal gold, and the structural drivers precipitating a shift from narcotics to illegal mining, drug traffickers and the networks of organised crime that facilitate the smuggling and laundering have shifted at a rapid rate into the ASGM sector. This diversification has not just taken place in the larger producers of cocaine, like Colombia and Peru, but other soft targets such as Ecuador, where a combination of widespread ASGM and weak law enforcement, have left a vacuum for organised crime to fill.<sup>44</sup>

Beyond war, terrorism and organised crime, the illegal profiteering that forms part of the exploitation of ASGM communities has also fuelled environmental crime, as deforestation is pursued to make way for mining. A recent report by the World Wide Fund for Nature (WWF) and Themis notes that the 'rising prices of gold and global demand for transitional minerals (predicted to increase by almost 500% by 2040) [is] driving legal and illegal mining activity'.<sup>45</sup> Land conversion is facilitating deforestation, with '71% of global direct mining-related deforestation ... traced to just two mineral commodities: coal and gold' – with some of the most flagrant practices reported in Colombia, Venezuela and Brazil.<sup>46</sup>

*Top: A Burmese woman pans for gold in a small stream Putao, Myanmar.*

500%  
predicted price increase  
of gold by 2040.<sup>45</sup>

<sup>44</sup> 'On the Trail of Illicit Gold Proceeds: Strengthening the Fight Against Illegal Mining Finances – the Case of Ecuador', Department Against Transnational Organised Crime, Organisation of American States (OAS), December 2021.

<sup>45</sup> 'Financial Crimes and Land Conversion: Uncovering Risk for Financial Institutions', WWF and Themis, April 2024.

<sup>46</sup> Page 35, *ibid.*



Whilst Russian mercenaries, terrorist groups and organised crime are the primary beneficiaries of the illicit profits being made at the expense of national governments and local ASGM communities, they are being aided and abetted by a global network of secondary actors. Taking just one continent, Africa, analysis in 2019 quantified the annual volume of illegal gold smuggled out of country to include:<sup>47</sup>

- **Over 30 tonnes from Sudan, worth over US\$1 billion.**
- **Over 25 tonnes from South Africa, worth over US\$1 billion.**
- **Over 20 tonnes from Zimbabwe, worth over US\$500 million.**
- **Over 20 tonnes from Mali, worth over US\$500 million.**
- **Over 10 tonnes from Burkina Faso, worth over US\$400 million.**
- **Over 10 tonnes from DRC, worth over US\$400 million.**
- **Over 8 tonnes from Ghana, worth over US\$300 million.**

The total illegal gold smuggling from these countries alone is on a par with the Gross Domestic Product of some small nations.

A more recent report by the NGO, Swiss Aid, put the estimated amount of gold smuggled out of Africa at 435 tonnes in 2022, representing US\$ 30.7billion, most of which originates from ASGM.<sup>48</sup>

It is extraordinary that, for example, the Wagner Group has been able to operate on this kind of scale, evading Western sanctions by constantly moving money and operations between hundreds of companies, which the Wagner Group ultimately owns or controls.<sup>49</sup> While the implementation of sanctions requires due diligence, which can take several months, the Wagner Group can register new companies, change the names of their directors, and transfer its financial flows with relative ease and impunity. A combination of weak law enforcement, and lack of transparency around the beneficial ownership of companies, has left the Wagner group wide latitude to conduct its illegal business operations.

Equally, the illicit profits from the exploitation of ASGM rely on the use of international and regional hubs. As a major international financial centre, open economy, and trading hub the UAE is one of the largest importers and exporters of gold in the world. It currently ranks second only to Switzerland in the value of its gold exports, and it is the third largest importer of gold in the world. Its location means that many of these imports come from Africa, including the ASGM sector and high-risk countries. In its 2024 report, Swiss Aid estimated that almost 80% of African gold is shipped via the UAE, Switzerland and India.<sup>50</sup>

There have been serious cases of money laundering involving gold smuggled into the UAE, including organised crime laundering the illicit profits from drug trafficking through the sale of gold to the Kaloti refinery in Dubai in 2012.<sup>51</sup> In another widely reported case, serious allegations emerged of serial bribery of South African banks – including Standard Bank, Absa and Sasfin – to facilitate the laundering of gold and the illicit profits from the sale of gold from Zimbabwe and South Africa via Dubai.<sup>52</sup>



**US\$ 30.7billion**

worth of gold smuggled out of Africa in 2022, most originates from ASGM.<sup>48</sup>

47 'Pulling at Golden Webs', Marcena Hunter, Enact project, April 2019.

48 'On the Trail of African Gold', Swiss Aid, May 2024.

49 See the evidence submitted by the Dossier Centre to the UK Foreign Affairs Committee, May 2022.

50 Footnote 48, at page 3.

51 See 'EY: Gold, drug money and a major auditor's cover up', reported by the BBC on 28 October 2019. This case was the subject of litigation in the High Court, *Rihan v EY Global and others*, 17 April 2020.

52 The case led the President of South Africa, Cyril Ramaphosa, to launch a domestic inquiry, as reported by *The Africa Report*, 23 May 2023.



*Collecting soil and rocks inside a family owned gold mining tunnel, Compostela Valley, the Phillipines.*

As a result of concerns arising from these cases and wider governance issues, a Mutual Evaluation Report on the UAE was carried out by the Financial Action Task Force (FATF) in 2020. It found improvements in the country's anti-money laundering and counter-terrorism financing (AML-TF) regime, including the development of a National Risk Assessment and a reinforced Financial Intelligence Unit. However, given the scale of risks, the FATF expressed concern about the low number of money-laundering convictions, limited supervision activity, the 39 different company registers aiding the concealment of beneficial

ownership, and limited evidence of effective international cooperation.<sup>53</sup> The UAE was subjected to increased monitoring and scrutiny by the FATF, and placed on the 'grey list'.

In response, the government of the UAE introduced a further series of reforms, covering AML-TF and responsible sourcing. Mandatory responsible sourcing rules came into force at the beginning of 2023, with third-party audits taking place from 2024. The responsible sourcing guidelines are based on the OECD Due Diligence Guidance and are legally enforceable for all refiners operating

in the UAE, not just 'good delivery' refiners. The UAE Ministry of Economy now oversees the rules. Placing the rules on a statutory footing, overseen by a regulator rather than peer review, has been a significant development.

