

Karat Foundation

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Table of Contents

Introduction.....	2
Vision	2
What we will do.....	3
DAO.....	3
Mission	3
How does it work?.....	3
Financial Products.....	3
Loan Resolution	4
Currencies.....	4
Interests.....	4
Warranty.....	4
Surcharge.....	4
Maturity.....	4
Bullet Repayment	4
Pricing	4
Charity Fundraising.....	4
Social and Ethical Economy projects	5
Code of Conduct	6
Employment Relationship.....	6
Nondiscrimination	6
Harassment or Abuse	6
Forced Labor	6
Child Labor.....	6
Freedom of Association and Collective Bargaining	6
Health, Safety and Environment.....	6
Hours of Work	6
Compensation.....	6
Report.....	6
Mining impacts	7
The gendered impacts of mining	7
Effects of Gold Mining on the Environment	7

Water Contamination.....	7
Poisoned Drinking Water.....	8
Habitat Destruction	8
Risks and Accidents.....	8
African countries move to protect children exposed to mercury	8
Effects of mercury on human health	9
International Programme on the Elimination of Child Labor (IPEC).....	12
The problem	12
Africa.....	13
The Sahel region of Africa: Burkina Faso and Niger.....	13
Ghana.....	15
Côte d’Ivoire	16
Democratic Republic of Congo	16
Asia	16
Mongolia.....	16
Philippines	17
Latin America.....	17
The Andes region of South America: Bolivia, Ecuador and Peru	17
The Nexus of Illegal Gold Mining and Human Trafficking Report.....	18

Introduction

The Karat Foundation will be established in accordance with the UN Guiding Principles on business and human rights and do a better control and surveillance work to ensure that gold is sourced responsibly and ethically.

All member and staff of the Foundation are aware that the consequences of illegal gold mining are not only at local level, in fact the labor exploitation, the extortion by organized crime groups are obvious at global level.

Vision

Our vision predicted to increase mining gross domestic product and result in significant social and economic change.

The Karat Foundation seeks to support community and civil society organization initiatives that aim to ensure benefits from this vision are enjoyed by all miners and that any negative impacts are avoided or minimized.

It is for this reason that we decided that a specific foundation will be created and the mainly purpose of this foundation will be to support community initiatives.

We would like listen and understand people’s experiences and views regarding to the different problems of gold mines and to help communities and civil society organizations to work towards minimizing negative impacts and ensure benefits are enjoyed by all.

What we will do

The Karat Foundation will define the actions to prevent the risk of slavery or trafficking in human beings in its operations of financial assistance aimed primarily at medium/small gold mines.

DAO

Decentralized Autonomous Organization.

DAO members can contribute by voting for projects they consider deserving

These votes, together with the due diligence made by the foundation's finance office, will provide for the gold mining to be managed responsibly, with substantial economic benefits for the countries and their populations.

The Karat Foundation will operate autonomously supervise and check that the quality parameters are respected and will not have direct control on the operations and external works of the members.

Mission

As part of its ethical and social commitment to the development and growth of gold mines, the foundation will work to protect the environment and safeguard human rights.

More attention will be given to those people in extreme poverty in areas where there are major cases of exploitation of child labor and abuse of women.

How does it work?

Karat Foundation is a non-profit organization whose main objective is to establish a protocol with a code of conduct that defines all the fundamental points that allow mining companies joined to the foundation, to move easily to the next phase which is the acceptance of the application for funding and to continue the approval process and related accreditation.

The Foundation will collaborate on an ongoing basis with other organizations having the same social purpose, as well as with governments, businesses, and universities, with the main goal of achieving the highest rate of solidarity that can bring benefits, through the Karatcoin network, to those people living in conditions of absolute poverty and exploitation in places where gold mines exist.

The foundation, in the context of its social work of facilitated finance for selected small/medium gold mining companies, will continuously monitor progress and achievements to bring benefits between stakeholders of the foundation and the gold mining companies.

Members of the foundation will benefit of interest income from financing.

Financial Products

Borrowers of Gold Mine, benefit from medium/long maturities (up to 10 years), transparent pricing, built-in hedging products to manage financial risks over the life of the loan, and the ability to customize repayment schedules according to project needs or debt management requirements.

Karatcoin offers a decentralized loan product for eligible members, known as the Karatcoin Loan (KCL) through a smart contract issuing KCX with a financial term that are tailored to the needs of the purpose of the financing or the member country's overall debt management strategy.

Loan Resolution

The KCL will be granted in 5 tranches each anchored to the success of the project status plan prepared by the deliberating office.

Currencies

KCL (interests and principal) is committed and repayable with physical gold extraction (gold bars, gold nuggets, gold dust, etc.) which will be delivered by miners to the official refinery of the country of origin for their transformation in 999 gold bars and deposited under the name Karatcoin to increase the gold reserves of KCG.

Interests

The interest will be paid every 3 months through direct deposit at the refinery.

Warranty

Shares pledged

Surcharge

A surcharge may be payable on the loans to a Borrower for certain member countries with portfolios representing a significant financial exposure to Karatcoin DAO. The surcharge is determined by reference to the excess exposure over a specified threshold.

