



Africa Gold Advisory

Executive Summary¹

The U.S. Departments of State, the Treasury, Commerce, Homeland Security, Labor, and the United States Agency for International Development (USAID) are issuing this Advisory in light of increasingly concerning reporting related to the role of illicit actors in the gold trade, including the Wagner Group, to (i) highlight the opportunities and specific risks raised by the gold trade across sub-Saharan Africa and (ii) encourage industry participants to adopt and apply strengthened due diligence practices to ensure that such malign actors are unable to exploit and benefit from the sector, which remains essential to the livelihoods of millions of people across sub-Saharan Africa.

The gold sector is critical to the economies and communities of many sub-Saharan African countries. Building on the U.S. Strategy toward Sub-Saharan Africa, this Advisory encourages U.S. businesses to consider responsible investment in all aspects of the sector in Africa: mining, trading, refining, manufacturing, and retail of key end products. At the same time, there are numerous risks that are directly and indirectly connected to the mining, refining, trading, and selling of gold. Without adequate due diligence and appropriate mitigating measures, an industry participant may inadvertently contribute to one or more of these risks, including conflict and terror financing, money laundering activities, sanctions evasion, human rights and labor rights abuses and environmental degradation.

While these concerns have been well known and extensively documented for many years in certain regions, such as South and North Kivu and Ituri provinces in the eastern part of the Democratic Republic of the Congo (DRC), newer risks in areas such as Sudan, the Central African Republic (CAR), Mali, and elsewhere in connection with the Wagner Group have made clear the need for this Advisory. The U.S. government is committed to addressing the relationship between gold and the illicit revenue streams that contribute to and fund conflicts, corruption, and other concerns in sub-Saharan Africa. This includes development programs, sanctions actions directed at actors throughout the gold supply chain, and financial and business risk advisories.

In recent decades, the international community has made important progress toward addressing these concerns by helping industry participants identify, evaluate, and reduce risks, particularly downstream in key trading and refining centers for gold from sub-Saharan Africa such as the United Arab Emirates and Switzerland. This Advisory is not intended to replace existing due diligence guidelines, processes, or underlying reports, but rather to provide a streamlined resource that amplifies and encourages more transparent public reporting by companies implementing them.

¹ This advisory is explanatory only and does not have the force of law. It does not supplement or modify statutory authorities, executive orders, or regulations. It is not intended to be, nor should it be interpreted as, comprehensive or as imposing requirements under U.S. law, drawing any legal conclusions about specific fact scenarios regarding particular businesses or entities, or otherwise addressing any particular requirements under applicable law. Its sole intent is to provide information to businesses and individuals that they may consider in assessing their potential exposure to involvement with entities engaged in a range of concerns, as part of a risk-based approach to due diligence. Please see the legally binding provisions cited and other relevant legal authorities.

Notwithstanding this progress, malign actors continue to exploit vulnerabilities in the gold supply chain across sub-Saharan Africa, in some cases with relative ease. Local armed groups in several conflict-affected regions have used the gold trade to finance their activities for decades, and armed entities hostile to U.S. interests are also increasing their presence in sub-Saharan Africa's gold trade. These groups include jihadists, some with links to Al-Qaeda and the Islamic State,² as well as the Wagner Group of mercenaries under the leadership of Yevgeny Prigozhin. Gold's role as a store of value and currency, in addition to being a material used in other supply chains, further exacerbates these challenges. Industry participants should be prepared for increased U.S. government attention to the relationship between gold and these groups' revenue streams and should be prepared for the possibility that U.S. sanctions could be used to disrupt these groups' operations.

U.S. individuals and entities engaged with the gold sector—whether as miners, traders, refiners, exporters, users, consumers, financial institutions, or otherwise—should carefully review the risks described in this Advisory and ensure they conduct enhanced due diligence to address these risks, as appropriate and necessary. Further, they should consider, address, and report publicly on their efforts related to these risks where possible.

At the same time, U.S. persons should also explore opportunities for responsible investment in the African gold sector, including through large-scale projects and direct commercial opportunities support for the sustainable development of artisanal and small-scale mining, and due diligence innovations that enable commercially viable artisanal gold exports. Companies and U.S. persons are also encouraged to join multi-stakeholder initiatives that address these risks and release data on the impact of their individual efforts. Through these and other efforts, responsible industry participants can reduce risks and increase responsible opportunities associated with the gold industry in sub-Saharan Africa.

The key recommendations discussed in this Advisory include:

- Individuals and entities engaged in the gold sector across the African continent in countries or sub-national regions where corruption may be a concern should be aware of the risks associated with doing business with corrupt actors, including potentially facilitating money laundering, the violation of economic sanctions, or other financial crimes related to corruption;
- Individuals and entities doing business with the gold sector in conflict-affected countries across sub-Saharan Africa should conduct specific due diligence with respect to local communities to avoid commercial risks related to relevant red flags and reputational risks associated with contributing to conflict violence;
- Individuals and entities engaged in the gold sector across the continent in countries or localities where corruption may be a concern should be aware of the risks associated

² See, e.g., OECD and Liptako-Gourma Authority, *Gold at the Crossroads: Assessment of the supply chains of gold produced in Burkina Faso, Mali and Niger* (2018) and David Lewis & Ryan McNeill, *How Islamic Jihadists Struck Gold in Africa's Sahel*, REUTERS (Nov. 22, 2019).

with smuggling, including potentially facilitating the violation of economic sanctions, tax evasion, money laundering or other financial crimes related to smuggling;

- Individuals and entities should conduct specific due diligence with respect to labor and human rights abuses to avoid commercial risks related to relevant red flags from responsible sourcing initiatives and reputational risks associated with contributing to these harms;
- Individuals and entities should conduct specific due diligence with respect to environmental concerns, including mercury, cyanide, and deforestation;
- Individuals and entities engaged in downstream purchases of recycled gold must ensure that they conduct due diligence on such purchases to determine whether recyclers may be introducing mined gold from sanctioned, conflict-affected, or other high-risk sources;
- Individuals and entities should review available anti-money laundering typology reports carefully, including several referenced in this Advisory, in particular the lists of red flags associated with gold trading and refining, in order to identify the specific ones potentially applicable to their business. The red flags in such typology reports should be integrated into compliance programs, as appropriate, in order to avoid reputational and commercial risks related to doing business with those engaged in money laundering and terrorist financing, including violating sanctions, or prosecution for these financial crimes; and
- Individuals and entities that conduct business with, materially assist, sponsor, or provide financial, material, or technological support for, or goods or services to, or in support of a sanctioned individual or entity may expose themselves to an array of consequences, such as potential designations, civil penalties, or other legal actions.

In sum, the combined objective and action expected from this Advisory is to encourage U.S. industry participants to invest responsibly in the gold sector in sub-Saharan Africa while strengthening due diligence practices and transparency in order to further restrict the ability of malign actors to exploit and profit from the sector. To that end, this Advisory proceeds in four parts.³ Part I summarizes the opportunity that the gold industry in sub-Saharan Africa represents. Part II discusses the risks associated with the gold industry on the continent, focusing first on the “upstream” extraction-related risks, and then turning to the “downstream” risks associated with value chains and distribution. Part III discusses U.S. sanctions in the context of the gold industry. Finally, Part IV discusses due diligence and best practices, focusing especially on the OECD Due Diligence Guidance adopted in 2011. The Annexes provide additional detail on existing sanctions and ongoing development projects.

I. Opportunity

Africa is a major source of global gold, generating at least 870 metric tons of the precious metal – a quarter of worldwide output – in 2021. Whereas South Africa was the dominant gold producer for much of the 20th century, today gold mining is growing across the continent. The

³ The Advisory references a limited number of specifics and case examples. It is anticipated that more specific country-focused or issue-focused documents will build on the general outline provided by this Advisory.

top five producers in 2021 were Ghana, South Africa, Burkina Faso, Mali, and Sudan, according to official industry figures.⁴ While West Africa has emerged as a leading source of gold, countries elsewhere, such as the Democratic Republic of the Congo (DRC) and Tanzania, also have significant production. Large-scale, industrial mines, referred to as large-scale gold mining (LSGM), contribute the most significant volumes of licit gold, with the continent's largest mines by output located in the DRC, Mali, Tanzania, and Ghana. U.S. companies are already active investors in the LSGM sector in sub-Saharan Africa, and further responsible investment in all aspects of the sector is encouraged.

A. Artisanal and Small-Scale Gold Mining

LSGM mining is only one aspect of African gold. If measured by its impact on people, artisanal and small-scale gold mining (ASGM) might be considered even more significant. Scholars report that artisanal and small-scale mining of all types of minerals is the most important non-farm based, rural livelihood activity in sub-Saharan Africa,⁵ with an estimated 10-25 million people in the region working in the sector.⁶⁷ While some of these artisanal and small-scale miners dig for diamonds, tin, and other minerals, the majority are engaged in gold extraction. Many ASGM participants are driven to gold mining by poverty and a lack of other equally lucrative and viable livelihood opportunities. The potential to earn a quick, cash-based income also motivates participants to pursue mining. The term ASGM encompasses an array of activities, including panning in riverbeds, hydrologic mining, and deep tunneling, and a diverse set of people work in the sector, from elderly women who wash collected ores to wealthy mining financiers who informally employ dozens of workers. ASGM is commonly defined as low-tech and labor intensive, but in aggregate its production is significant.