These reforms have been complemented by the reinforcement of the ATML-TF regime, including new guidelines for business, a new AML-TF reporting platform for Suspicious Activity Reports (SARs), new specialist courts, additional legislative changes and wider cooperation with international partners.

<sup>53</sup> 'Anti-money laundering and counter-terrorism financing measures – UAE', Mutual Evaluation Report, 2020.



ATML-TF capacity has increased nine-fold since 2019, in terms of personnel. In relation to enforcement activity, the UAE Ministry of Economy's statistics show that the ATML-TF on-site inspections increased from three in 2020 to over 3,000 in 2023, leading to over US\$ 14 million of fines in the precious metals and stones sector last year.

In its 2023 follow-up assessment, the FATF found the UAE to be 'compliant' with 15 out of 40 of its earlier recommendations, 'largely compliant' with 24 recommendations, and 'partially compliant' with one recommendation – with no instances of 'non-compliance'.<sup>54</sup> These reforms led to the UAE being removed from the FATF 'grey-list' in the first quarter of 2024.

The new responsible sourcing rules and AML-TF framework are still relatively recent, and will need time to become embedded. It will be important to see continued and consistent enforcement measures (across both AML-TF and responsible sourcing), and domestic audits made publicly available.

These issues are global, rather than limited to any particular centre. Concerns have been expressed about sanctions evasion at other significant international hubs for the gold market, including China, Hong Kong, India and Turkey.<sup>55</sup> Moreover, the FATF's 2015 thematic report into 'Money laundering/terrorist financing risks and vulnerabilities associated with gold' charted case studies illustrating illicit gold flows around the world, spanning Belgium, Switzerland, the United States, Australia, India, Pakistan, Bangladesh, Morocco, Zimbabwe, South Africa, Ghana, Thailand, Singapore, Colombia, Ecuador and Costa Rica.

The introduction of legally enforceable and mandatory responsible sourcing rules in all jurisdictions would mark an important step in strengthening global gold supply chains, alongside measures to introduce and expand domestic frameworks that facilitate the integration of ASGM within them.

Likewise, gold-mining nations will directly benefit from the strengthening of their domestic governance arrangements. In addition to the brutal treatment of artisanal miners, the countries affected are also victims of the haemorrhaging of national income and revenue. Data from the Sudanese Central Bank suggest that, in just one year, this cost Sudan almost US\$2 billion.<sup>56</sup> By syphoning off the resources from ASGM, these criminal networks are robbing both local communities and entire nations of billions of dollars in tax revenues that should be invested back into them.

The burgeoning trade in illicit gold is funding the Russian war in Ukraine, allowing the affiliates of Al-Qaeda and Islamic State to refinance, and generating profits for armed groups and organised crime on a global scale. These risks are now systemic, but widely underappreciated. The scale of the illicit flows being unleashed by illegal gold mining, and the associated corruption and money laundering activities, are without precedent. They threaten the political stability and the integrity of the governance systems of a growing number of countries, as well as wider regional and international security. These threats to our security will only become more dangerous, unless concerted, effective and sustained action is taken on multiple fronts to address them.



## Inspections increased

from 3 in 2020 to over 3,000 in 2023.

Source: UAE Ministry of Economy's statistics.

<sup>54</sup> See the '3rd Enhanced Follow-up Report for the UAE, Technical Compliance re-Rating, Anti-Money Laundering and Combating the Financing of Terrorism', The Middle East and North Africa Financial Action Task Force, June 2023.

<sup>55</sup> For example, 'Going for Gold – Russia, sanctions and illicit gold trade', Marcena Hunter, GITOC, April 2022, at pages 9 to 13.

<sup>56</sup> Page 27, footnote 34.

# A Clarion Call to Action

# 4





*Artisanal gold miners are digging holes into the mountains to excavate gold bearing epithermal quartz veins, Aceh province, Indonesia.*

**The violence and abuse facing ASGM, and the corresponding security threats arising from the illicit flows of profits from their exploitation, present the international community with a complex set of challenges. They include the humanitarian plight of vulnerable communities, social and environmental conditions for some of the least well protected workers, mercury poisoning of artisanal miners, de-forestation, the reinforcement of the Russian military machine at war in Ukraine, the re-financing of terrorist groups and drug traffickers, and the diversification of organised crime. Add to this the enrichment of ostensibly legitimate businesses that are nonetheless failing in the due diligence obligations, and there are widespread reputational risks for the integrity of the entire gold sector.**

In each area, there are already existing national and international efforts underway to tackle one or other particular strand of the problem, carried out with varying degrees of support and commitment. Yet, the fragmented nature of these disparate

approaches and the lack of a clear hierarchy of objectives, or prioritisation, has hindered progress – leaving a yawning implementation gap.

To transform the environment and reduce these threats will require a step-change in political will, backed by a laser-like focus on enforcement and implementation, to root out the web of mercenaries and criminal actors preying on developing economies and ASGM communities. Given the mosaic of initiatives already underway, there is no single panacea to eliminate the risks. Rather, all the international, governmental and business actors will need to engage patiently in putting the various pieces of a strategic overarching plan together. Law enforcement needs to be expanded at scale. Sanctions need to be reinforced. Best practices in integrating ASGM communities need to be highlighted and extended, with incentives to support their formalisation. International coordination needs to be improved, and a single primary forum should be agreed for bringing together the otherwise siloed efforts to boost implementation and enforcement.

## International Organisations

### The International Criminal Court (ICC)

In March 2022, the ICC opened an investigation into international crimes committed in the course of Russia's military invasion and occupation of parts of Ukraine, with a focus on the targeting of civilians and the deportation and removal of Ukrainian children.

The ICC Prosecutor and Chambers will proceed independently, according to the Statute of the Court, and the investigations are a welcome start, given the wide range of crimes committed and the inevitably finite resources available to any international tribunal.

Nevertheless, there are compelling reasons for the ICC to consider, in addition and as a matter of priority, the wider responsibility of the network of businesses, exchanges and regulators who are facilitating the illegal refining, laundering and transfer of the profits of the Wagner Group (and any organisational successor), from ASGM communities, back into the Russian war machine engaged in unlawful hostilities in Ukraine.

