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On page 5 Adrian Ash explores the monetary and economic satire underlying the children's classic, The Wonderful Wizard of Oz, featuring the United States' 1896 political battle over following the Yellow Brick Road of a Gold Standard, plus the moral it now offers US voters and gold investors everywhere in 2016.

Community Gold Mining for Development

By Wayne Lau, Visiting Researcher at the Centre for Sustainable Development at Cambridge University, Chairman of the Board of Cameroon, Inc



Village miners in Cameroon. Source: CMINC

Gold mining can help rural villages in developing countries. A social enterprise, Cameroon Inc. (CMINC; www.camerooninc.com), collects tiny amounts of alluvial gold from family miners in Cameroon, Africa. Villagers earn income directly and, in doing so, clear their own path in development

Cameroon officially exports little gold and has no major gold mines. But for generations, family miners have foraged for gold flecks with shovel and pan. Such *community mining* differs from the co-operatives and small-scale industrial mines usually described as artisanal mining. As the Responsible Jewellery Council (RJC) notes: “Cameroon Inc. is the first RJC member who has stated to us that their primary business is to collect gold directly from family and community miners.”

CMINC evolved from an innovative non-profit co-founded by its CEO, Armand Biko’o. Born and raised in a rural Cameroon village, Biko’o won scholarships to study in South Africa and was a lecturer in nature conservation at South Africa’s largest university. The non-profit sought the dual goal of helping rural villages by conserving the wildlife around them. “We focused on working with traditional village social structures because we came from the villages,” explains Biko’o. CMINC’s success with communities was soon noticed and the government offered the team the right to collect gold in three rural areas.

Collections soon exceeded the capacity of the local markets, which led CMINC to explore international gold markets for help (see box). Gold has always held a special place in human society, arguably even more unique than the concept of money itself. This has led to the creation of a strict universe of formal and informal rules in the international gold trade. Credible buyers demand integrity through substantial anti-money laundering measures, child labour restrictions and environmental standards, among many others. How could a tiny group with an unfamiliar business model enter this complex universe?

CMINC quickly saw that both the formal and informal global standards were not fundamentally obstacles, but rather constructive ideas toward a common goal – improving the lives of rural mining families while supporting their ability to defend themselves against exploitation. The major challenge was applying the business and regulatory structures to a new sourcing model which operates in very difficult environments.

Anti-Money Laundering

Consider anti-money laundering for example: how does one build know-your-customer and chain-of-custody structures when dealing with tiny gold quantities collected from hundreds to thousands of mining families? CMINC used modern database concepts and information technology to create a possible solution – a Database Identification system (DBID).

The concept is simple. CMINC collects data on each mining family, including names, birthdates, children, location, school, village, tribe, etc. Every gold transaction with each family is also recorded by date, quantity and price. Gathering and updating data with pen and paper over vast territories in the African bush is not an easy task, but straightforward commitment, intensive management, good training and organisation, and discipline have made this possible.

Recording data is only part of the process however. Such information is most useful when it can be accessed easily by CMINC or an outside party for audit. This is why CMINC is developing a computerised system to organise the data. In theory, this will mean that anyone can find out where any particular shipment of CMINC gold came from. A first level search will show the villages and the amount of gold contributed by each; a second level search will show the amount of gold coming from each mining family in a village, and so on.



Map of Cameroon with the locations of CMINC's community mines in Bandjougri, Woumbou and Pater. Source: CAPM, Ministry of Mines



From left to right: Catherine Lam, European representative, Armand Biko'o, CEO, and Boubakari, COO. Source: CMINC

The DBID will also issue photo identity cards to each family. This proposal was greeted with enthusiasm by both villagers and the government, because outsiders often attempt to mine illegally near a village. Villagers can be intimidated by these intruders, which hampers the ability of the authorities in enforcement. The ID cards will allow the mining police to identify outsiders and enforce the rules on their own. Interest has been so great that Cameroon's Ministry of Mines has joined the project, setting up an MOU with CMINC to work together.

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CMINC's widespread collections also are a natural deterrent to abuse. If someone wanted to sell a large amount of illegally obtained gold, they would need to conspire with a large number of families who must be entrusted with the gold – a daunting obstacle in itself. In addition, the DBID can flag for investigation any untypically large gold quantity offered by a family.