ASGM is estimated to produce 20 percent of the world's gold. However, only 3% of the gold refined by refiners accredited by the London Bullion Market Association (LBMA) comes from artisanal sources, indicating that most ASGM gold circulates in the informal market.⁸ In most African countries, including leading producers like Ghana, ASGM is estimated to similarly contribute around 20 percent of national gold output. In minor gold producing nations, ASGM may represent nearly all of a country's gold exports. However, due to smuggling and the unlicensed movement of gold between African states, estimates of ASGM gold production are highly uncertain and official statistics are likely to represent only a fraction of actual output. For example, in the DRC, official exports of ASGM in 2021 were around 15-30 kg, yet estimates suggest the total annual production of ASGM was closer to 20 tons, even exceeding the DRC's

⁴ Gold production numbers sourced from the World Gold Council, available at <https://www.gold.org/goldhub/data/gold-production-by-country>.

⁵ Gavin Hilson, *Artisanal mining, smallholder farming and livelihood diversification in rural Sub-Saharan Africa: An introduction*, Journal of International Development, pp.1031-1041 (2011).

⁶ World Bank, *2019 State of the Artisanal and Small-Scale Mining Sector*.

⁷ Gavin Hilson, Steven Van Bockstael, et al, *Artisanal and small-scale mining, and COVID-19 in sub-Saharan Africa: A preliminary analysis*, World Development, p.105315

⁸ World Bank, *2020 State of the Artisanal and Small-Scale Mining Sector*.

LSGM production. The country also reportedly had numerous gold exporters who paid license renewal fees but registered no exports.

Like many other sectors of the informal economy in sub-Saharan Africa and elsewhere, ASGM is subject to less monitoring and regulation by mining authorities, and is therefore more at risk of criminal activity, corruption, social conflict, ecological degradation, human and labor rights abuses, including the worst forms of child labor, forced labor, human trafficking, and gender discrimination, and poor health and safety conditions. Gold mining activities can become a target for extortion, money laundering, or conflict financing. Most ASGM communities adhere to local, informal governing institutions that define how property is allocated, how labor is organized, which can be informal and exploitative, how participants are compensated, and other norms of gold production. These modes of governance are frequently considered legitimate by local people, even where they contradict official laws or policies.

Nevertheless, ASGM is often deemed illegal and, in some cases, unregulated. In general, interventions to address ASGM focused on law enforcement has proven ineffective at limiting these activities, largely because it fails to address the drivers underlying the sector's growth. Criminalization disproportionately affects the sector's most impoverished participants, who often have few other livelihood options. Instead, most experts and development practitioners advocate for formalization – that is, to bring ASGM into the legal realm, regulate it to mitigate harms, use it to drive local development, and tax it to derive state revenues. Many African states have supported formalization but have not managed to implement effective changes in practice due to a number of challenges and factors, both internal and external. Even in countries where pathways to legality exist, the vast majority of ASGM operations remain informal because formalization processes are convoluted, expensive, not implemented by elites who stand to lose profits, or ill-suited to on-the-ground realities. As a result, large portions of ASGM gold remain outside the formal trade, are susceptible to corruption and smuggling, and fail to generate the maximum benefits for local communities.

There is significant potential to further develop the gold sector in Africa by improving efforts to incorporate ASGM activities into the formal gold trade. Large amounts of ASGM gold – currently smuggled and/or unrecorded – would become available for as an important source of fiscal revenue. Moreover, formalization may reduce costs associated with corruption and mitigation of environmental impacts and, in some cases, lead to better gold prices for local miners. Supporting, resolving issues in, and clarifying policies around ASGM will also create new opportunities for industrial gold mining. Industrial mining operations often conflict with ASGM, either because they pursue mining in the same areas or because they have historical claims to mining land. There are, however, important examples of LSGM-ASGM cooperation and sharing of concessions, including in the DRC. In March 2022, the [World Gold Council published a report](#) highlighting key lessons and strategies for encouraging LSGM-ASGM cooperation. Reducing the legal ambiguities around ASGM, such as by clearly delineating

ASGM rights and providing access to various forms of financing,⁹ would enable these forms of cooperation, improve investor confidence in mining, increase opportunities for mineral exploration, and grow the potential for value-added facilities, such as gold refiners and smelters. Supporting and improving ASGM governance would also reduce the perceived reputational risks that have historically made downstream gold sector actors reluctant to engage ASGM producers.

If managed properly, these activities could help realize sub-Saharan Africa's potential to be a leader in licit gold production, with benefits for the private sector, state revenues, and – if done equitably and with community consent and participation – local development benefits for mine-site communities. For example, the International Conference of the Great Lakes Region (ICGLR) adopted a comprehensive and integrated ASGM strategy in 2018 that represents a potential clear path forward for many communities.

However, significant uncertainties also remain around how to best pursue regularization of the gold sector, including ASGM. An array of development interventions, including many supported by U.S. government agencies (detailed below and further in the Annex), have pursued this goal. Like most development programs, these interventions have both generated success stories and exposed shortcomings. One of the most prevalent critiques claims that interventions often target only the “low hanging fruit” in ASGM, engaging mining communities that can most easily comply with legal regulations and neglecting those which do not. Yet, other aspects have proven successful, such as efforts to reduce financing to armed groups. There is considerable opportunity to build upon the lessons learned from these programs to refine interventions and policies, collect and use data to inform interventions and measure impact, reduce harms, and increase benefits generated from Africa's gold sector.

B. Development Project Examples

The U.S. government supports industry, communities, and partner governments to enhance responsible extraction and integration into value chains, with an emphasis on human rights, fair and safe labor conditions, and environmental stewardship. A few select examples of these programs are listed below; a more complete list is presented in Annex II:

- **CLEAN GOLD (ZAHABU SAFI):** USAID supports the scaling-up of exports and sales of conflict-free and responsible artisanal and small-scale gold from eastern DRC by developing market linkages between mining cooperatives and responsible gold supply chain actors. Activities address barriers throughout the artisanal gold supply chain by: 1) increasing demand and co-investment from responsible markets, 2) increasing the volume of exports by increasing the ability of upstream and midstream supply chain actors to adhere to due diligence and gold traceability standards, and 3) improving the commercial

⁹ Kady Seguin, Victoria Reichel, and Raphael Deberdt, *Financing the Unbanked: How Community Savings Groups Can Create Pathways for Legal Artisanal Gold in Burkina Faso* (March 2023), available at https://impacttransform.org/wp-content/uploads/2023/03/IMPACT_Financing-the-Unbanked-2023_EN-web.pdf; Oscar Katho, Joanne Lebert, et al, *The Just Gold Project: Lessons for the Future of Artisanal Gold in Democratic Republic of Congo* (March 2021), available at https://impacttransform.org/wp-content/uploads/2021/03/IMPACT_Just-Gold-Lessons_March-2021_EN-web.pdf

viability of gold cooperatives through training to improve business operations and governance.

- **PUBLIC-PRIVATE ALLIANCE FOR RESPONSIBLE MINERALS TRADE:** Established in 2011, the Public-Private Alliance for Responsible Minerals Trade (PPA) is a public-private partnership hosted by USAID, Department of State, and Department of Labor and sustained through membership from civil society, the private sector, and academia to support conflict-free mineral supply chains from the Great Lakes Region. The PPA facilitates dialogue among international and regional actors to harmonize responsible sourcing efforts. The PPA finances pilot projects to develop due diligence and other tools, including a project promoting mobile access to finance for artisanal mining. The PPA has recently expanded outside the Great Lakes region to include programming worldwide.
- **RESPONSIVE ENGAGEMENT AND COLLECTIVE LEARNING APPROACHES TO INFORM MERCURY SUBSTITUTION IN ASGM:** This Department of State project supports Ghana as they implement the Minamata Convention and finalize their National Action Plan to reduce mercury emissions. The project improves interagency and stakeholder coordination and increases Ghana's capacity to adopt mercury-free alternatives. It works with two licensed mine sites to showcase scalable mercury-free technologies, establishing incentives for mercury-free alternatives, and increasing stakeholder buy-in. The project engages with stakeholders to reform licensing, regulation, and oversight of the ASGM sector. The project creates an early warning and response system which strengthens communities against political, economic, cultural, health, environmental, and security threats.

C. Refining

Despite this volume and range of gold production, there is comparatively little gold refining and trading in sub-Saharan Africa, with most of this activity occurring in Europe, the Middle East, and Asia. At present, Africa has only one gold refinery, located in South Africa, certified to LBMA guidance, although there is a growing network of refineries developing across the continent. The principal direct export markets for refining of gold from across sub-Saharan Africa are reported to be the UAE¹⁰, Switzerland, and India,¹¹ though transparency in the sector with respect to these relationships remains limited.