First, the jurisdictional mandate of the ICC is express in this regard. Article 25 of the Statute of the ICC is clear that aiding and abetting war crimes, including through financial inducements or facilitation, engages personal criminal responsibility.

Second, given the evidential burden and challenge of proving certain battlefield crimes whilst a conflict is still ongoing, and the range of evidence of illicit flows of gold available outside of Ukraine and Russia, from a practical point of view this may offer more realistic investigative leads that could provide a basis for further prosecutions. There is a long-track record of national and international prosecutions in cases of war crimes and organised crime, focusing on financial flows, in order to build up an effective case for prosecution.

### ***There is a long-track record of national and international prosecutions in cases of war crimes and organised crime.***

Third, given the extent of the Russian government's reliance on these illicit financial flows, this avenue of investigation has a credible prospect of curtailing a critical stream of funding for the war in Ukraine, which could help to tilt the balance of the fighting, bringing the conflict and commission of war crimes to an earlier end.

### United Nations Office on Drugs and Crime (UNODC)

UNODC has important responsibilities in the context of crimes against and illicit profits derived from ASGM, which are reflected in its 2022 'Response Framework on Illegal Mining and the Illicit Trafficking in Precious Metals', bringing together international cooperation on a range of United Nations Conventions and resolutions in this area.

Whilst the legal and industry-wide standards and duties that should be required of governments and businesses are increasingly clear, there remains a debilitating deficit in enforcement and implementation. UNODC is inevitably dependent on the goodwill and cooperation of national authorities, bound by their international obligations and wider commitments.

In this context, UNODC has offered a number of practical recommendations to bridge the enforcement gap, invoking the UN Convention Against Transnational Organized Crime and the UN Convention Against Corruption, to expand international cooperation to systematically gather data and information on the financial flows deriving from illicit gold and promote more rigorous and timely national judicial cooperation – across all international gold markets – in order to support the kind of investigations and prosecutions against high-level perpetrators, which could help to produce a material deterrent effect.<sup>57</sup>

<sup>57</sup> 'Gold Trafficking in the Sahel', UNODC, 2023, at page 27.



### United Nations Environment Program (UNEP) – Global Mercury Partnership

The UNEP, supported by its partners at the UN Development Program, UN Industrial Development Organisation and Global Environment Facility, has forged a Global Mercury Partnership, which aims to reduce, and where possible eliminate, the use of mercury in ASGM, working with governments and businesses on the ground in affected areas under the auspices of the Minamata Convention.

State parties with substantial ASGM communities must produce action plans, with mercury use reduction targets, strategies for managing trade, stakeholder involvement, and measures to prevent exposure of vulnerable populations.

The Minamata Convention entered into force in 2017, so the focus now is rightly on expanding the membership of the Convention, increasing the number of national action plans, and using transparency and regular review mechanisms to spread best practice in order to fully implement those plans.<sup>58</sup>

### The International Labour Organisation (ILO)

The ILO has a range of framework conventions relevant to ASGM, including in the areas of forced labour, child labour and working conditions.

The ILO also works on the ground to improve the conditions of ASGM workers. Under its ACCEL Africa Project, the ILO supports the integration and formalisation of ASGM communities in a particular country's gold sector, alongside measures to prevent child labour (and encourage the return to school).



Men, women and children come from far and wide in the hope of finding a little gold in Poura, Burkina Faso.

### Financial Action Task Force (FATF)

Founded by the G7 group of industrialised nations, the FATF leads global efforts to tackle money laundering, terrorist and proliferation financing. In particular, the FATF conducts research into how money is laundered and terrorism is funded, promotes global standards to mitigate the risks identified, and assesses whether countries are taking effective action.

In the context of its 2015 report on money laundering and terrorism financing in the gold sector, there is now a compelling case for the FATF to follow up on its earlier work, principally to identify further recommendations on measures to prevent illicit financial flows from ASGM, increase the transparency around, and accountability of, the major international hubs which trade in gold, and monitor sanctions compliance.<sup>59</sup>

***In particular, the FATF conducts research into how money is laundered and terrorism is funded.***

<sup>58</sup> See the statement by Monika Stankiewicz, Executive Secretary of the Minamata Convention, at the 51<sup>st</sup> Session of the Human Rights Council, September 2022.

<sup>59</sup> 'Money laundering and terrorist financing risks and vulnerabilities associated with gold', FATF, July 2015.

## Interpol

Interpol, the international organisation facilitating transnational law enforcement on behalf of its 196 member states, is already active in the area of illicit flows from the gold sector.

In its 2021 report, Interpol expressed alarm at the prevalence of organised criminal gangs involved in gold mining across the Central African region, noting that a combination of organised crime, corrupt officials, businesses, and non-state armed groups were extracting maximum value from illicit gold mining while avoiding the payment of any export taxes that would benefit national government revenues, thereby attracting armed separatist or terrorist paramilitary groups.<sup>60</sup>

Interpol has also supported national law enforcement authorities. Under Operation Adwenpa, involving 200 frontline officers from 13 countries in West Africa, Interpol rescued more than 100 potential human trafficking victims, including 35 children, taking concerted enforcement action on the ground in Benin, Niger and Ghana.<sup>61</sup>

In April 2022, Interpol set up a new team dedicated to providing analytical, investigative and operational support to member countries combating illegal gold mining, expanding its focus to Latin America.

Its combination of data analysis, border control checks, and operational support make Interpol an ideal partner for national authorities. Greater use should be made of these tools, including Interpol's Red Notice system, to prevent those engaged in organised crime or sanctions evasion from slipping through border controls undetected.



**100+ victims**

of potential human trafficking, including 35 children.<sup>61</sup>

## World Customs Organisation (WCO)

The WCO also has a significant role to play in transnational law enforcement operations. Project Tentacle trains and helps to coordinate national customs and law enforcement officers in anti-money laundering and counter-terrorism operations, focusing on gold, diamonds, gems and other precious metals. In 2022, Project Tentacle operations in Latin America, the Middle East, Caucasus, Africa, and the Mediterranean seized over \$35 million of contraband, arresting more than 70 suspects.<sup>62</sup>

These operations are discovering how intricate and sophisticated gold-smuggling operations can be in these regions, including the melting of gold into small airplane parts that can be bolted or fixed onto the aircraft to conceal their existence.