Maturity

KCL has a final maturity of 10 years and average maturity limit of 5 years.

Bullet Repayment

The funded capital will be paid in a single payment at maturity using the system Bullet Repayment.

Pricing

This comprises the interest rate, front-end fee and commitment fee.

Charity Fundraising

To increase aid to mines, fundraising campaigns will be launched through online platforms, events and conferences will be organized as well as organizing lunches and gala dinners.

Karatcoin tokens will be offered as a prize for participation in individual events.

Each charitable action will set precise objectives to be achieved and quantify the sum necessary to pursue this goal. If the established amount is collected, the prize offered will be extracted.

The draw will determine the winner.

To participate in the draw, participants must:

- Connect to the website karatcoin.co/foundation
- Access the dedicated section
- Create own user profile by entering the address of the Karatcoin wallet
- Enter the number shown in the receipt of the donation made
- Click on the "Play" button on the website.

By clicking on the appropriate "Play" button that allows participation, the management information system will verify the correctness of the data entered and will activate an Instant Win extraction software of the prize to be won that will be randomly assigned. The consumer will immediately receive a pop-up informing him of the win or the non-win and the information needed to validate the winnings to receive the prize.

The most virtuous mines that will center the objectives listed in the project status plan, they will receive donations to conduct humanitarian projects, already predetermined with the Karat Foundation, as established by the guidelines included in our code of conduct.

Every update of these humanitarian projects will be communicated online through our press office.

Social and Ethical Economy projects

Karat Foundation will conduct analyses, studies, research and economic impact assessments of initiatives in the field of social economy, at the national as well as international level, aimed at developing public planning that is increasingly socially effective and at qualifying business activities in order to create social and ethical value.

Services

- Planning of investments
- Feasibility analyses
- Technical assistance to support the definition and implementation of public policies
- Environmental impact assessment
- Monitoring
- Economic Impact Assessments
- Development of economic models
- Identification of good practices
- Monitoring and evaluating workforce planning activities
- Building of partnerships
- Communication

All Gold mining that will join the Karat Foundation will agree to uphold the Workplace Code of Conduct in their supply chain. The Code of Conduct is based on International Labor Organization (ILO) standards and seeks to protect the workers who work in mines.

This Workplace Code of Conduct defines labor standards that aim to achieve decent and humane working conditions. The Code's standards are based on International Labor Organization standards and internationally accepted good labor practices.

Gold mining Companies joined with the Karat Foundation are expected to comply with all relevant and applicable laws and regulations of the country in which workers are employed and to implement the Workplace Code in their applicable facilities. When differences or conflicts in standards arise, affiliated Gold mining companies are expected to apply the highest standard.

Karat Foundation will monitor compliance with the Workplace Code by carefully examining adherence to the Compliance Benchmarks and the Principles of Monitoring. The Compliance Benchmarks identify specific requirements for meeting each Code standard, while the Principles of Monitoring guide the assessment of compliance.

Karat Foundation will expect affiliated Gold mining companies to make improvements when Code standards are not met and to develop sustainable mechanisms to ensure ongoing compliance.

Karat Foundation will provide a model of collaboration, accountability, and transparency and serves as a catalyst for positive change in workplace conditions.

As an organization that promotes continuous improvement, the Karat Foundation will strive to be a global leader in establishing best practices for respectful and ethical treatment of workers, and in promoting sustainable conditions through which workers earn fair wages in safe and healthy workplaces.

Code of Conduct

Employment Relationship

Employers shall adopt and adhere to rules and conditions of employment that respect workers and, at a minimum, safeguard their rights under national and international labor and social security laws and regulations.

Nondiscrimination

No person shall be subject to any discrimination in employment, including hiring, compensation, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin.

Harassment or Abuse

Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

Forced Labor

There shall be no use of forced labor, including prison labor, indentured labor, bonded labor or other forms of forced labor.

Child Labor

No person shall be employed under the age of 15 or under the age for completion of compulsory education, whichever is higher.

Freedom of Association and Collective Bargaining

Employers shall recognize and respect the right of employees to freedom of association and collective bargaining.

Health, Safety and Environment

Employers shall provide a safe and healthy workplace setting to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employers' facilities. Employers shall adopt responsible measures to mitigate negative impacts that the workplace has on the environment.

Hours of Work

Employers shall not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. The regular work week shall not exceed 48 hours. Employers shall allow workers at least 24 consecutive hours of rest in every seven-day period. All overtime work shall be consensual. Employers shall not request overtime on a regular basis and shall compensate all overtime work at a premium rate. Other than in exceptional circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours.

Compensation

Every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract. Where compensation does not meet workers' basic needs and provide some discretionary income, each employer shall work with the Karat Foundation to take appropriate actions that seek to progressively realize a level of compensation that does.

Report

Mining impacts

Mining can impact local communities both positively and negatively. While positive impacts such as employment and community development projects are important, they do not off-set the potential negatives.