II. Risks

In recent years, the U.S. government and myriad organizations have issued reports addressing the risks associated with the gold industry in sub-Saharan Africa. These reports identify concerning behavior associated with the gold trade and provide recommendations for

¹⁰ Sasha Lezhnev and Megha Swamy, *Understanding Money Laundering Risks in the Conflict Gold Trade from East and Central Africa to Dubai and Onward*, November 2020, available at <https://thesentry.org/wp-content/uploads/2020/11/ConflictGoldAdvisory-Summary-TheSentry.pdf>.

¹¹ SWISSAID, *Out of the Shadows: Business relationships between industrial gold mines in Africa and refineries*, March 30, 2023, available at https://swissaid.kinsta.cloud/wp-content/uploads/2023/03/2023-02-SWISSAID-Goldstudie_EN_final_web.pdf.

how governments, the private sector, and international bodies can collaborate to reduce these risks; this section highlights key elements from a number of those reports.¹²

A. Upstream Risks: Risks Associated with Mining

Gold extraction in sub-Saharan Africa generates a variety of risks that industry participants should take care to analyze and address. As noted, extraction can be generally divided into two broad categories of mining: LSGM and ASGM. While some risks are more prevalent in specific types of mining, other risks are common to both LSGM and ASGM.

The risks noted below are grouped together for ease of reference and given the level of concern for the U.S. government. Within the OECD due diligence framework, however,

¹² Among the many valuable reports, six reports are particularly noteworthy for review by industry participants. First, a 2015 report from the Financial Action Task Force (FATF), an intergovernmental organization that designs and oversees implementation of anti-money laundering standards, addresses aspects of the gold trade that attract criminals, focusing especially on money laundering and terrorist financing. FATF Report, *Money Laundering / Terrorist Financing Risks and Vulnerabilities Associated With Gold*, at 40 (July 2015), available at <https://www.fatf-gafi.org/en/publications/Methodsandrends/ML-tf-risks-and-vulnerabilities-gold.html>. Second and third, the Intergovernmental Action Group Against Money Laundering in West Africa (“GIABA”), a division of the Economic Community of West African States and a FATF-style regional body, developed a report in 2019 that uses case studies to highlight misconduct, highlighting the role of gold in regional money laundering schemes. GIABA, *Money Laundering and Terrorist Financing Linked to the Extractive Industry Mining Sector in West Africa*, at 7 (Oct. 2019), available at https://www.giaba.org/media/f/1104_pkbat_41745%20ENG-ML%20-%20TF%20IN%20EXTRACTIVE.pdf. GIABA’s member states are Benin, Burkina Faso, Cape Verde, Comoros, Cote d’Ivoire, Gambia, Ghana, Guinea-Bissau, Guinea, Liberia, Mali, Niger, Nigeria, Sao Tome and Principe, Senegal, Sierra Leone, and Togo. The GIABA report relies on contributions from local experts along with responses to questionnaires and interviews with key stakeholders. This report complemented the OECD’s report on the risks associated with gold supply chains in the Sahel, including specifically with respect to terror financing. OECD, *Gold at the Crossroads* (2018), available at <https://mneguidelines.oecd.org/Assessment-of-the-supply-chains-of-gold-produced-in-Burkina-Faso-Mali-Niger.pdf>. Fourth, the ICGLR report in 2018 noted above, which focused on ASGM in the Great Lakes region. ICGLR, *Strategy for Artisanal and Small-Scale Gold* (2019). The ICGLR includes as member states Angola, Burundi, CAR, Republic of Congo, DRC, Kenya, Uganda, Rwanda, South Sudan, Sudan, Tanzania and Zambia. The report identified “commonly agreed intervention areas” across the member states and outlined a series of strategies to reduce the gold trade’s contribution to “conflict, insecurity, and human rights abuses in the region.” ICGLR, at 14-16. Fifth, in May 2021, INTERPOL released a study of the involvement of organized crime in illegal gold mining in Central Africa. INTERPOL, *Illegal Gold Mining in Central Africa* (May 2021), available at <https://www.interpol.int/News-and-Events/News/2021/Central-Africa-Criminals-are-cashing-in-on-COVID-19-surge-in-gold-prices>. The study focused principally on artisanal gold mining and trading, noting the myriad ways that organized crime groups exploit the gold sector across the region and onward into markets such as the UAE. Finally, in 2022 the Eastern and Southern Africa Anti-Money Laundering Group (“ESAAMLG”) investigated why few countries are “reaping the benefits of the natural resources” in the region. ESAAMLG, *Illicit Dealing in Gold, Diamonds, and Rubies, and Associated Money Laundering and Terrorist Financing Risks* (2022), available at https://www.esaamlg.org/reports/ILLICIT_DEALING_SEPT_2022.pdf. ESAAMLG’s member states are Angola, Botswana, Eritrea, Eswatini, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe. The ESAAMLG report relied on questionnaire responses to highlight how criminals manipulate the gold trade to facilitate illicit behavior—including “corruption, smuggling, drug trafficking, arms trafficking, and the financing of terrorism”—that undermines the positive contributions that the gold industry should generate for the region’s countries and citizens.

responses to these risks can and should be managed differently. For example, environmental degradation/mercury usage and certain forms of labor abuses are not “OECD Annex II” risks requiring immediate cessation of engagement; rather, engagement, mitigation, and continuous improvement are encouraged.

i. Corruption

Corruption is a major risk associated with both LSGM and ASGM mining, especially given the known lack of widespread traceability mechanisms in the mining sector. The Financial Action Task Force (FATF) explains that “Due to the high barrier to entry, including obtaining the necessary environmental and regulatory permission of LSM projects, these activities are susceptible to corruption of a large scale.”¹³ Similarly, INTERPOL’s investigation of gold mining in the Central African region identifies “grand corruption” as a serious challenge, noting that “corrupt politicians, high ranking civil servants and military officials, are involved in illegal mining,” and that “national and international mining companies...are suspected of corrupting civil servants.”¹⁴ GIABA’s report provides a case study showcasing how an LSM company in Ghana relied on a bribery and kickback scheme to obtain a license.

Accordingly, individuals and entities engaged in the gold sector across the continent in countries or sub-national regions where corruption may be a concern should be aware of the risks associated with doing business with corrupt actors, including potentially facilitating money laundering, the violation of economic sanctions, or other financial crimes related to corruption.

ii. Conflict

Contributing to conflict is an additional risk at the extraction stage. INTERPOL reports that “[n]on-state armed groups in the DRC and CAR finance their activities by controlling some gold mine sites, smuggling routes, and extorting gold through illegal taxation.”¹⁵ A report by the International Crisis Group notes that the relationship between gold and insecurity has “taken on a new dimension since 2016,” as new discoveries and “the arrival of armed groups in areas where gold was already mined...expose these resources to the predatory behavior of rebel and jihadist armed groups, for whom mining sites have become a source of financing and recruits.”¹⁶

The Global Initiative Against Transnational Organized Crime has reported in 2021-22 that jihadist groups control mine sites in Burkina Faso, and the Coordination of Azawad Movements – a political-military rebel coalition – controls and taxes mines in Mali.¹⁷ For example, as stated in the 2021 State Department Human Rights report, in Burkina Faso, “an unidentified group of assailants attacked and destroyed a settlement adjacent to a gold mine on the outskirts of the village of Solhan, approximately 30 miles from the country’s border with

¹³ FATF, at 14.

¹⁴ INTERPOL, at 27.

¹⁵ INTERPOL, at 28.

¹⁶ *Getting a Grip on Central Sahel’s Gold Rush Crisis Group Africa Report N°282* (Nov. 13, 2019), available at <https://icg-prod.s3.amazonaws.com/282%20Getting%20a%20Grip%20.pdf>.

¹⁷ Marcena Hunter, *Beyond Blood: Gold, Conflict and Criminality in West Africa*, GLOBAL INITIATIVE AGAINST TRANSNATIONAL ORGANIZED CRIME (2022).

Niger, resulting in the killing of 132 civilians, according to the government, although international media sources reported the number of victims was closer to 160 or even 200.” In late 2022, reports emerged showing the Wagner Group – the aforementioned Russian mercenary unit and transnational criminal organization tied to atrocities and conflict across the continent¹⁸ – has gained control of gold mines and assets in CAR,¹⁹ Sudan,²⁰ and potentially in areas of West Africa. The Sentry has also reported consistently on the connection between gold and conflict across East and Central Africa.

In October 2022, the UAE Financial Intelligence Unit noted “[Dealers in precious metals and stones] are possibly involved in gold smuggling from conflict/affected and high-risk areas or in the illegal transport of gold through other high-risk jurisdictions. From there, gold enters the country and is further sold to other local DPMS entities, or is processed and re-exported to Western European countries.”²¹

In June 2023, the U.S. Government issued an [Update to a previous Business Risk Advisory on Sudan](#) and identified gold from Sudan as “considered a mineral from a conflict-affected area for purposes of due diligence pursuant to the OECD DDG, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the UN Guiding Principles on Business and Human Rights, and other government- or industry-developed responsible sourcing frameworks.” This identification was made due to, among other things, “concerns related to the conflict include clashes in and around gold producing areas, forced labor in gold mining, taxation by armed groups along gold supply routes, and use of funds from gold sales to support the conflict.”