The funding and capacity of Project Tentacle is inadequate, however, considering the scale of illicit trade in gold. The most recent disbursement by the US State Department of around US\$6 million has produced impressive operational results, but funding needs to be scaled up by member countries in order to have a more meaningful impact and deterrent effect.



*Concentrated gold deposits from a mine in the rainforest, Guyana.*

60 'Central Africa: Criminals are cashing in on COVID-19 surge in gold prices', Interpol news, 30 June 2021.

61 'West Africa border operation uncovers trafficking victims, gold bars and fake pharmaceuticals', Interpol news, 6 August 2019.

62 'Illicit Trade Report, 2022', WCO, June 2023, at page 11.



### Organisation for Economic Cooperation and Development (OECD)

The OECD works to promote the responsible sourcing of minerals and metals generally, whilst seeking to ensure that international standards do not further marginalise workers operating in the shadow economy, and instead offer pathways towards formalisation.

In the context of gold, this involves promoting the formalisation of ASGM. The OECD Due Diligence Guidance for responsible mineral supply chains calls on stakeholders to engage in the legalisation and formalisation of artisanal mining communities, to help build more transparent and safe supply chains, whilst ensuring ASGM communities can benefit from ongoing trade in conflict-affected and high-risk areas and to support their development. This can involve ‘traceability schemes’, a ‘chain of custody’ verification system, or other measures to demonstrate the origin of exported gold.<sup>63</sup>

This work raises a particularly salient challenge, namely the risk that imposing disproportionate due diligence requirements on downstream actors can incentivise businesses to comply by cutting off supply from ASGM communities altogether.<sup>64</sup> If the objective is to support ASGM communities and integrate them into the formal economy, the demands of due diligence compliance will need to be reconciled against the risk that a commercial decision by a company simply to avoid ASGM as a supply chain would further marginalise those communities, and thereby increase their exposure to the black economy and organised crime.

Of all the international organisations in this area, the OECD offers the broadest overarching perspective of the challenges involved. The OECD already hosts an annual meeting on responsible mineral supply chains. The challenges and complexities of



*Mining of gems, gold and sapphires. Ilakaka Ihosy District, Ihorombe Region, Madagascar.*

gold are, however, markedly different from other critical minerals and metals, as is the growing security threat related to this sector.

### ***The OECD offers the broadest overarching perspective of the challenges involved.***

Given the particular threats from the trade in illicit gold, OECD members should expand its mandate to offer a specific and specialist forum on ASGM, based on the framework set out in its Due Diligence Guidance, with a standalone annual meeting, supported by a bespoke and tailored agenda to focus the efforts of governments, national authorities, international organisations and businesses on

implementing each strand of the enforcement or implementation plan of work in their respective areas of authority or control.

This would help to bridge the current implementation gap, by highlighting and spreading best national and international practices. The annual meeting would need to be attended by, and draw on the support of, other relevant international organisations, including the UNODOC, the FATF and the World Bank. It would need to bring together all the disparate actors involved in ASGM supply chains, to avoid counter-productive initiatives and reconcile conflicting priorities, whilst promoting greater awareness of the real and present dangers presented by illicit trade in gold, and reinforcing the joined-up action necessary to tackle it.

<sup>63</sup> Frequently Asked Questions, ‘Responsible Supply Chains in Artisanal and Small-Scale Gold Mining’, OECD website.

<sup>64</sup> ‘Costs and Value of Due Diligence in Mineral Supply Chains’, OECD Position Paper, 2021.

## National Governments

### G7 and G20

In June 2022, the group of G7 nations announced a ban on the import of Russian gold, in response to the war in Ukraine, as part of the network of sanctions put in place.<sup>65</sup> The ban was designed to prevent Russia profiting from its trade in gold, and highlighted the importance of the sector to the Russian government's war planning. It was an important and ground-breaking measure, but has since been undermined in the ways already considered (above).

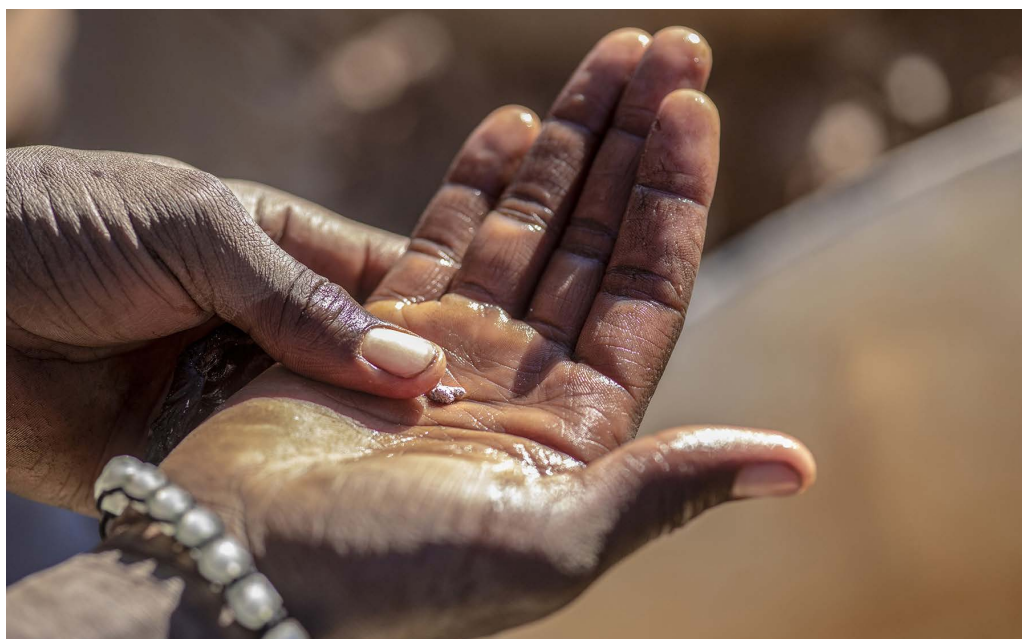
The G7 is currently under the Italian Presidency for 2024, after which it will be taken up by Canada. The wider G20 Presidency is held by Brazil for 2024, and will be taken up by South Africa in 2025. These important economic and geopolitical groupings offer an opportunity to exercise convening power to take further and additional implementation and enforcement action to safeguard ASGM communities, and prevent illicit financial flows from the gold sector from exacerbating international security threats.