We have found mining can negatively affect people by:

- forcing them from their homes and land
- preventing them from accessing clean land and water
- impacting on their health and livelihoods
- causing divisions in communities over who benefits from the mine and who doesn't
- changing the social dynamics of a community
- exposing them to harassment by mine or government security

These impacts are exacerbated when local people aren't consulted and are given no information about a planned mine. Even worse is when people are not given a say on whether or not a mine should even be developed.

The potential benefits that mining brings to a community can be undermined if secrecy surrounds the payment of mining taxes to the government or the benefits shared at the local level.

The gendered impacts of mining

The impacts of mining are not gender neutral.

- Women often experience the negative impacts of mining more than men, and rarely receive the benefits that men do.
- Women aren't consulted when companies negotiate access to land, compensation or benefits
- When mining damages the environment, it undermines women's ability to provide food and clean water for their families and can increase their workload compensation and benefits are paid to men "on behalf of" their families, denying women access to mining's financial benefits and potentially increasing their economic dependence on men.
- Women can lose their traditional status in society when mining creates a cash-based economy.
- A transient male work force can bring increased alcohol, sex workers and violence into a community, which can affect women's safety.
- Women mine workers often face discrimination, poor working conditions and unequal pay for equal work.

Effects of Gold Mining on the Environment

Gold has been a popular and valuable component of jewelry for centuries.

Gold is resistant to solvents, doesn't tarnish and is incredibly malleable, so it can be shaped with relative ease. Although its price fluctuates, gold regularly sells for more than \$1,000 per ounce. Gold nuggets are popular among collectors but are rare; most gold is found as small particles buried in gold ore.

Mining just an ounce of gold from ore can result in 20 tons of solid waste and significant mercury and cyanide contamination, according to Earthworks.

Water Contamination

Some gold can be found by panning in rivers; heavy gold will remain in the pan, whereas lighter rocks and minerals float out.

This small-scale form of gold mining has little effect on the body of water, but the large-scale practice of mining gold from ore can have tremendous negative effects on water quality.

Gold typically sits in ore and sediment that contains toxins such as mercury. When rivers are dredged to mine large placer deposits of gold, these toxins float downstream and enter the food web, as they have done in California's South Yuba River, according to the U.S. Geological Survey.

Poisoned Drinking Water

Water contamination negatively affects not only wildlife populations but also human populations.

Two open-pit gold mines in Montana closed in 1998 but continue to cost the state's taxpayers millions of dollars in reclamation and water-treatment efforts. Cyanide used at these mines to leach gold from ore resulted in such high levels of pollution that people cannot use nearby water resources until they have been subjected to extensive and expensive treatment and purification.

Montana's Department of Environmental Quality expects reclamation efforts at the former mines to continue indefinitely.

Habitat Destruction

Most forms of gold mining involve moving massive amounts of soil and rock, which can be detrimental to the surrounding wildlife habitat.

The U.S. Environmental Protection Agency estimates that the development of a proposed gold and copper mine in Alaska's Bristol Bay would destroy at least 24 miles of streams that support the world's largest sockeye salmon fishery.

Thousands of acres of wetlands and ponds would also be destroyed by the proposed mine's daily operations.

Local communities depend heavily on this fishery and would be affected by this habitat destruction.

Risks and Accidents

Regular operations at gold mines adversely affect the environment in several ways. For example, the operation of large mining equipment requires fuel and results in the emission of greenhouse gases. However, potential mine accidents and leaks pose an even greater threat to nearby land and water resources.

Contaminated tailings, or waste ore, need to be stored behind a dam; failure of such a structure would result in the widespread release of toxins.

Mines must operate wastewater treatment plants to remove cyanide, mercury and other toxins from the water used for mining, and a treatment plant failure could also result in catastrophic contamination of the surrounding landscape.

Karat Foundation condemns child labor in world gold mines

African countries move to protect children exposed to mercury

Gold mining in African countries takes place in unlicensed or small-scale mines, where thousands of children work in hazardous conditions and end up developing respiratory health problems.

African countries are in the process of coming up with better policies to protect women and children who are exposed to mercury. This is after the United Nations Minamata Convention on Mercury, which is aimed at protecting the lives of people and the environment from toxic substances, took effect on 16th August 2017.



Under this treaty, governments are required to put in place control measures in polluting industries, such as artisanal gold mining.

While looking for gold, miners are exposed to mercury poison because they have to process the ore with the toxic substance, risking brain damage and lifelong disability.

The majority of the children are aged between 10 and 17 years.

Human Rights Watch's associate director in the children's rights division, Juliane Kippenberg, noted that those who are suffering from mercury poisoning need to be protected

"The Minamata Convention strengthens governments' obligations to protect people's rights to health and to a healthy environment from this toxic substance," Kippenberg said. "Now that the Mercury Convention is in effect, governments have to walk the talk and put the treaty into practice."

A total of 35 African countries are parties to this convention.

The treaty obliges member countries to promote mercury-free gold processing methods and take special measures to protect vulnerable populations including children and women of child bearing age from exposure. It also puts an end to particularly harmful practices in gold processing, such as burning the mercury with gold in residential areas, a process known as gold amalgam.