Individuals and entities doing business with the gold sector in conflict-affected countries across sub-Saharan Africa should conduct specific due diligence with respect to local communities to avoid commercial risks related to relevant red flags and reputational risks associated with contributing to conflict violence.

iii. Upstream Smuggling

Though often driven by differences in prevailing tax and royalty rates or the quest for sufficient financing for operations, smuggling can also be exacerbated by corruption-rife environments and conflict-related risks.

For example, the 2021 State Department Human Rights report for the DRC explained that:

¹⁸ See, e.g., Jason Burke & Zeinab Mohammed Salih, *Russian mercenaries Accused of Deadly Attacks on Mines on Sudan-CAR Border*, THE GUARDIAN (June 21, 2022), available at <https://www.theguardian.com/world/2022/jun/21/russian-mercenaries-accused-of-deadly-attacks-on-mines-on-sudan-car-border>; Catrina Doxsee & Jared Thompson, *Massacres, Executions, and Falsified Graves: the Wagner Group’s Mounting Humanitarian Cost in Mali*, CSIS (May 11, 2022).

¹⁹ Raphael Parens, *The Wagner Group’s Playbook in Africa*, FOREIGN POLICY RESEARCH INSTITUTE (Mar. 18, 2022).

²⁰ Khadija Sharife, et al., *Documents Reveal Wagner’s Golden Ties to Sudanese Military Companies*, ORGANIZED CRIME AND CORRUPTION REPORTING PROJECT (Nov. 2, 2022).

²¹ UAE Financial Intelligence Unit, *Dealers in Precious Metals and Stones: Strategic Analysis Report* (Oct. 2022), available at <https://amluae.com/wp-content/uploads/2022/11/Strategic-Analysis-Report-DPMS-October-2022.pdf>

Government officials were often complicit in the smuggling of artisanal mining products, particularly gold, into Uganda and Rwanda. A 2020 UN Group of Experts report highlighted Ituri Province as a major source of smuggled gold found in Uganda. The UN Group of Experts also reported that FARDC [Congolese army] soldiers regularly accepted bribes from artisanal miners to access the Namoya site, which was owned by the Banro Mining Corporation. Mining experts and law enforcement officers interviewed in the report described natural resource-related crimes as “quick cash” and explained that violators often bribed law enforcement agencies to secure safe transit of illegal goods.

In the 2021 State Department Human Rights report for Zimbabwe, it was noted that:

According to Home Affairs Minister Kazembe, the country was losing U.S. \$100 million monthly to gold smuggling. In October 2020 security officials at Harare International Airport arrested Henrietta Rushwaya, a relative of President Mnangagwa, when she attempted to smuggle approximately U.S. \$300,000 worth of gold to Dubai. Despite receiving wide publicity at the time, Rushwaya avoided conviction and was reinstated as the president of the Zimbabwe Miners Federation. In May [2021], the South African Revenue Service arrested a Zimbabwean man trying to smuggle U.S. \$780,000 worth of gold into South Africa. As of November, the investigation had not concluded.

Open-source reporting in March and April 2023 documented the array of methods through which smuggling occurs from countries such as Zimbabwe and South Sudan, with a range of techniques, including large-scale corruption, used to move gold illicitly across borders.²²

Accordingly, individuals and entities engaged in the gold sector across the continent in countries or localities where corruption may be a concern should be aware of the risks associated with smuggling, including potentially facilitating the violation of economic sanctions, tax evasion, money laundering or other financial crimes related to smuggling.

iv. Human Rights and Labor Abuses

Despite greater international focus on human rights concerns in gold extraction, labor rights abuses remain widespread. Throughout sub-Saharan Africa, gold mining sites—in particular, ASGM sites—often fail to comply with labor and mining regulations. Workers who mine gold lack proper equipment and training, they handle mercury and other toxic substances, and they suffer mine accidents and injuries; children work in and around the mines; women are prohibited from working in mines; and sometimes, workers cannot exercise their freedom of association or collectively bargain. Gold mined with exploitative labor, including child labor and/or forced labor, is traded through legal and illegal channels, does not comply with due diligence guidelines, and winds up in further downstream goods.

²² Al Jazeera Investigative Unit, *How a “Gold Mafia” is Looting Southern Africa, Washing Dirty Cash* (March-May 2023), available at <https://www.aljazeera.com/news/2023/3/23/gold-mafia-looting-southern-africa>; Marcena Hunter and Ken Opala, *Tarnished Hope: Crime and Corruption in South Sudan’s Gold Sector* (June 2023), available at: <https://globalinitiative.net/analysis/south-sudan-gold-sector-crime-corruption/>

The Trafficking Victims Protection Reauthorization Act (TVPRA) requires the U.S. Department of Labor’s Bureau of International Labor Affairs (ILAB) to “develop and make available to the public a list of goods from countries that [ILAB] has reason to believe are produced by forced labor or child labor in violation of international standards” (TVPRA List or the List; 22 U.S.C. § 7112(b)(2)(C)). For the TVPRA List issued in 2022, gold was the good with the highest number of child labor listings, for 24 countries. Of the 26 countries cited globally for child labor and/or forced labor, 15 of those countries are in sub-Saharan Africa: Burkina Faso, Cameroon, DRC, Ethiopia, Ghana, Guinea, Kenya, Mali, Niger, Nigeria, Senegal, Sudan, Tanzania, Uganda, and Zimbabwe. Labor Department reporting also found that gold was produced with forced child labor in Burkina Faso and DRC. The Department of State’s 2021 Trafficking in Persons Report also noted that human trafficking is connected to the gold mining sector in 16 sub-Saharan African countries.²³

ILAB’s annual report, “Findings on the Worst Forms of Child Labor,” includes further detail on the risks inherent in child labor in gold mining. The report presents findings on the prevalence and sectoral distribution of the worst forms of child labor in each country; country-specific suggestions for government action (since 2009); and individual country assessments that identify where Significant, Moderate, Minimal, or No Advancement has been made (since 2011). For numerous sub-Saharan African countries, the report cites specific hazards in gold extraction, including risks of injury from breaking rocks, digging in deep pits vulnerable to collapse, or lifting heavy loads. Gold mining also presents unique health hazards due to the materials used in the mining process, including mercury and cyanide (which present dangers to both children and adult miners), as discussed below.

As noted, the report provides an assessment of government efforts to address the worst forms of child labor. Within sub-Saharan Africa, there are significant obstacles to effective application of internationally recognized worker rights, including enforcement of child labor laws and occupational safety and health regulations. This is particularly true in sectors such as gold mining, where small-scale, informal, and often illegal mining sites fall outside of the reach of relevant authorities. Ministries responsible for labor inspection, child welfare, and mine safety (where such units exist) are generally understaffed and lack sufficient funding for training, vehicles for transport to remote work sites, and other resources necessary for adequate enforcement efforts.

The 2021 State Department Human Rights report noted the existence of the worst forms of child labor in relation to gold mining in, among other places, Burkina Faso, CAR, Cote d’Ivoire, the DRC, Ghana, Guinea, Mali, South Sudan, Tanzania, and Zimbabwe. In Mali, according to a March 2020 report from the Ministry of Environment, approximately 9% of the ASM workforce were children; forced labor of adults in gold mining was also noted in Mali.

Gold mined with forced labor also presents a business risk, as it can be subject to customs enforcement actions. U.S. law prohibits the importation into the United States of goods mined, produced, or manufactured wholly or in part by forced labor, including convict labor, indentured

²³ These sixteen countries are: CAR, Chad, DRC, Gambia, Ghana, Guinea, Liberia, Mali, Niger, Nigeria, Senegal, South Sudan, Sudan, Tanzania, Uganda, and Zimbabwe.

labor under penal sanctions, and forced or indentured child labor. When information reasonably, but not conclusively, indicates that a good made with forced labor is being, or is likely to be, imported into the United States, U.S. Customs and Border Protection (CBP), may issue a Withhold Release Order (WRO). WROs allow CBP to detain the goods in question at all U.S. ports of entry unless the importer can prove the absence of forced labor in its shipment's supply chain. In 2019, gold mined in artisanal small mines in the DRC was subject to a WRO. CBP continues to vigilantly monitor U.S.-bound supply chains for products made with forced labor. Additionally, the World Customs Organization (WCO), has multiple initiatives and operations that support the building of international customs capabilities to identify illicit gold more effectively. For example, Operation Tentacle strengthens custom organizations' ability to collaboratively deny and disrupt the movement of illicit money through customs nodes by transnational criminal organizations and terrorist organizations.

Individuals and entities should conduct specific due diligence with respect to labor and human rights abuses to avoid commercial risks related to relevant red flags from responsible sourcing initiatives and reputational risks associated with contributing to these harms.

v. Environmental Concerns

The ASGM sector is the largest source of mercury pollution in the world, releasing an estimated 844 metric tons annually and it is the major contributor to the mercury emissions from South America and sub-Saharan Africa. Although a number of alternative methods have been developed, including through projects like those described in Annex 2, mercury remains used to extract gold in most of the sub-Saharan countries that have ASGM sectors. It is a powerful neurotoxin that can be transported through a variety of transboundary mechanisms such as air pollution, water flows, and the food chain (in particular, fish), making it a major public health threat. The 2021 State Department Human Rights report noted concerns related to mercury usage in Ghana, Mali, Sudan, and Zimbabwe.