Having agreed in principle to prevent Russia funding its war effort through profits from gold, G7 and G20 countries need to do more in this space, in eight key respects.

First, they should formally recognise that the illicit financial flows from ASGM represent a 'systemic' security threat, given the benefits to the Russian war effort, terrorist groups, and wider organised crime, and the impact on those nations which are home to ASGM.

Second, given the inadequate data on exports from ASGM, the G7 and G20 could require international hubs and the major refineries to collate and provide country-level data to build up a clearer and more granular picture of ASGM exports, and the consequential financial flows from it.

Third, armed with better data and cooperating with UNODC, the G7 and G20 should consider targeted action – including secondary sanctions – against high-level individuals and companies involved in the smuggling and laundering of gold, including at the major international hubs.



*A small piece of gold emerges after mercury is used to separate gold particles from the ore powder at a small-scale gold mine, Zimbabwe.*

Fourth, G7 and G20 governments should adopt targeted sanctions under the Magnitsky Law model, of visa bans and asset freezes, against government leaders and officials who partner or collude with the Wagner Group or any equivalent organisation.<sup>66</sup>

<sup>65</sup> Widely report, including CNN, 27 June 2022.

<sup>66</sup> See the recommendations by the UK Foreign Affairs Committee, footnote 26, at paragraphs 6 and 17.





Gold diggers come to the wild gold mine, Koupela, Burkina Faso.

Fifth, they should also review implementation of the OECD's 'Due Diligence Guidance for Responsible Supply Chains' in the gold sector, with a renewed focus on refining centres and trading hubs. All centres should consider the introduction of mandatory responsible sourcing rules for refineries, based on the OECD Guidance. In this regard, the FATF should be mandated to renew its 2015 thematic report into the gold sector, and develop a specific framework with key performance indicators that need to be satisfied for any international hub in the gold trade to avoid the 'black list' and 'grey list' (of 'high risk' countries subject to international monitoring).

Sixth, targeted sanctions and law enforcement measures will need to be buttressed by wider efforts, including pathways to integrate ASGM into formal domestic markets. To assist those domestic efforts, as the Atlantic Council has argued, Western nations should deploy broader foreign policy initiatives to provide conflict-ravaged and other poor countries with positive alternatives to the current dependency on the Wagner Group and other armed groups for their security, including through aid funding, development policies and security assurances.<sup>67</sup> In particular, Western aid and development policy needs to focus on the particular levers and incentives to prevent governments, such as the government of the CAR, from contracting private military groups to maintain security in return for granting access or concessions over precious natural resources. In formulating policies for conflict resolution and assistance, closer consideration and attention needs to be given to protecting ASGM from armed groups, both for humanitarian reasons and to disincentivise regional fighting.

Seventh, both the G7 and G20 should agree to keep the issue of exploitation of ASGM and the security threats that emanate from it as a standing item on their annual agenda, to provide the geopolitical weight to focus minds on the implementation gap.

With this in mind, regional cooperation should be stepped up to better protect the most vulnerable continents. UNODC has recommended more intensive judicial cooperation with international destinations for gold from the Sahel region, assisted by the United Nations Convention against Transnational Organised Crime and the United Nations Convention against Corruption, to prosecute illegal gold traffickers on a greater scale – with support from regional bodies, including the Economic Community of West African States (ECOWAS).<sup>68</sup>

Regional cooperation should also focus more on prevention, including developing an early warning system for local vulnerable ASGM communities, with a series of 'red flag' indicators, to enable local artisanal miners to safely alert federal and regional authorities at the earliest signs of illegal actors threatening them or their livelihoods.

<sup>67</sup> 'Sanctions alone won't stop the Wagner Group', Global Sanctions Dashboard, Donovan, Nikoladze, Murphy, the Atlantic Council, July 2023.

<sup>68</sup> See footnote 57.



## 8x increase

in the value of gold mined from ASGM in The Philippines between 1997 and 2011.<sup>70</sup>

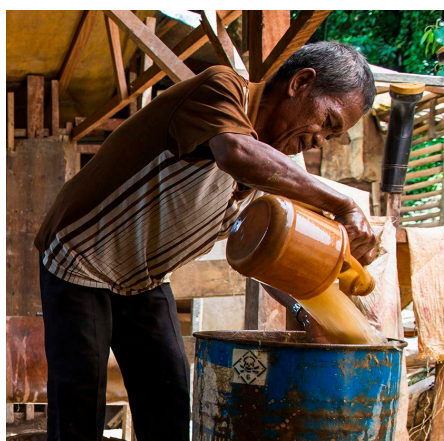
Eighth, in addition to reinforcing sanctions and law enforcement measures, the G7 and G20, alongside the World Bank, should become key partners in promoting alternative, sustainable, supply chains for ASGM – including by promoting gold purchasing programmes by central banks (or, in some cases, other state agencies).

Central bank ASGM purchasing schemes can be a game-changer. By guaranteeing a fair purchase price, incentivising sustainable environmental practices, assisting with access to legitimate finance, and offering responsible ASGM communities certainty of supply, central bank purchase schemes can support the formalisation and integration of ASGM communities, and help them to avoid the shadow economy and organised crime.