Member countries continue to commit to improve health care services for populations affected by exposure to mercury.

The treaty also regulates other important industries such as mercury use in products and manufacturing processes, emissions from coal-fired power plants.

Effects of mercury on human health

According to the World Health Organization, mercury is considered to be one of the top ten chemicals of major public health concern. Exposure to it, in even small amounts, may cause serious health problems and threatens the development of the child in the uterus and early life.

The inhalation of mercury vapor can produce harmful effects on the nervous, digestive and immune systems, lungs and kidneys, and may be fatal. The inorganic salts of mercury are corrosive to the skin, eyes and gastrointestinal tract, and may induce kidney toxicity if ingested.

Neurological and behavioral disorders may be observed after inhalation, ingestion or dermal exposure of different mercury compounds. Symptoms include tremors, insomnia, memory loss, neuromuscular effects, headaches and cognitive and motor dysfunction.

Children in eastern Cameroon leave school as young as seven to work in gold mines.

In many poor rural areas around the world, men, women, and children work in artisanal gold mining to make a living.

Artisanal or small-scale mining is mining through labor-intensive, low-tech methods, and belongs to the informal sector of the economy.

It is estimated that about 12 percent of global gold production comes from artisanal mines.

Mining is one of the most hazardous work sectors in the world, yet child labor is common in artisanal mining. This report looks at the use of child labor in Mali's artisanal gold mines, located in the large gold belt of West Africa. Mali is Africa's third largest gold producer after South Africa and Ghana; gold is Mali's most important export product.

It is estimated that between 20,000 and 40,000 children work in Mali's artisanal gold mining sector. Many of them start working as young as six years old.

These children are subjected to some of the worst forms of child labor, leading to injury, exposure to toxic chemicals, and even death. They dig shafts and work underground, pull up, carry and crush the ore, and pan it for gold. Many children suffer serious pain in their heads, necks, arms, or backs, and risk long-term spinal injury from carrying heavy weights and from enduring repetitive motion.

Children have sustained injuries from falling rocks and sharp tools and have fallen into shafts.

In addition, they risk grave injury when working in unstable shafts, which sometimes collapse.

Child miners are also exposed to mercury, a highly toxic substance, when they mix gold with mercury and then burn the amalgam to separate out the gold. Mercury attacks the central nervous system and is particularly harmful to children.

Child laborers risk mercury poisoning, which results in a range of neurological conditions, including tremors, coordination problems, vision impairment, headaches, memory loss, and concentration problems. The toxic effects of mercury are not immediately noticeable but develop over time: it is hard to detect for people who are not medical experts.

Most adult and child artisanal miners are unaware of the grave health risks connected with the use of mercury.

The majority of child laborers lives with and work alongside their parents who send their children into mining work to increase the family income. Most parents are artisanal miners themselves, and are paid little for the gold they mine, while traders and some local government officials make considerable profit from it. However, some children also live or work with other people-relatives, acquaintances, or strangers, and are economically exploited by them.

A significant proportion of child laborers are migrants, coming from different parts of Mali or from neighboring countries, such as Burkina Faso and Guinea. Some of them may be victims of trafficking.

Young girls in artisanal mining areas are also sometimes victims of sexual exploitation and abuse.

Many children working in artisanal mining never go to school, missing out on essential life skills as well as job options for the future.

The government has largely failed to make education accessible and available for these children. School fees, lack of infrastructure, and poor quality of education deter many parents in mining areas from sending their children to school. Schools have also sometimes failed to enroll and integrate children who have migrated to mines.

Nevertheless, some child laborers attend school but struggle to keep up, as they are working in the mines during holidays, weekends, and other spare time.

In the view of Human Rights Watch, with some exceptions, Malian and international gold companies operating in Mali have not done enough to address the issue of child labor in the supply chain.

Much of the gold from Mali's artisanal mines is bought by small traders who supply middlemen and trading houses in Bamako, the country's capital. A few trading houses export the gold to Switzerland, the United Arab Emirates (in particular Dubai), Belgium, and other countries.

Under international law, the government of Mali is obligated to protect children from the worst forms of child labor, and from economic exploitation, trafficking, and abuse. It also has an obligation to ensure free and compulsory primary education for all. The government must take measures to avoid occupational accidents and diseases and reduce the population's exposure to harmful substances. International development partners should assist poorer nations, such as Mali, to fulfill their obligations under international law.

Businesses, under international law and other norms, also have a responsibility to identify, prevent, mitigate, and account for their impact on human rights through policies and due diligence measures.

Encouragingly, the government of Mali has taken some important measures to protect children's rights. It has outlawed hazardous child labor in artisanal mines and, in June 2011, adopted a National Action Plan for the Elimination of Child Labor in Mali.

The government has also made some progress in improving access to education, though net enrollment remains low at 60.6 percent.

With regard to mercury, the government supports mercury reduction measures through the upcoming global treaty on mercury. Yet, the government has not put its full political weight behind these efforts.