Cyanide use is also prevalent in many African countries: it is used to extract the remaining gold in mercury-contaminated tailings and facilitates the conversion of elemental mercury to more bio-available forms that are taken up by fish and other fauna, some of which may then be consumed by people.

Other environmental concerns for the ASGM sector include deforestation and increased turbidity and pollution in waterways.

Individuals and entities should conduct specific due diligence with respect to environmental concerns to avoid commercial risks related to relevant red flags from responsible sourcing initiatives and reputational risks associated with contributing to these harms. Industry participants should seek opportunities for mitigation and continuous improvement when identifying these risks in their supply chains, including through identifying opportunities for supporting alternatives to, and reduction of, mercury and cyanide usage.

B. Downstream Risks: Concerning Conduct Associated with the Transport, Refining, and Sale of Gold

The physical and chemical characteristics of gold, as well as its generally high values, make the supply chain susceptible to smuggling and illicit trade. This can occur through concealment in shipment and travel, particularly through air transportation (both passenger and cargo), as well as intentional mislabeling and mixing with other commodities. In addition to contributing to the risks noted above, smuggling can contribute to additional risks further downstream in trading and refining centers. Finally, abuse of free trade zones in some trading and refining centers exacerbates these risks.

i. Misuse of “Recycled” Gold Labeling

One mechanism through which gold can move into the formal supply chain after being illicitly mined or trafficked is by labeling it “recycled.” In general, the advancement in the use of recycled gold has been important for mitigating the environmental impacts of gold mining and potential waste. The technology improvements in recycling have made the processes more efficient and attractive, increasing their use in jewelry and other end uses.

At the same time, concern is increasing about the potential for recycling processes to be used as a means of laundering illicit gold into the legitimate supply chain. That is, because of a lack of traceability in the supply chain or agreed-upon definition of the term “recycled,” if recycling companies are willing to be complicit in the introduction of gold from illicit sources, then newly refined gold can be labeled as “recycled” and information related to the mining origin can be avoided or removed. In November 2021, the LBMA updated its guidance document to require enhanced due diligence on sourcing of “high-risk recycled gold” from refiners that may be sourcing from conflict-affected areas, including ensuring OECD compliance and seeking the ultimate beneficial ownership information for the refiner. As noted above, supply chain transparency remains limited, in general terms, providing challenges to this due diligence.

Given concerns regarding supply chain transparency, downstream purchasers of recycled gold must ensure that they conduct due diligence on such purchases to determine whether recyclers may be introducing mined gold from sanctioned, conflict-affected, or other high-risk sources.

ii. Money Laundering/Terrorist Financing

Dealers and traders in gold are covered by international anti-money laundering/countering the financing of terrorism (AML/CFT) standards as designated non-financial businesses and professions, similar to dealers in precious stones, real estate, etc. The reports discussed above from FATF, GIABA, and ESAAMLG detail the multiple opportunities and channels through which gold can be used as a vehicle for money laundering; both in and near mining sites, as well as further downstream at the trading and refining stages of the supply chain. The use of gold as currency, the cash-intensive nature of elements of the gold trade, and gold’s portability and lack of traceability—particularly from mining to refining—makes it an attractive vehicle by which criminal organizations, armed groups, terrorist organizations, and others seek to move illicit gains, purchase weapons, evade sanctions, etc.

Individuals and entities should review the FATF, GIABA, ESAAMLG, and related reports carefully, in particular the lists of red flags associated with gold trading and refining, in order to identify the specific ones potentially applicable to their business. These red flags should be integrated into compliance programs in order to avoid reputational and commercial risks related to doing business with those engaged in money laundering and terrorist financing, including violating sanctions, discussed further below, or prosecution for these financial crimes.

III. Sanctions

The United States may use sanctions to address risks associated with the gold supply chain when such risks overlap with larger U.S. foreign policy concerns, either with respect to a particular country or broader threat. For example, the United States may (i) establish, as with sanctions programs related to Venezuela²⁴ and Nicaragua²⁵, a criterion for the designation of an individual or entity for operating or having operated in the gold sector of a specified country's economy which, when used, results in the blocking of property or interests in property in the United States of the designated person and the prohibition on transactions by U.S. persons with the designated individual or entity and any entity in which the designated individual or entity has a 50% or more interest, (ii) designate individuals or entities connected to the gold trade pursuant to other sanctions criteria, if applicable, such as illicit trade in natural resources, corruption, or financing of armed groups, or (iii) prohibit, as with respect to Russia²⁶, the importation into the United States of certain products, including gold. The U.S. State Department can also impose visa restrictions on individuals connected to a gross violation of human rights or significant corruption, including when related to the gold trade. A list of sanctions imposed in recent years with connections to gold may be found at Annex 1 of this Advisory.

Individuals and entities that conduct business with, materially assist, sponsor, or provide financial, material, or technological support for, or goods or services to, or in support of a sanctioned individual or entity may expose themselves to an array of consequences, such as potential designations, civil penalties, or other legal actions.

Case Study

Yevgeny Prigozhin's Operations in CAR and Sudan

On September 23, 2020, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) sanctioned Lobaye Invest, a company that is part of Yevgeny Prigozhin's network in CAR, which had secured gold concessions in the country. Lobaye, founded in 2017, specialized in gold and diamond extraction and is linked to Prigozhin's Wagner Group, which is also sanctioned. The Wagner Group has been tied to human rights abuses throughout Africa. OFAC described Prigozhin at the time as a "Kremlin-connected Russian operative" working to "advance Russia's influence in the Central African Republic."

²⁴ Executive Order 13850 (Nov. 1, 2018)

²⁵ Executive Order 13851 (Nov. 27, 2018), as amended by Executive Order 14088 (Oct. 24, 2022)

²⁶ Executive Order 14068 (Mar. 11, 2022)

This action followed earlier designations in July 2020 of Wagner Group-affiliated entities in the gold sector in Sudan, namely Meroe Gold and M Invest, as well as two individuals leading their operations. Prior to the outbreak of conflict in Sudan in April 2023, the country's gold production has hit record levels, with open-source reporting indicating that exports to the UAE exceeded more than 18 tons in 2022.

Since the 2020 designations, Prigozhin and the Wagner Group have continued to violently advance Russia's imperial project, both through active participation in Russia's war against Ukraine and in various engagements across Africa. This activity has resulted in extreme violence, civilian casualties, and extensive corruption. Recent reporting indicates that the Wagner Group is working to expand its gold mining and processing operations in N'dassima in CAR, potentially earning the organization significant new income. The Wagner Group has prevented officials from visiting the region where this mine is located, raising further concerns about the extent of its operations and impact on local communities. This also allows the Wagner Group to extract and export gold outside of official channels, thus depriving CAR of royalties and other revenues.

On January 26, 2023, OFAC followed earlier designations of the Wagner Group by further designating it for malign activities in CAR and as a Transnational Criminal Organization. These sanctions targeting the Wagner Group's operations in CAR, including gold, are intended to reduce its capacity to advance Russia's malign influence globally. In February 2023, the European Union sanctioned Diamville, a Wagner-affiliated company in CAR, for its role in the illicit gold and diamond trades; in June 2023, OFAC designated Diamville, as well as other entities related to Wagner in CAR, including Midas Resources.

In June 2023, the U.S. government reiterated concerns regarding the connections of Wagner to combatants and the gold trade in Sudan [through an Update to the May 2022 Business Risk Advisory](#).

Private sector actors, particularly those purchasing gold from refiners in centers such as the UAE, where open source reporting indicates gold from CAR and Sudan is sent for refining, should conduct enhanced due diligence to ensure they are not purchasing gold connected to Wagner or other Prigozhin-affiliated entities.

IV. Due Diligence

Since the late 2000s, international organizations have conducted extensive investigations to identify risks across the gold sector – both in sub-Saharan Africa and throughout the world – and develop due diligence guidelines for private sector actors to implement in order to reduce these risks. In addition to the OECD, several other international and regional organizations have developed recommendations for due diligence and best practices to reduce risks in the gold sector. In addition, as discussed in more detail in Section IV.B below, U.S. precious metal dealers can be subject to U.S. AML program and reporting requirements, U.S. financial institutions²⁷ conducting transactions involving the gold sector, including the gold supply chain,

²⁷ 31 CFR 1010.100(t).

are reminded of their obligations to comply with AML and CFT regulations implementing the Bank Secrecy Act (BSA).²⁸

A. OECD Framework for Gold

The [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#), formally adopted by the OECD in 2011 (the OECD published the current 3rd edition of the Guidance in 2016), provides an over-arching, five-step approach to due diligence, with Annex II of the Guidance setting out a “model” corporate policy for a responsible global supply chain. The five-step approach includes:

1. Establish strong company management systems
2. Identify and assess risk in the supply chain
3. Design and implement a strategy to respond to identified risks
4. Carry out independent third-party audits of supply chain due diligence at identified points in the supply chain
5. Report on supply chain due diligence

The OECD framework was recognized by the Securities and Exchange Commission in 2012 as an approved framework for due diligence reporting in the context of implementation of Dodd-Frank Section 1502. The OECD’s 2012 amendment to the Guidance added a separate Gold Supplement to focus more specific attention on the unique concerns related to gold. The OECD continues to convene actors in the gold supply chain through periodic forums and to release reports that provide additional guidance for companies and governments.