In 2021, the WGC – a members-based international market development organisation for the gold sector – reviewed a range of schemes to assess the impact on ASGM. The WGC concluded that central bank purchase programs can improve both the regulation and viability of ASGM, especially where they are accompanied by ready access to purchase counters, tech support, the programme offers something broadly equivalent to the international gold price, and wider financial and regulatory conditions are aligned to support responsible ASGM.<sup>69</sup>

Between 1997 and 2011, in The Philippines, a gold buying programme drove an eightfold increase in the value of gold mined from ASGM, from 4.5 billion to 34.6 billion pesos, based on a central bank purchasing initiative underpinned by an LBMA Good Delivery List refinery.<sup>70</sup>

In Mongolia, ASGM sales under a similar Bank of Mongolia programme, rose from 0.01 tonne in 2012 to over 12 tonnes in 2017, with only a small proportion of miners reporting difficulties in making sales.<sup>71</sup>



*Manually processing gold using mercury and various chemicals, Compostela Valley, the Philippines.*

Schemes in Ecuador and Ethiopia have further demonstrated the potential, under the right conditions, for central bank purchasing programs to help ASGM communities pull themselves up and out of the shadow economy – with all of its exposure to criminal gangs – and transition into a more productive, safer and environmentally responsible network of supply chains. Based on the emerging body of evidence, the WGC worked with a vanguard group of central banks, the World Bank, IMF and OECD to develop the *London Principles*, to help structure and formalise central bank purchasing programmes for ASGM.<sup>72</sup> On 12 June 2024, the WGC announced the inaugural signatories to the *London Principles*, comprising the central banks of Colombia, Ecuador, Mongolia and The Philippines.<sup>73</sup>

## Central bank ASGM purchasing schemes can be a game-changer.

From the consumer end of the supply chain, projects like the European Union's 'Just Gold' initiative to trace responsible artisanal gold from mine to market should be expanded on a greater scale, to demonstrate and expand the routes for artisanal gold to be responsibly integrated into lawful and clean international supply chains.<sup>74</sup> Governments comprising the largest consumers of gold should consider their role in promoting best practices to encourage and promote awareness amongst consumers around the source of gold that is being purchased in their shops, and adopt policies to inform and influence responsible retailing.

69 'Central bank domestic ASGM purchase programmes', WGC, 2021.

70 Page 8, *ibid*.

71 Page 15, *ibid*.

72 'London Principles on Central Bank Artisanal

and Small-scale Gold Mining Domestic Purchase Programmes', WGC.

73 'Central banks commit to supporting responsible artisanal and small-scale gold mining through domestic purchase programmes', Press Release

by the WGC, 12 June 2024.

74 'EU supports first traceable artisanal gold supply chain in Côte d'Ivoire', European Commission, 26 November 2020.





An artisanal miner sifts through crushed ore powder for gold particles, Zimbabwe.

### National Frameworks for Integrating ASGM

Whilst it will be critical to plug the law enforcement gap to reduce the volume and narrow the space within which the relevant criminal actors can operate, equal care and commitment will need to be demonstrated in the strategic approach to integrating ASGM communities into formal legal frameworks. These two strands of reform need to proceed in coordination, to prevent ASGM actors resorting to criminal activity as well as to protect them from exploitation and abuse. By prescribing workable domestic legal frameworks to enable the formalisation of ASGM, national governments should seek both to remove and deter the criminal groups preying on ASGM, and enforce the rule of law proportionately and fairly amongst ASGM actors.

Equally, the Inter-Governmental Forum (IGF) has highlighted the very real risk that certification programmes for responsible gold supply chains, accompanied by overly exacting due diligence requirements, can encourage buyers to remove ASGM from their supplier networks, rather than take on the obligations involved.<sup>75</sup>

The IGF made a series of recommendations on how to draft national legal frameworks that ASGM communities can realistically engage with to reach a reasonable level of compliance, and the policies that can help make those legal frameworks more effective, including small-scale miner lending, establishing hire-purchase or leasing schemes for affordable equipment, and support for loan and equity-based investment in ASGM.<sup>76</sup> Guidance is also available for national policy-makers, with wide scope for the larger gold-consuming and richer nations to support these efforts through aid assistance and other development support.<sup>77</sup>

Domestic policy-makers should consider the wider suite of measures necessary to support the rugged entrepreneurialism of ASGM communities – as distinct from larger-scale mining businesses – including with respect to land rights, licensing fees and processes, taxation and geological exploration, in return for ASGM engagement on traceability and certification schemes, which can bridge the gap between them and downstream businesses in the supply chain.<sup>78</sup>

Governments should actively promote refiner and smelter responsible sourcing initiatives from such ASGM communities, and incentivise the practice with targeted tax breaks for those who establish such supply chains.

***Guidance is also available for national policy-makers, with wide scope for the larger gold-consuming and richer nations.***

The dual strategic imperative for national and international policy-makers is, therefore, to close the law enforcement gap to narrow the space for the criminal predators threatening ASGM, whilst at the same time building up a more hospitable domestic climate for responsible ASGM to connect to legitimate and viable international supply chains in order to flourish. As considered above, central bank (or other state) purchasing schemes operated under the right conditions can be one of the most powerful policy tools to support responsible ASGM, and choke off the profits of organised crime.

<sup>75</sup> Page 47, footnote 1.

<sup>76</sup> Page 55 to 56, *ibid*.

<sup>77</sup> 'IGF Guidance for Governments – Managing Artisanal and Small Scale Mining', IGF, 2017.

<sup>78</sup> See, for example, 'Responsible Gold Trading – Analysis of the Main Obstacles to and Key Recommendations for Formal Gold Trade in Mali', PACT, June 2023.

## Businesses and Investors

The gold sector comprises a large number of international mining companies, refineries, jewellery companies and other end-users (including tech businesses), exchanges, investors and banks, who all have a collective interest in ensuring a thriving and sustainable market, and safeguarding it from the security threats as well as the legal, moral and reputational risks that the systematic exploitation of ASGM and the consequent illicit trade in gold gives rise to.

### London Bullion Market Association (LBMA)

The LBMA, which sets standards and oversees trading in gold and other precious metals, has been active in this area, as a signatory to the Gold Industry Declaration of Responsibility and Sustainability Principles and through its Responsible Sourcing Programme (RSP), launching a specific ASGM programme in 2022.

To remain on the LBMA's Good Delivery List, refiners must provide assurances around sourcing of their gold, with annual mandatory checks. Under the RSP, the LBMA has required greater detail, when undertaking due diligence on reporting on recycled gold. Refiners are now expected to undertake more stringent due diligence on recycled material by going as far down the supply chain as possible. An additional requirement means that 'all high-risk suppliers, particularly intermediate refiners in high-risk trading hubs, undergo an OECD-aligned assurance of their supply chains'.<sup>79</sup> In the year to July 2023, the LBMA conducted 91 reviews and made reports of 143 instances of 'non-conformity' with its regulatory framework.<sup>80</sup>

However, the LBMA recognises that there remains a long way to go, in order to achieve higher standards and a high level of confidence in supply chains. The Association has called for more effective scrutiny and verification of local and regional supply chains, more robust local enforcement, and greater regional cooperation to raise standards.<sup>81</sup> The challenge is to prevent a 'tick-box' approach to compliance which inadvertently encourages refiners to shun ASGM communities.