Existing initiatives, such as the work of the National Unit to Combat Child Labor, tend to be isolated, understaffed, and lack full support from other ministries.

Health policy lacks a strategy to prevent or treat health problems related to mercury use or other mining-related conditions.

Child laborers, including those in artisanal mining areas, have not benefitted from government's education policy, and the education system has not been adapted to their needs. Mining policy has focused on industrial mining, carried out by international companies, and has largely neglected problems related to artisanal mining, including child labor. Meanwhile, local government officials and traditional authorities such as local chiefs have benefitted financially from artisanal mining. Government policies on crucial areas such as health, education, and artisanal mining, are also sometimes undermined by the laissez-faire attitude of local government officials, who carry considerable weight in the current decentralized governance structure. Such attitude effectively undermines the government's efforts to address child rights issues, including child labor in artisanal gold mining.

Donors, United Nations agencies, and civil society groups have undertaken some important initiatives on child labor, education, or artisanal mining in Mali.

For example, the International Labor Organization (ILO) and a Malian non-governmental organization, Réseau d'Appui et de Conseils, have assisted children in leaving mining work and starting school. But such initiatives have been limited in scope, suffered from paucity of funding, and lacked consistent political backing.

The United States and the European Commission have drastically reduced their funding for international child labor programs in Mali, contributing to a funding crisis at the ILO.

At the international level, the ILO has failed to follow up on its 2005 call to action "Minors out of Mining," in which 15 governments (including Mali) committed to eliminating child labor in their artisanal mining sector by 2015.

Hazardous child labor in Mali's artisanal mines can only be ended if different actors (central and local governments, civil society, UN agencies, donors, artisanal miners, gold traders and companies) prioritize its elimination, give it their full political support, and provide financial support to efforts aimed at ending it.

There is an urgent need for feasible and concrete solutions that can bring about change.

As a first step, the government should take immediate measures to end the use of mercury by children working in artisanal mining, through a public announcement reiterating the ban on such hazardous work for children, an information campaign in mining areas, and regular labor inspections.

Beyond this immediate step, the government and all relevant stakeholders should come together to implement the government's action plan on child labor.

The government should also take steps to improve access to education in mining zones, by abolishing all school fees, introducing state support for community schools, and establishing a social protection scheme for vulnerable children.

The government and other actors should provide stronger support for artisanal gold miners, such as support in the creation of cooperatives, and the introduction of alternative technologies that reduce the use of mercury.

The government should also address the health impact of mercury on artisanal miners, in particular on children, and address other mining-related health problems. International donors and UN agencies should support the government in its efforts to eliminate hazardous child labor in artisanal mining, politically, financially, and with technical expertise.

There is the need to convene a national roundtable on hazardous child labor in artisanal mining in Mali, to bring together all relevant actors (government, civil society, UN, donors, experts, and business) and create momentum for concerted action.

Malian and international companies should recognize their responsibility regarding child labor and other human rights issues. Companies should introduce thorough due diligence processes and engage in meaningful dialogue with their suppliers and their government, urging measures towards the elimination of child labor within a specific time frame, for example, two years.

They should also directly support projects that aim to eliminate child labor, such as education and health programs for children in artisanal mining areas.

An immediate and total boycott of gold from Mali is not the answer to human rights violations in Mali's artisanal gold mines. Boycott risks reducing the income of impoverished artisanal mining communities and may even increase child labor as families seek to boost their income.

At the regional level, the Economic Community of West African States (ECOWAS) should ensure that the future ECOWAS Mining Code prohibits child labor in artisanal mining, including the use of mercury, and mandates governments to take steps to reduce the use of mercury.

At the international level, the future global treaty on mercury should oblige governments to take measures that end the practice of child laborers working with mercury. The ILO should build on its past efforts to end child labor in artisanal mining by reviving its "Minors out of Mining" initiative.

International Programme on the Elimination of Child Labor (IPEC)

The problem

Gold mining is extremely dangerous work for children. Yet still today, tens of thousands are found in the small-scale gold mines of Africa, Asia and South America. Children work both above and underground. In the tunnels and mineshafts, they risk death from explosions, rock falls, and tunnel collapse. They breathe air filled with dust and sometimes toxic gases. Above ground, children dig, crush, mill, and haul ore – often in the hot sun. Some stand for hours in water, digging sand or silt from riverbeds and then carrying bags of mud on their heads or

backs to sieving and washing sites. In all mining sites, there is risk of falling down open shafts or into pits that are scattered around the areas.

Like adults, children suffer the effects of noise and vibration, poor ventilation and lighting, exhaustion and over-exertion. But children are particularly vulnerable to exposure to dust and chemicals because their systems are still developing. The result can be serious respiratory conditions (such as silicosis), constant headaches, hearing and sight problems, joint disorders and various dermatological, muscular and orthopedic ailments and wounds, jeopardizing both their mental and physical long-term health.