The OECD framework and Gold Supplement underpin the numerous industry frameworks discussed below and provide an overarching approach to due diligence for all companies, regardless of membership in other initiatives. These documents should be reviewed carefully by all private sector actors potentially engaged in the gold trade in or related to sub-Saharan Africa. By fully adopting the OECD’s framework, participants can make valuable progress towards reducing the upstream risks associated with the gold trade in sub-Saharan Africa.²⁹ But notwithstanding the merits of the OECD’s guidance, additional efforts are needed for industry participants to further reduce the risks associated with their practices while ensuring that the costs are not prohibitive so as to prompt de-risking. These are covered in the sections below.

B. Anti-Money Laundering

Gold dealers and retailers conducting business in the United States and who purchased and sold more than \$50,000 worth of gold in the prior calendar or tax year typically fall under the U.S. Department of the Treasury’s Financial Crimes Enforcement Network’s (FinCEN’s) regulations covering dealers in precious metals, precious stones, and jewels (“PMSJ dealers”).³⁰ The regulations require PMSJ dealers to have an AML program that must include: the

²⁸ 31 CFR Chapter X.

²⁹ OECD, *FAQ: Sourcing Gold from Artisanal and Small-Scale Miners* (2016).

³⁰ 31 CFR 1027.100.

designation of an AML compliance officer; implementation of internal controls to prevent money laundering, terrorist financing and other financial crimes; training; and independent testing of the program. PMSJ dealers must file with the Internal Revenue Service and FinCEN reports relating to currency in excess of \$10,000,³¹ and may voluntarily file with FinCEN Suspicious Activity Reports (SARs), commonly known in the international community as Suspicious Transaction Reports (STRs). Violations of these AML requirements may result in significant monetary penalties.³²

In addition, entities with ties to the U.S. financial system should be aware that U.S. financial institutions have AML/CFT compliance requirements under the BSA. In complying with these AML/CFT requirements, U.S. financial institutions are expected to take a risk-based approach to identify, assess, and mitigate the money laundering and terrorist financing risks to which they are exposed and take measures commensurate with those risks in order to mitigate them effectively. Compliance with the BSA is essential to detecting, investigating, and deterring criminal activity. The BSA imposes a range of obligations across a wide sector of financial institutions, including establishing AML programs,³³ filing currency transaction reports,³⁴ and reporting suspicious activity³⁵ to FinCEN.

Additionally, as noted above, FATF, GIABA, and ESAAMLG, have published multiple typology documents that set out red flags for the conduct of anti-money laundering due diligence related to gold.³⁶³⁷ These reports identified certain “red flags”—common indicators of problematic upstream conduct—that industry participants should be aware of, avoid, and report. Such “red flags” include:

- “Licensed mines where the production has decreased with no apparent explanation.”³⁸
- “Buying gold above market price using cash and goods (barter)”³⁹
- “Sudden influx of gold miners into abandoned mining sites;”⁴⁰
- “Making payments for minerals purchased locally to an account abroad”⁴¹

³¹ 31 CFR 1027.330 and 31 CFR 1010.330.

³² 31 CFR 1010.820 and 31 CFR 1010.821.

³³ See 31 U.S.C. § 5318(h)(4)(A) and 31 CFR 1010.201, See 31 CFR 1020.210(a) (banks with a Federal functional regulator, 31 CFR 1020.210(b) (banks without a Federal functional regulator); 31 CFR 1021.210 (casinos and card clubs); 31 CFR 1022.210 (money services businesses); 31 CFR 1023.210 (brokers or dealers in securities); 31 CFR 1024.210 (mutual funds); 31 CFR 1025.210 (insurance companies); 31 CFR 1026.210 (futures commission merchants and introducing brokers in commodities); 31 CFR 1027.210 (dealers in precious metals, precious stones, or jewels); 31 CFR 1028.210 (operators of credit card systems); 31 CFR 1029.210 (loan or finance companies); and 31 CFR 1030.210 (housing government sponsored enterprises).

³⁴ See generally 31 CFR 1010.310

³⁵ See generally 31 CFR 1010.320, 1020.320, 1021.320, 1022.320, 1023.320, 1024.320, 1025.320, 1026.320, 1029.320, and 1030.320.

³⁶ FATF Report, 2015.

³⁷ See GIABA, at 7; ESAAMLG, 2022.

³⁸ FATF, at 23.

³⁹ GIABA, at 59.

⁴⁰ GIABA, at 59.

⁴¹ GIABA, at 59.

All of these “red flags” could signal an attempt to conceal the gold’s origin and its relation to illicit activity. Additionally, echoing the OECD’s guidance, the organizations recommend that downstream industry participants commit to collecting, analyzing, certifying, and reporting information about their supply chains to ensure that their gold is not extracted from sites associated with illicit conduct.⁴²

C. Minamata Convention

Under the [Minamata Convention on Mercury](#), parties that have artisanal and small-scale gold mining and processing within their territory in which mercury amalgamation is used to extract gold from ore are obligated to take steps to reduce, and where feasible eliminate, the use of mercury in such activities, along with associated emissions and releases. The Convention also restricts most mercury trade. Although many sub-Saharan countries have joined the Convention, there are several significant non-parties, including the DRC, Angola, Ethiopia, Sudan, Liberia, and Mozambique. Parties are required to develop National Action Plans that provide a roadmap for reducing mercury use in ASGM. Many sub-Saharan countries have received support from the Global Environment Facility to address ASGM, including an inventory of mercury use, along with estimates of gold production from the sector. Relatedly, a number of development initiatives and private sector entities are working to provide mercury alternatives to ensure that mitigation of environmental concerns is possible.

D. Industry Frameworks

A number of industry organizations have developed frameworks that both their members and non-members can use to conduct due diligence against identified risks. These guidelines generally begin with an incorporation of the OECD Guidance and the Gold Supplement and then advance recommendations specific to the sector of the supply chain they apply to, whether miners, refiners, jewelers, or others. Private sector actors should review which frameworks, if any, and organizational memberships may be beneficial for them as they conduct enhanced due diligence. These initiatives include, but are not limited to:

- [World Gold Council](#) – WGC maintains the Responsible Gold Mining Principles, which include the WGC Conflict-Free Gold Standard and intends to implement the OECD Guidance and other global frameworks. In sum, the Principles seek to “address key environmental, social and governance issues for the gold mining sector.”
- [London Bullion Market Association](#) – LBMA maintains the Responsible Sourcing Programme for member refineries. The Programme is based on the LBMA’s Responsible Gold Guidance, which states that it “follows the five-step due diligence framework set out in the OECD Guidance and requires [approved] refiners to demonstrate their efforts to combat money laundering, terrorist financing and human rights abuses, and respect the environment globally.”

⁴² See, e.g., ICGLR, at 61; GIABA at 9-13.

- **Responsible Minerals Initiative** – RMI maintains the Responsible Minerals Assurance Program, which seeks “to create the enabling conditions for companies to exercise due diligence over gold supply chains in accordance with the OECD Due Diligence Guidance” and “provides independent third-party assessments through an OECD-aligned industry mechanism for gold refiners.” Member companies come from an array of downstream sectors, including electronics, automotive, and manufacturing.
- **Responsible Jewellery Council** – RJC maintains the Code of Practices, which it states is the “global standard for the responsible jewelry and watch industry, focusing on business ethics and responsible supply chains.” Member companies come from the mining, refining, trading, manufacturing, and retail sectors.

Annex 1 – Table of Recent Gold-Related Sanctions Actions

In the past five years, the United States has taken a number of sanctions actions with respect to gold and gold-related actors. In a number of cases, the sanctions action may not have been taken directly based on the individual’s or entity’s activities in the gold trade, but these are included to demonstrate the ways in which malign actors are connected to the trade. The following table includes a selection of those actions across a number of sanctions programs, including those related to certain countries in sub-Saharan Africa or other regions, e.g. Russia, Venezuela, and Nicaragua. Sanctions from outside sub-Saharan Africa are included for reference and as illustrations of the types of measures that can be applied to the sector. In some cases, gold-related activities may not have been the direct basis for the sanctions action taken, but the connection to the sector is relevant to note in light of the risks discussed in this Advisory. The designated persons identified below are listed for informational purposes only, as of the date of this advisory, June 27, 2023. For the current list of persons included on OFAC’s SDN List, please visit <https://ofac.treasury.gov>.