Child Labour

A more difficult area is child labour. Applying existing international child labour standards word for word in rural areas is often not useful. That is because these standards were mainly developed when manufacturing moved to low-wage centres in Asia. They thus apply well in controlled factory settings where employees are monitored. But in both rich and poor countries, rural children participating in family work is considered a treasured part of a family's culture. A child's help is viewed as a sign of

responsibility and maturity. CMINC addresses this complex issue with a straightforward concept that appeals to a family's interests. When school is in session, no school-age child should be at the mines; when there is no school, parents have discretion over a child's activities. Exploitative labour by outsiders is strongly discouraged through an awareness programme. Fortunately, every stable family has a strong incentive to support the schooling of their children. Cameroon is unusually diverse, with more than 250 tribes. French (or, in some areas, English) as a second language taught in schools is a necessary lingua franca.

CMINC reinforces its child labour policy by helping local village schools with donations for classroom buildings, teachers' salaries, school supplies and furniture. This builds a strong relationship between school principles, teachers and CMINC. If children from a mining family are missing school or have other problems, CMINC will investigate. Since village schools typically educate children from both mining and non-mining families, the effort also helps support community unity and reduces inter-family jealousy.

For example, last year, CMINC was visiting a potential mining village partner and a young girl was spotted in a washing pit. Biko'o and visiting European representative, Catherine Lam, launched an investigation on the spot. The girl's father was found and he explained that the village's school had been closed by



Village School built by CAMNARES. Source: CAMNARES

the authorities due to a licensing error by an overseas charity. Parents had unfortunately already paid school fees for that year and could not afford more to send their children to the school in the next village. So the child was not working but was being supervised by her mother while her mother worked. CMINC verified the information and left an unconditional donation as a gesture of goodwill and trust. This was used to help restart the school. The village is now a CMINC partner (further details are available on CMINC's website).

The Environment

Mercury use in gold mining is a major issue. Fortunately, Cameroon law already prohibits the use of chemicals. CMINC fully supports the Cameroon government through monitoring miners, spot gold testing and mercury awareness campaigns. The campaigns use accurate but gruesome pictures of the effect of chemical poisoning on people, including children. Out of self-interest, families quickly realise that they want nothing to do with these chemicals in their areas, especially given the small extra quantity of gold which mercury renders.

Another environmental concern are the often very deep holes left in the local landscape. These holes are ugly. But they present more of a safety issue than an environmental problem, given their focused locations. In certain areas where arrangements can be agreed with village miners to bring in motorised equipment, CMINC will jointly agree with the miners to fill abandoned holes with old tailings and restore surface plants.

Ethics Through Transparency

While brainstorming solutions, CMINC saw the need for a holistic policy on ethics beyond complying with international standards. The current standards are successful, providing fine examples of applied ethical policy (see next section), but they are generally based on ethical consensus from the relatively wealthy countries which demand most of the world's gold. The standards work when gold is supplied from mines operated by a single entity (whether private company or artisanal co-operative), where the entity has a strong incentive to secure the gold from extraction to delivery. The entity can thus claim full responsibility for complying with the standards.

Community mined gold is different, because: a) each family is responsible for sourcing its own gold (albeit a microscopic quantity by industry standards); b) the families are dispersed across vast remote areas where transport and communications are difficult; and c) new ethical rules take considerable time to teach, let alone understand. These challenges mean misunderstandings and errors will happen. As a result, as community mining projects grow and mature, they are likely to attract criticism and allegations of ethical violations, whether substantiated or not.

Thus, there is a gap between current industry ethical standards and the difficult operating conditions in poor rural areas. CMINC is addressing this gap by adopting an ethical policy based on transparency:

Ethical Policy Statement: "Given its difficult operating environment, CMINC understands that ethical misunderstandings and errors will occur. CMINC is committed to addressing such misunderstandings and errors as opportunities to learn and improve operations, and therefore welcomes any information regarding possible ethical breaches."

In practice, CMINC has organised a system to document ethical incidents involving third parties, village miners and/or CMINC staff. The incidents are classified into categories: Sourcing (money laundering), Labor, Mercury, Bribery and Intimidation. For transparency, a brief synopsis of each incident is shown on CMINC's website.