Gold mining stands out from other forms of small-scale mining for an additional grave hazard: the mixing of mercury with the crushed ore or sediments to separate out the gold. Mercury is a highly toxic metal and is very often mishandled by small-scale miners. It can be absorbed through the skin, or through inhalation of mercury vapor. Seeping into the soil or water supply, it can contaminate food and drinking water. Prolonged exposure to mercury can lead to serious physical disorders and neurological problems.



Informal gold miners often do not wear protective clothing (e.g. hardhats) or know correct methods for digging tunnels and using explosives. Although aware that it is dangerous, most do not know about the proper handling of mercury. In some countries mercury amalgamation is done at home by women, which exposes other family members, including very young children, to mercury poisoning.

The following descriptions of children in gold mining areas are taken from several countries where IPEC has worked or is currently working to remove children from child labor in this sector. While the hazards and processes are fairly similar from country to country, the family situations, working conditions, ages and gender of children involved vary according to local traditions, the level of poverty, the regulatory environment and other schooling or employment alternatives. Some children mine alongside their families or other community members after school or during holidays. Some drop out of school to work full time. In the worst cases, children are trafficked to mine sites where they are forced to work in absolutely horrendous slavery-like conditions.

Africa

The Sahel region of Africa: Burkina Faso and Niger

Child labor in gold mining, or *orpillage* as it is called locally, is widespread and increasing in Burkina Faso and Niger. As much as one quarter of all children in the world who work in mines are in a region of the Sahel common to these two countries. The reason for this is partly economic, partly social. The droughts of the 1970s and 1980s set off a downward spiral of poverty which, in turn, disrupted communities and families to such an extent that children previously protected by traditional customs and structures became a resource like any other that could be used to increase income.

Much of the small-scale gold mining in the Sahel is casual, seasonal and informal. Estimates have shown that children under 18 may constitute up to 30-50 per cent of the entire *orpilleur* workforce (estimated at between 200,000 and 500,000 across the two countries). Approximately 70 per cent of the children are under the age of 15, indicating that children start working from a young age.

The majority of children come from villages within the area, often within

10 km of the site, although a substantial number travel considerable distances within or even outside the country. Children who choose to migrate to the site with friends, peers, sponsors or even on their own usually end up having to fend for themselves. An unknown percentage of children at the mining sites have been trafficked as well. Non-local children are particularly vulnerable to abuse and deceit by adult *orpailleurs* and tend to work full-time in the pits and for longer hours than other children whose parents are present. Foreign girls in the *orpaillage* communities (usually Ghanaian or Togolese) may have come with a person who promised them work in a petty trade. Once at the mining site, however, many of these foreign girls are abandoned and turn to prostitution in order to survive.

Virtually all gold-mining communities in the Sahel are in remote, exceedingly poor rural areas. They are rough places without sanitation, health services and regular access to clean water. These unorganized and usually temporary settlements have virtually no public facilities. Schools, if they exist, are many kilometers away. Nevertheless, in Niger and Burkina Faso many families accompany their men to these sites. Thus, a number of children are born and grow up in mining settlements. Left to themselves while their parents work and without school or supervised sports, children easily become involved in mining or other forms of child exploitation. These problems are exacerbated during “gold rushes” when migrant miners converge around a freshly discovered site.

Poor living and working conditions mean that all young children are exposed to infections and diseases caused by unclean water and lack of sanitation and complicated by malnutrition, Dysentery, diarrhea, malaria, meningitis, measles, tuberculosis and other parasitic and viral infections are common.



In Burkina Faso and Niger, children are engaged in almost all aspects of the mining operation, from rock breaking and transport to washing, crushing/pounding and mineral-dressing. Children are particularly “useful” in underground gold deposits as their small size and agility allows them to more easily work in the narrow shafts and galleries.

Girls as well as boys undertake heavy work, although it is more likely that boys will work underground, while girls stay on the surface. Work for both involves the transport, crushing, washing and processing of rock. Typically, children under 10

years old tend to be given less arduous tasks, such as petty trading, pushing water carts and working as messengers. Regular, full-time work usually begins between the ages of 12 to 14 years.

Children often work every day, although they occasionally get to rest for a day at the weekend. Working hours are extremely variable – from 8 to 14 hours – but almost always at least 6-8 hours per day (occasionally the children actually sleep underground). In many cases, children have insufficient time to rest and inadequate food and water. Again, those without parents are particularly at risk, having nowhere to secure a decent meal or safe place to rest before returning to work.

Although children are often expected to do the same work as adults, they invariably receive less pay. Most often, remuneration for children is a combination of in kind and cash payments. Others are not paid but work simply for food, shelter and security. For those that are paid, the cost of food, tools and medication may be deducted from their earnings such that they are left with virtually nothing. Those working with their parents are seen as simply providing an extra pair of hands to share the workload and are therefore not paid directly.

Underground, the children are often forced to undertake exceedingly strenuous work under very hazardous conditions. Most of the tools and equipment they use are primitive and heavy, requiring considerable strength to wield effectively that constantly strains children’s bodies.