Date	Designee Name/Description	Authority	Connection to the gold sector
6/27/2023	Midas Resources SARLU, Diamville SAU, and related entities	E.O. 14024	Designation of entities in the Central African Republic, UAE, and Russia associated with Yevgeny Prigozhin’s Wagner Group, including with respect to Wagner’s role in CAR’s gold industry.
6/1/2023	Al Junaid Multi Activities Co. Ltd. ⁴³	E.O. 14098	Designation of an entity that operates across multiple economic sectors in Sudan, including the gold mining industry, which “has become a vital source of revenue for the [Rapid Support Forces and its leader].”
10/24/2022	Nicaraguan General Directorate of Mines ⁴⁴	E.O. 13851	Designation of an entity that “is an important piece of state-controlled gold operations” of which Ortega and his cronies continue to benefit.
6/28/2022	Russian Gold Importation Prohibition ⁴⁵	E.O. 14068	Prohibition on the importation into the United States of Russian gold to deny

⁴³ <https://home.treasury.gov/news/press-releases/jy1514>

⁴⁴ <https://home.treasury.gov/news/press-releases/jy1046>

⁴⁵ <https://home.treasury.gov/news/press-releases/jy0838>

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			Russia revenue needed to fund its war in Ukraine.
6/17/2022	Ruy Delgado Lopez (Nicaragua); Empresa Nicaraguense de Minas (ENIMINAS) ⁴⁶	E.O. 13851	Designation of Nicaragua’s state-owned mining company and its President to prevent Ortega’s regime from deriving benefit from its operation.
6/6/2022	Ali Qasir, Meghdad Amini; Morteza Hashemi ⁴⁷	E.O. 13224	Designation of leaders of a network that financed Hizballah and IRGC-QF, including through the gold trade.
6/2/2022	Nord Gold ⁴⁸	E.O. 14024	Designation of a major global gold mining company due to ownership by a sanctioned Russian oligarch, as part of broader effort to deprive Putin’s enablers of benefits from economic activity.
3/17/2022	African Gold Refinery in Uganda and related network ⁴⁹	E.O. 13413, as amended	Designation of an individual, his primary company, and his derivative networks for illicit movement of hundreds of millions of dollars’ worth of gold and contributing to violence and instability in DRC.
2/23/2022	Said al-Jamal; Garannti Gold and Exchange ⁵⁰	E.O. 13224	Designation of an individual and his broader trade network—including his gold exchange—for contributing to the financing of the Houthi’s war against the Yemini government.
1/10/2022	Ramon Humberto Calderon Vindell ⁵¹	E.O. 13851	Designation for being an official of the Government of Nicaragua, including for being president of the

⁴⁶ <https://home.treasury.gov/news/press-releases/jy0822>

⁴⁷ <https://home.treasury.gov/news/press-releases/jy0806>

⁴⁸ <https://www.state.gov/promoting-accountability-and-imposing-costs-on-the-russian-federation-and-its-enablers-for-putins-aggression-against-ukraine/>; <https://home.treasury.gov/policy-issues/financial-sanctions/recent-actions/20220602>

⁴⁹ <https://home.treasury.gov/news/press-releases/jy0664>

⁵⁰ <https://home.treasury.gov/news/press-releases/jy0603>

⁵¹ <https://home.treasury.gov/news/press-releases/jy0552>

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			board of directors of ENIMINAS, Nicaragua’s state gold company.
9/17/2021	Omid Yazdanparast, Mohammad Ali Damirchilu, Samaneh Damirchilu, Mohammad Reza Kazemi ⁵²	E.O. 13224	Designation of individuals and entities related to the financing of Hizballah and IRGC-QF through illicit gold activities.
9/23/2020	Prigozhin's network in CAR: Russia-based M Finans and CAR-based Lobaye Invest. Specific Individuals: Dmitry Sergeevich; Yevgeny Khodotov; Alexander Yuryevich Kuzin	E.O. 13848 (and others)	Designation of companies and individuals associated with Yevgeny Prigozhin’s Wagner Group.
7/15/2020	Prigozhin's Network in Sudan Entities: M Invest, Meroe Gold. Individuals: Andrei Mandel, Mikhail Potepkin,	E.O. 13848 (and others)	Designation of companies and individuals associated with Yevgeny Prigozhin’s Wagner Group, including with respect to Wagner’s role in Sudan’s gold industry.
9/13/2019	Kale Kayihura ⁵³	E.O. 13818	Designation of a Ugandan official for human rights abuse and corruption, including corruption related to gold smuggling.
9/10/2019	Al Hebo Jewelry Company ⁵⁴	E.O. 13224	Designation of a Turkish company through which ISIS converted gold into cash.
3/19/2019	VG Compania General de Minería de Venezuela CA Minerven And Antonio Perdomo Mata ⁵⁵	E.O. 13850	Designation of Venezuela’s state gold mine and its president for their contribution to Maduro’s regime.

⁵² <https://home.treasury.gov/news/press-releases/jy0362>

⁵³ <https://home.treasury.gov/news/press-releases/sm775>

⁵⁴ <https://home.treasury.gov/news/press-releases/sm772>

⁵⁵ <https://home.treasury.gov/news/press-releases/sm631>. Antonio Perdomo Mata was removed from the SDN List on March 30, 2023 (<https://ofac.treasury.gov/recent-actions/20230330>)

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2/5/2019	Guidon Shimiray Mwissa ⁵⁶	E.O. 13413 (as amended)	Designation of the founder of an armed group in the DRC (NDC-R), for—among other illicit conduct—illegally taxing gold and using revenues to purchase weapons.
11/1/2018	E.O. 13850: Venezuela, Including Gold Sector Sanctions	Issuance of E.O. 13850	Authorization for broad sanctions relating to corruption in Venezuela, including specifically in the gold industry.

⁵⁶ <https://home.treasury.gov/news/press-release/sm0279>

Annex 2 – Descriptions of Gold-Related U.S. Government-Supported Programs

The U.S. supports industry, communities, and partner governments to enhance responsible extraction and value chains, with an emphasis on human rights, fair labor, and environmental stewardship. The following programs are supported by the U.S. government:

- **CLEAN GOLD (ZAHABU SAFI):** USAID supports the scaling-up of exports and sales of conflict-free, artisanal and small-scale gold from eastern DRC by developing market linkages between mining cooperatives and responsible gold supply chain actors. Activities address barriers throughout the artisanal gold supply chain by: 1) increasing demand and co-investment, 2) increasing the volume of exports by increasing the ability of upstream and midstream supply chain actors to adhere to due diligence and gold traceability standards, and 3) improving the commercial viability of gold cooperatives through training to improve business operations and governance.
- **SUSTAINABLE MINE SITE VALIDATION:** USAID improves current methods to validate mine sites as conflict-free to responsibly export artisanal gold, tin, tantalum and tungsten from the DRC. This approach promotes rigorous and transparent traceability of minerals through security analysis, continuous community-level monitoring of mine sites, and capacity building of DRC Ministry of Mines personnel. USAID has qualified 400 mine sites in North and South Kivu, trained government mine inspectors and established community monitoring committees with the assistance of the Bureau d'Elaboration des Projets et d'Application Technique (BEPAT), raised awareness of Local Monitoring Committee members, and developed guidance and tools on how to fight against child labor, provided technical support to raise awareness about sexual and gender-based violence as well as the role of women in mining, and established whistleblowing hotlines for violations observed locally.
- **PUBLIC-PRIVATE ALLIANCE FOR RESPONSIBLE MINERALS TRADE:** Established in 2011, the Public-Private Alliance for Responsible Minerals Trade (PPA) is a public-private partnership hosted by USAID, Department of State, and Department of Labor and also sustained through membership from civil society, the private sector, and academia to support conflict-free mineral supply chains from the Great Lakes Region. The PPA facilitates dialogue among international and regional actors to harmonize responsible sourcing efforts. The PPA finances pilot projects to develop due diligence and other tools, including a project promoting mobile access to finance for artisanal mining. The PPA has recently expanded outside the Great Lakes region to include programming worldwide.
- **INVESTIGATING CONFLICT FINANCING, DUE DILIGENCE AND SOCIO-ECONOMIC DYNAMICS ALONG ARTISANAL MINING SUPPLY CHAINS IN THE DRC:** The objective of this USAID-supported activity is to obtain and publish up-to-date information on mining and armed group or criminal involvement in the minerals sector in eastern DRC, thereby enabling supply chain actors and policymakers to make informed decisions based on the latest field realities. Research includes the dynamics around mineral supply chains and conflict financing, including transnational organized

crime and armed groups. The project produces maps of artisanal mine sites in eastern DRC, notably Ituri, Tshopo, Haut-Uele, North and South Kivu, Maniema, and Tanganyika provinces.