The website also has a section where third parties can report suspected ethical incidents to CMINC. Of course, the more information that can be provided, including the reporter's contact details, the more likely an investigation is to be fruitful. If a reporter's contact information is disclosed, CMINC will commit to responding back to the reporter when the investigation is completed.

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What happens when a reporter does not have enough information about an incident for CMINC to investigate properly or is unsatisfied by CMINC's investigation? CMINC will arrange a third-party auditor with international credibility and the resources to do the investigations in Cameroon. The auditor will have full access to CMINC's records as well as physical access for visits and interviews at mining villages. The auditor can be contacted by a reporter for an estimate of the cost of an investigation. If the incident is serious enough, the reporter can raise the necessary funds with CMINC's co-operation and interest in any results that may help it.

Development Gold: A New Market?

CMINC's project raises an intriguing possibility for world gold markets. Ethical gold standards are already being developed and

recommended by highly credible organisations such as Fairmined (www.fairmined.org), the Responsible Jewellery Council (www.responsiblejewellery.com) and FairGold (www.fairgold.org). Such gold is certified to satisfy anti-money laundering standards, often including best practices for labour and the environment. Some standards also seek a positive impact on the quality of life of miners and their families. But the main message to the consumer currently is that Ethical Gold does no harm.

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What if consumers could be offered development gold, which not only does no harm, but also helps those who collect it? This message could be reinforced by systems like DBID which can link a retail gold piece to one of the families who contributed gold to it. When buying jewellery, the consumer could thus see information and pictures about the family, the children's school and the village. Through CMINC, an owner could even send letters and presents to the family (although CMINC would require that presents be allocated to the community in a fair way to avoid jealousy toward the family itself). When a consumer has the time and resources, a visit by the consumer to the family and its village can be arranged.

Thus, gold could offer more than harmless adornment – it could offer a consumer a charitable relationship, giving them the satisfaction of doing something good for someone less fortunate which could last a lifetime.

Let us gaze at blue skies a bit more. It might be possible for individuals, groups of individuals and corporations to adopt entire mining villages and use their gold exclusively in innovative ways. Of course, marketing channels and brands are justifiably sensitive to ethical claims. That is where CMINC's unusual transparency based ethical policy can help. Imagine a brand or marketing channel's CEO being interrupted during a speech by an ethical accusation over development gold. Rather than be flustered, the CEO could simply give the accuser details of the CMINC website for reporting ethical incidents. In a generous gesture of interest, he could even ask to be kept updated by the accuser regarding CMINC's follow-up. Development gold? An intriguing possibility indeed.



Catherine Lam at the LBMA Precious Metals Conference 2014 held in Lima, Peru. Source: LBMA

How does a social enterprise knowing nothing about international business approach world gold markets? "We sent emails and letters asking if anyone wanted to buy our gold. In the rare case where someone replied, we were told they do not buy artisanal gold. It was very frustrating," explains Geneva-based Catherine Lam, European representative for CMINC.

Out of desperation, Catherine took a last-minute flight to the LBMA's 2014 conference in Lima, Peru. As she relates: "It seemed everyone we tried to contact was going to be there, so we took the decision to just go and see what we could learn."

It was an epiphany. The industry is renowned for discretion, and CMINC's amounts are considered tiny. Nevertheless, attendees went out of their way to help educate a novice in the complexities of the international market. Anti-money laundering, child labour, chain of custody – no matter how complex, people were willing to spend their valuable time to explain. CMINC soon saw that it did not fit the industry's model for artisanal gold mines. But it was enthused by industry standards meant to help rural mining families while avoiding the funding of illegal groups that oppress them. CMINC is now honoured to be exporting gold to an LBMA-certified refinery.

"We are excited that Cameroon Inc. is exploring the possibility of getting Fairmined certified. This kind of an innovative 'social entrepreneur' community mining set-up might prove to be an interesting model for improving the access of artisanal miners to Fairmined certification, especially in the African context. They would be the first in Cameroon to reach certification and could lead the way for others to follow," says Marcin Piersiak, Standards Coordinator in the Alliance for Responsible Mining.



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