The “get-rich-quick” mentality that pervades mining sites undermines conventional norms of social conduct. Many young boys resort to alcohol (both commercial and locally brewed) or narcotics (especially amphetamines

and marijuana) in the belief that it makes them stronger and more able to cope with the harshness of the underground environment and work. Even those that initially resist taking drugs often succumb to peer pressure. For young girls there are other threats, especially for those without the protection of their families. These include sexual assault, teenage pregnancy and sexually transmitted diseases, especially HIV/AIDS. Such health risks are augmented by sexual promiscuity and misguided local beliefs that *orpailleurs* will have greater luck in the pits if they have intercourse with a virgin or have unprotected intercourse and do not wash before going underground.

Ghana

Small-scale mining in Ghana, referred to locally as “*galamsey*” (gather and sell), has been on the increase since the early 1980s. An estimated 10,000 children are involved in various parts of the country, much of it in gold mining.

Small-scale mine operators principally engage children between ages 10 and 18 years old who are paid minimal daily wages. These children perform all sorts of low-skilled tasks, including building trenches, carrying loads of gold ore on their heads to washing sites (done largely by girls), washing the ore (done largely by boys), amalgamating the gold using mercury, and selling the product.

Although there have been efforts to regularize small-scale mining in the country in the past 15 years to improve conditions, most sites are still unregistered and illegal. They tend to be set up on private land, sometimes encroaching on concessions of legitimate mining firms. *Galamsey* not only involves surface mining, but also underground mining in abandoned shafts, exposing those involved to additional deadly hazards – flooding, cave in and toxic fumes.

Originally the domain of unemployed youths looking to earn quick money, the practice has grown over the years and now attracts local people of all ages and migrants, principally adult men unaccompanied by spouses. The problem has been compounded in some areas by increased unemployment in farming caused by the loss of farmland to legitimate mining operations or to small-scale miners who essentially squat it.



School dropout is a widespread problem in mining areas in Ghana. As most of the children involved come from poor homes, they initially start mining part time to help pay school fees with the consent of their parents. Many end up abandoning school altogether as the attraction of making money, even very little, is stronger than their perception of any long-term benefits of continued schooling. Given the relatively short life spans of most small-scale mining sites, these children will eventually find themselves unemployed and without skills for finding other jobs.

The expansion of small-scale mining and the increase in migrant labor to these areas has been associated with an increase in prostitution, often involving girls as young as 12 years old. This has inevitably led to increased teenage pregnancies, single parenting, and sexually transmitted diseases, particularly HIV/AIDS.

Côte d'Ivoire



complained of muscle and joint pain and fatigue.

An IPEC sponsored study on small-scale gold mining in Côte d'Ivoire describes some truly distressing practices at illegal mine sites in that country. In the worst cases, children are being held in slavery-like conditions. The researchers found children trafficked from neighboring Burkina Faso, Guinea and Mali. These children worked ten hours a day, seven days a week, were paid very little and were badly nourished. Abusing amphetamines to get through the day was common. Most of the children considered being sick normal: over half said they were often sick and all

Children hired locally with or without other family members fared only marginally better. Girls as young as 5 years old were being sent down into narrow pits with buckets to empty out water that seeped in during the night. Girls did a great deal of the hauling of mud to washing sites, requiring that they carry on their heads loads far too heavy for their body sizes. Older girls faced the extra burden of household chores after work or on days off.

Democratic Republic of Congo

During the recent war in Congo, thousands of children were abducted and forced to become child soldiers. In the mineral rich eastern region of the country, many children were doubly exploited – while they weren't fighting, they were forced into hard labor in the numerous small-scale mines that supported the local militias and their sponsors. Following the withdrawal of the Ugandan and Rwandan armies in 2002-03 and the arrival of United Nations peacekeeping forces, demobilization and rehabilitation of child soldiers has moved forward in many areas of the DRC. In some of the hotly contested mining areas, however, resistance to demobilization by tribal militia leaders has been violent and has made progress nearly impossible. Children in these areas are out of reach of international relief organizations and continue to risk being recruited into militias or forced to work in mines. It is known that many of those who have managed to demobilize themselves, particularly older boys, have resorted to mining to survive. Cut off from their families and without an education or other skills, they have very little choice.

Asia

Mongolia

Mongolia is rich in gold deposits, and informal gold mining has become an important and growing source of income in rural areas. It has been estimated that 20 per cent of the country's rural workforce is involved either full or part time. Children, mostly boys, work with their families or with a group from their village. The average age of these mining children is 14 years old. However, below the age of 13, there are actually more girls than boys at mine sites. Children's contributions to family incomes are often vital; in many cases, they are actually providing the main source of income to the household.

Many children at Mongolian mines do not go to school; others go to school on weekdays and work during weekends and holidays.

The most frequent problems are hunger, fatigue, illness, and injuries due to accidents. In addition to being exposed to mercury, children face various other health problems. These include physical exhaustion, respiratory, kidney and urinary tract diseases, and joint and back pain.

Settlements near mining sites tend to be overcrowded and unhygienic; there are high levels of alcohol abuse and often no access to emergency and health services. Informal mines often encroach on legal concessions belonging to formal mining companies. This creates tensions that have been known to lead to violent altercations between mining company security staff and informal miners.