- **GARAMBA ALLIANCE ACTIVITY:** Through USAID’s Health, Ecosystems and Agriculture for Resilient, Thriving Societies (HEARTH) initiative, USAID partners with the private sector to promote transformational solutions to cross-sectoral development challenges in biodiverse landscapes in the DRC. In Haut-Uele province, USAID works with a broad alliance of public and private institutions, including anchor partnerships with Garamba National Park and Kibali Gold Mine. Illegal artisanal mining, logging and slash-and-burn agriculture are among the major threats to Garamba. The Garamba Alliance builds sustainable markets by providing alternatives to illegal mining and other threats through support to sustainable agricultural enterprise, vocational education, access to finance, and biodiversity conservation. The activity coordinates with the USAID Clean Gold project to strengthen legal artisanal and small-scale mining cooperatives to improve business practices and increase the production of responsibly sourced gold.
- **PROGRAM FOR THE DEVELOPMENT OF EASTERN CONGO (P-DEC):** This USAID activity builds inclusive dialogue processes, conflict early warning systems, and alternatives to violence; fosters accountable, trusted, citizen-responsive institutions; and creates economic alternatives to armed violence that promote stability, inter-ethnic cooperation, and social cohesion. To help break mining-related violence dynamics and to provide alternatives to illicit mining, P-DEC assists artisanal and small-scale miners through piloting social and environmental risk-mitigation as well as market readiness to legally and responsibly produce and sell minerals.
- **AFRICAN TRADE AND INVESTMENT:** In partnership with Prosper Africa, the purpose of this USAID activity is to mobilize trade and investment support surrounding good governance and mining in the DRC to deliver mutual benefits between the U.S. and the DRC. Partnerships with companies respond to DRC’s goals to better integrate their economy into global supply chains and allow local companies to add more value, create better jobs, and strengthen the business enabling environment. The activity aims to increase investment facilitation and transaction support, improve advocacy for U.S. businesses and increase mining investments that promote and sustain environmental, social, and governance standards.
- **HUMAN RIGHTS SUPPORT MECHANISM:** This USAID activity supports the DRC’s adoption of the Voluntary Principles on Security and Human Rights specifically by strengthening the participation and leadership of civil society organizations in the national implementation of the Voluntary Principles. Congolese civil society organizations have an acute sense of the realities of mining sites and adjacent communities, and are well placed to monitor on-the-ground developments, conduct evidence-based research, and provide actionable recommendations for successful implementation of the Voluntary Principles.
- **INTEGRATED GOVERNANCE ACTIVITY:** This USAID activity in the DRC strengthens key governance institutions to improve the delivery of public services at the

community level and supports the social contract between citizens and the government. With respect to the mining sector, the activity bolsters partnerships between mining companies and local governments (Decentralized Territorial Entities, or ETDs), builds local governments' capacity (with emphasis on financial management), for good governance of mining revenues, and increases local communities' participation in local development planning.

- **FORCED LABOR INDICATOR PROJECT (FLIP):** Working in Côte d'Ivoire and Ghana, the objective of this Department of Labor project is to advance greater supply chain transparency and accountability in multiple supply chains, including gold mining, as well as support government and the private sector to expand and better coordinate ongoing labor trafficking enforcement efforts.
- **REDUCING MERCURY USE AND INCREASING TRANSPARENCY IN MALI'S ARTISANAL AND SMALL-SCALE GOLD MINING SECTOR:** The Department of State supports the reduction of mercury pollution and the formalization of ASGM communities in Mali. The activity educates miners on mercury-free mining techniques while creating more resilient and responsible ASGM communities. Programs assess gold ore and grade in supported communities, procure the appropriate processing systems based on the results of those assessments, and train communities in mercury-free processing techniques. Analyses include an in-depth supply chain assessment, and incentivize miners, gold buyers and banks, to create transparent and responsible supply chains.
- **PROMOTING MERCURY-FREE MINING IN GHANA:** This Department of State project supports the reduction of mercury pollution and the formalization of ASGM communities in Ghana. The project demonstrates effective and scalable production of mercury-free gold, educates communities on the detrimental effects of mercury, and uses business incentives to strengthen equipment supply chains. It works with registered ASGM miners to develop mercury-free business plans, providing miners with business development tools and knowledge. The project then uses those plans to attract financing and install mercury free processing equipment, thus strengthening the market share for mercury-free processing equipment.
- **RESPONSIVE ENGAGEMENT AND COLLECTIVE LEARNING APPROACHES TO INFORM MERCURY SUBSTITUTION IN ASGM:** This Department of State project supports Ghana as they implement the Minamata Convention and finalize their National Action Plan to reduce mercury emissions. The project improves interagency and stakeholder coordination and increases Ghana's capacity to adopt mercury-free alternatives. It works with two licensed mine sites to showcase scalable mercury-free technologies, establishing incentives for mercury-free alternatives, and increasing stakeholder buy-in. The project engages with stakeholders to reform licensing, regulation, and oversight of the ASGM sector. The project creates an early warning and response system which strengthens communities against political, economic, cultural, health, environmental, and security threats.

- **GLOBAL PARTNERSHIP FOR FORMALIZATION AND PROGRESS IN ASGM:** This Department of State activity facilitates a global dialogue on formalization within the ASGM sector. It convenes experts and key stakeholders from around the world, collaborating with them to develop a general framework for formalization projects. The framework details how to reduce links to conflict, corruption, and crime while considering environmental and social outcomes as communities move into the formal sector. It applies the framework to new and existing projects, while encouraging the joint implementation of projects among the key stakeholders.
- **DEVELOPING POLICIES TO REDUCE MERCURY POLLUTION FROM THE ASGM SECTOR:** This Department of State project supports the reduction of mercury pollution through the design and implementation of regulations for tailings, including the management of mercury, among ASGM states. Activities develop the capacity of ASGM states to understand and address ASGM tailings management while promoting knowledge-sharing and engagement among ASGM actors. It conducts a literature review, identifying global trends and best practices for tailings management and residual gold exploitation. The review includes technologies for the safe recovery and storage of mercury, and profitable residual gold recovery. This review contributes to a best practices framework for tailings management, which country administrators will use as they develop, or revise their National Action Plans.
- **REDUCING MERCURY USE IN ASGM COMMUNITIES:** The Department of State supports the DRC's progress towards ratification of the Minamata Convention through its project to expand the implementation of mercury-free gold production technologies and increase access to sustainable financing for ASGM communities in eastern DRC. The project assesses gold ore and grade in supported communities, procures the appropriate processing systems based on the results of those assessments, and installs mercury-free processing centers. These centers act as a community hub and have the appropriate maintenance plans and financial support in place to ensure a long-lasting impact.

A number of smaller USAID programs have worked to improve knowledge about the potential for, and consequences of, ASGM in Africa through targeted research. For example, the Artisanal Mining and Property Rights project included detailed analyses of gold mining in the Central African Republic, a desk review of the ASGM sector in Burkina Faso, and an assessment on the gold and cacao sectors in Ghana. Additional projects have supported research on violence and gold in Côte D'Ivoire and mining related mercury emissions in Tanzania.

In addition to the U.S.-supported programs, other leading donors and development organizations have supported the following relevant efforts:

- The World Bank, often operating through the Extractives Global Programmatic Support (EGPS) program, has provided support to ASGM communities in Burkina Faso, Burundi, Central African Republic, DRC, Mali, Niger, Nigeria, and Tanzania, among other countries. It recently supported an emergency response program to assist small-scale mining communities affected by COVID-19 and sponsors the DELVE Platform, which aims to build a global online database of artisanal and small-scale mining knowledge. Previously, the World Bank supported the Communities and Small-Scale Mining

(CASM) project, a major global small-scale mining initiative which operated throughout the 2000s.

- The Global Environment Facility (GEF) leads the PlanetGOLD program in support of the Minamata Convention. PlanetGOLD works with governments and gold mining communities in fifteen host countries to improve ASGM practices and reduce associated mercury pollution. In Africa, the program sponsors work in Burkina Faso, Ghana, Madagascar, Nigeria, DRC, Côte d'Ivoire, Guinea, Mali, Sierra Leone, Zambia, and Uganda.
- Multiple expert independent organizations and industry schemes also lead interventions in African ASGM, including:
 - **IMPACT**: IMPACT, formerly Partnership Africa Canada, is an NGO that specializes in artisanal and small-scale mining in Africa. It hosts various programs on ASGM, including Just Gold, a traceability and due diligence system, and interventions aimed at improving gender equality, health, and safety in mining sites. Just Gold programs operate in the DRC and Côte d'Ivoire, while the organization has broader ASGM programs in Burkina Faso, Uganda, and Zimbabwe. IMPACT's programs are funded by donor agencies, including from Canada, the European Union, USAID, and industry groups.
 - **The Alliance for Responsible Mining (ARM)**: ARM is a global initiative focused on improving artisanal and small-scale mining livelihoods through capacity building and improved market access. The organization leads several programs on ASGM, including the Fairmined Standard – a certification scheme designed to bring responsibly produced small-scale gold to market – as well as broader interventions designed to improve ASGM sustainability. Founded in Colombia with a focus on Latin America, ARM also operates in Burkina Faso, Mali, Niger, Côte d'Ivoire, Mozambique, and DRC, with previous projects in Ghana and Gabon. ARM works with various major donors as well as other implementing organizations.
 - **Artisanal Gold Council (AGC)**: AGC is an organization focused on improving the ASGM sector through training, education, and capacity-building programs, as well as through guiding sector governance. AGC currently implements programs in Sierra Leone and Burkina Faso, with previous work in Guinea, Senegal, Gabon, Mali, and Ghana, among others. AGC works with donor support from the Department of State, the GEF, UNIDO, GIZ, and others.