With this in mind, in 2022, the LBMA commissioned an independent feasibility study, which made five key recommendations, with the objective of enabling the LBMA to establish a credible and effective 'Good Delivery List' of aggregators and intermediate refiners for ASGM.<sup>82</sup> The LBMA accepted the thrust of these recommendations, and set up a task force to make progress towards implementation. These are important and welcome developments.

Such plans should include consideration of the role of intermediate refiners and aggregators that currently source from ASGM, bringing responsible entities under the umbrella of LBMA oversight. This would make it easier for existing Good Delivery refiners to source responsible ASGM production with confidence, and create a framework and incentives for other intermediate refiners and aggregators to increase standards and compliance.

Equally, given its avowed commitment to achieve an ASGM Good Delivery List (GDL), these efforts should be strengthened by setting a clearer timeline, milestones and appropriate performance indicators, to reinforce the focus and urgency of delivery – with an ultimate target of operationalising a GDL for ASGM within two years. That target should focus on intermediate refiners and aggregators who work with responsible ASGM actors. In addition, it should include central banks, large-scale miners who support local ASGM due diligence efforts, and mercury-free processing plants which adhere to recognised international standards.



*The landscape of a gold mine in the rainforest. Small scale miners using a sluice box to mine gold rich sand and clay, Ecuador.*

<sup>79</sup> 'Sustainability and Responsible Sourcing Program', LBMA, 2023, at page 10.

<sup>80</sup> Page 13, *ibid*.

<sup>81</sup> 'Five Key Recommendations for International Bullion Centres', LBMA website.

<sup>82</sup> 'Towards an LBMA Good Delivery List for Artisanal and Small-scale Responsibly Mined Gold', Phuzumoya Consulting, October 2022.



## Businesses and Investors

There are two principal ways in which the commercial sector can drive change in this area. The first, is through careful and conscientious compliance with the legal and regulatory requirements of the sector, coupled with a proactive approach to implementing the principles and guidelines for establishing and respecting sustainable supply chains.

Second, larger scale mining operations and refiners can seek ways to help national authorities to integrate ASGM into the formal sector. The 2017 IGF report set out a range of recommendations for businesses to support those objectives:

---

*'There are numerous ways in which large-scale mining companies can work with small-scale miners, including by shedding off and identifying land for ASGM activities within their concessions. These include: exploring the potential for tributer and buy-back arrangements; technical support; equipment leasing schemes; and opportunities for small-scale miners to process and refine their ores, making them part of their supply chains'.<sup>83</sup>*

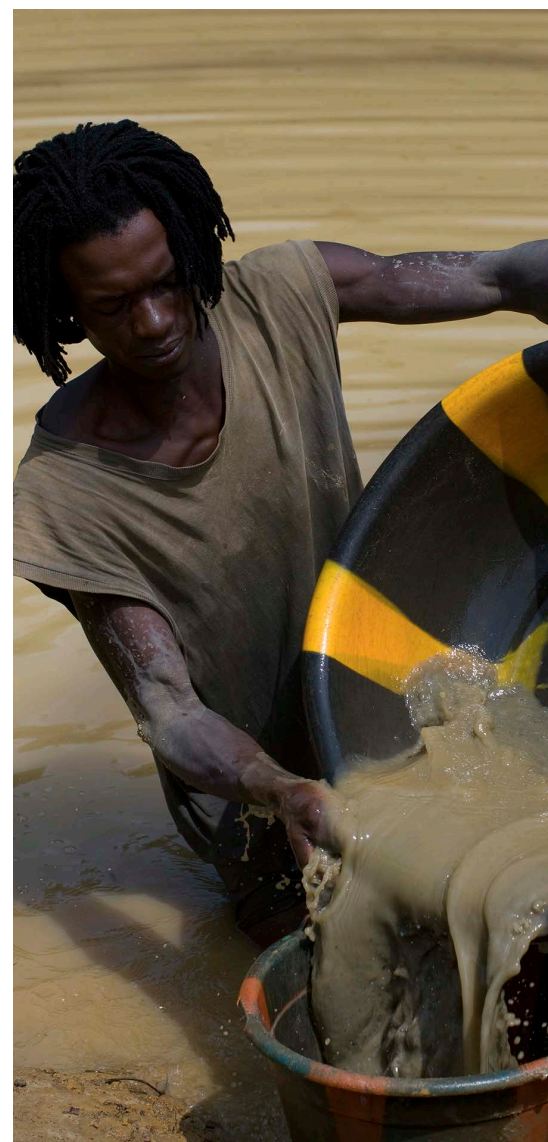
---

In building relationships with ASGM, large-scale mining operations should adhere to the guidelines set out in Responsible Gold Mining Principles published by the WGC, including in relation to market access, child labour, security and conflict, and human rights.<sup>84</sup>

Likewise, refiner and smelter businesses should also seek to pro-actively source gold from responsible ASGM communities, and governments should incentivise such supply chains through preferential tax treatment.

Whilst practice is far from consistent, there are numerous examples of positive initiatives. In 2022, the WGC conducted a 'lessons learned' exercise, reviewing engagement and collaboration between ASGM communities and larger mining companies.<sup>85</sup> From the DRC to The Philippines, the WGC found innovative examples of collaboration, including programmes to help legitimise ASGM, provide alternative sources of livelihoods, support ASGM in raising health and safety standards, establishing community employment committees, and investment in local education and training.

The WGC should continue to act as a champion and industry leader for these innovative collaborations, and a critical advisor to help drive change and expand good practice amongst its members. In particular, it should consider developing an industry-wide kitemark for the very best models of ASGM collaboration and integration, and review the performance of its members at least bi-annually.



A man uses a pan to search for gold at an open-pit gold mine, Grand Cape Mount, Liberia.