Philippines

In the Philippines, gold deposits can be found in many areas. Small-scale gold mining is thus widespread, employing perhaps as many as 500,000 people across the country. There are essentially two types of small-scale mining in the Philippines: “indigenous”, which is carried out by communities or tribes for collective benefit and somewhat self-regulated by social norms and ritual, and “gold rush mining” which attracts poor migrants another who work a site until it is considered empty and then move on. Most child labor is found in the latter.

Children working in small-scale mines generally work alongside older family members in different steps of the processing and provide support services. The typical child gold miner is a boy between the ages of 15 – 17 years old who is a school dropout and who contributes about 30 per cent of the overall family income. Girls are sometimes involved, particularly in panning, but generally are exploited in other ways – by having to forego education to look after younger siblings or perform household chores, or worse by getting pulled into prostitution or domestic labor for third parties.



In the Philippines, children participate in a particularly dangerous gold mining practice called compressor mining. Here child miners dive into and open, muddy well perhaps two meters wide and up to seven meters deep. They extract soil in a murky environment with zero visibility wearing crude eye masks and breathing oxygen from a tube with the help of a compressor. The miner works in a squatting position, anchoring himself with elbows or knees pressed against the walls while shoveling mud into sacks. He usually stays down anywhere from three to five hours before taking a break.

Latin America

The Andes region of South America: Bolivia, Ecuador and Peru

Child labor is prevalent in small-scale gold mining in Latin America. This is mainly because there are so many families or entire communities that earn their livelihood from this dangerous work. There may be as many as 65,000 children participating in Bolivia, Ecuador and Peru alone. Since the 1990s a significant expansion of small-scale mining has occurred, not only in countries where mining has traditionally played an important role in the economy, such as Bolivia and Peru, but also in other countries where mining is of less importance, such as Ecuador.

Mining communities in the Andean region are usually located far from any important town. They are particularly isolated during the rainy season (January to March), as roads, which in many cases are unpaved, become treacherous. These isolated settlements lack basic services such as decent housing, water, electricity, medical services or schooling facilities for the children.

Working conditions are very poor, as production systems are generally obsolete and inadequate. Work days can last up to 10 hours. The work done by children varies according to the type of mine from which ore is being extracted (underground, rivers or surface deposits). Many children (generally adolescents) work with their

parents in such activities as extraction, hauling ore, crushing and grinding the ore, and mercury amalgamation. It is usually unremunerated family labor, but there are cases in which adolescents' work for third parties as day laborer's.

Small children begin working with their mothers at a very young age. As they get older, boys begin to do more difficult tasks with their fathers or for third parties, while girls continue to work with their mothers, recovering and processing ore from waste rock. Due to cultural beliefs, miners generally do not allow females to enter the mines: the majority of children working down in the mines are boys. Outside the mines, girls process the ore and sift the mineral from the slag.

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The Nexus of Illegal Gold Mining and Human Trafficking Report

Extractives, Forced Labor and Human Trafficking, Illicit Goods, Latin America

Verité's report, *The Nexus of Illegal Gold Mining and Human Trafficking in Global Supply Chains*, starkly highlights how illegal gold mining throughout Latin America is tied to human trafficking, which will be of interest to the wide variety of companies and retailers that sell products containing gold. The report draws from field research in Peru and Colombia as well as extensive desk research and analysis of global gold flows.

Verité research has found that the diminishing supply and increasing demand for gold, combined with criminal and armed groups' quest for new sources of illicit revenue, have contributed to a surge in illegal extraction of gold from increasingly remote and lawless regions.

In Latin America, and elsewhere in the world, illegally mined gold is strongly linked to human trafficking and other labor abuses. It is also closely associated with child labor, severe threats to workers' health and safety, and sex trafficking.

Illegally mined gold is "laundered" and exported, with the help of corrupt government officials, to prominent refineries, which supply some of the biggest central banks, jewelry companies, and electronics producers in the world.

A Verité analysis of Dodd-Frank Act compliance records found that approximately 90 percent of Fortune 500 companies that filed conflict mineral reports listing the smelters and refineries from which they obtained their gold in 2015 reported sourcing gold from refineries that have demonstrated a pattern of purchasing illegally mined gold from Latin America.

Companies that source illegally produced gold face severe reputational and legal risks including potential liability under a number of statutes covering company complicity in trafficking in persons, forced and child labor, organized crime, corruption, and conflict minerals.

Combatting illegal gold mining and the human and labor rights abuses that accompany it requires a coordinated, multi-pronged approach by the governments of gold producing countries, as well as the countries and companies that import gold. Verité's report provides recommendations for how companies and governments can ensure that illegally mined gold does not make its way into central banks and global supply chains, and ultimately into the hands of consumers in the form of jewelry, gold bullion, and electronics.

SOURCE:

HUMAN RIGHTS WATCH

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WORLD GOLD COUNCIL

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INTERNATIONAL PROGRAMME ON THE ELIMINATION OF CHILD LABOUR (IPEC)