<sup>83</sup> Footnote 1, page 36.

<sup>84</sup> 'Responsible Gold Mining Principles', WGC, 2019.

<sup>85</sup> 'Lessons learned on managing the interface between large-scale and artisanal and small-scale mining', WGC, March 2022.

# Support for Taking Action

# 5





*An artisanal gold miner inside shaft, Compostela Valley, Philippines.*

## Support for Taking Action Across the Industry

Artisanal and small-scale gold mining (ASGM) represent tremendous development opportunities for millions of workers and their families around the world. Over the course of the past 20 years, public and private actors have been supporting, through various means, the growth of an inclusive ASGM sector delivering precious metals to global markets. In some countries, miners are indeed benefiting from the current growth in the gold price, enjoying a relatively better life than other workers.

However, the increasing interference of nefarious interests, some fueled by political and ideological ambitions, in global gold supply chains in the past 10 years calls for a coherent, well-articulated response by government entities, law enforcement agencies and international organizations around the world, and enhanced private sector led efforts.

The recommendations put forward in this report represent a constructive attempt to strengthen the integrity of the sector, laying out concrete suggestions to tackle and disrupt the influence of criminal interests in the sector. The OECD Centre for Responsible Business Conduct welcomes this important work and looks forward to all stakeholders, including industry, joining efforts to eradicate criminal abuse of gold supply chains.

**Louis Maréchal, Senior Advisor,  
Minerals & Extractives, OECD Centre  
for Responsible Business Conduct**

LBMA welcomes all support for the most vulnerable in our industry, the 15 million artisanal miners depending on gold mining for their livelihoods. I'm delighted to see the WGC and its members focusing on how the industry can practically support these miners, particularly given the historic challenges between ASGM and LSM.

Since LBMA launched its 2022 feasibility study, many milestones have already been achieved, and we welcome the challenge to set more. The multistakeholder ASGM Taskforce is functioning well and has already achieved two major pieces of work. The ASGM Toolkit was launched in March providing GDL refiners and the intermediate refiners/processors who supply them, with an accepted practical framework to guide responsible sourcing of ASGM gold. Beyond the Toolkit, the Taskforce has identified and reviewed target countries to focus its attention. Onsite trips to Ghana and Peru have produced meaningful engagement and have effectively ended the unofficial boycott on responsible ASGM gold. Much more work is planned for 2025 onwards, but forward momentum has been achieved and looking forward to working with more LSM stakeholders to achieve more.

**Ruth Crowell, CEO of the LBMA**

## About Dominic Raab

---

Dominic Raab is the Head of Global Affairs at Appian Capital Advisory LLP, and a consultant for the World Gold Council commissioned to review and report on illicit gold flows from illegal mining.

At Appian, his role includes chairing a committee of investors advising Securing America's Future Energy (SAFE) and US policy-makers on critical minerals supply chains. More broadly, he provides strategic advice and support on Appian's international engagements, primarily with governments on critical minerals. Dominic has been commissioned by the World Gold Council to deliver a report on countering the security risks created by illegal mining, organised crime and illicit flows in the international gold market.

Dominic was the Member of Parliament for Esher and Walton constituency between 2010 and 2024. Dominic has extensive executive experience,

particularly in international affairs, national security, geopolitical risk, and the Indo-Pacific region. He has held a range of Cabinet posts including Foreign Secretary, Justice Secretary and Deputy Prime Minister to two Prime Ministers. In April 2020, the Covid-19 pandemic, Dominic deputised for the Prime Minister, helping to lead the government's response to the Covid-19 pandemic.

An experienced negotiator and strategist, during his tenure as Foreign Secretary, the UK developed the UK-India Road Map, securing Comprehensive Strategic Partner status for the UK and launching negotiations on a UK-India Free Trade Agreement. As Foreign Secretary, he published the UK's ten-year international strategy, focusing on Britain's comparative advantage in tech, trade and financial services, the need to adjust to hybrid security threats, and the long-term Indo-Pacific tilt in UK foreign policy.

Prior to his parliamentary career, Dominic trained at the law firm Linklaters in competition and WTO law (London and Brussels), litigation, project and asset finance. In 2000, he moved to practice international law at the Foreign Office, advising on shipping, UK investor protection, counter-proliferation, counter-terrorism and war crimes. He was posted to the Hague as First Secretary between 2003 and 2006, representing the UK at the international courts.

Dominic studied Law at Oxford and attained an LLM in International Law at Cambridge, winning the Clive Parry Prize for International Law. He has published several books and papers covering topics across a range of policy areas, including human rights, free enterprise, UK competitiveness, and social mobility. He is a guest columnist for the Daily Telegraph.

## About the World Gold Council

---

We are a membership organisation that champion the role gold plays as a responsible and accessible gold supply chain. Our team of experts builds understanding of the use case and possibilities of gold through trusted research, analysis, commentary and insights.

We drive industry progress, shaping policy and setting the standards for a perpetual and sustainable gold market.



## Important information and disclosures

---

© 2024 World Gold Council. All rights reserved. World Gold Council and the Circle device are trademarks of the World Gold Council or its affiliates.

All references to LBMA Gold Price are used with the permission of ICE Benchmark Administration Limited (ICE) and are for informational purposes only. ICE accepts no liability or responsibility for the accuracy of the prices or the underlying product to which the prices may be referenced.

The use of the statistics is permitted, in line with fair industry practice, subject to: (i) only limited extracts of data or analysis being used; and (ii) use of a citation to the World Gold Council, and, where appropriate, to Metals Focus (a World Gold Council affiliate) or other identified copyright owners as their source.

This information is not a recommendation or offer for the purchase or sale of gold or any gold-related products or services or any securities. Diversification does not guarantee any investment returns and does not eliminate the risk of loss. The World Gold Council does not guarantee or warranty the accuracy or completeness of any information or of any calculations and models used in any hypothetical portfolios or any outcomes resulting from any such use.

This information may contain forward-looking statements which are based on current expectations and are subject to change.



**World Gold Council**

15 Fetter Lane, London  
EC4A 1BW  
United Kingdom

**T** +44 20 7826 4700

**F** +44 20 7826 4799

**W** [www.gold.org](http://www.gold.org)

**Published: November 2024**