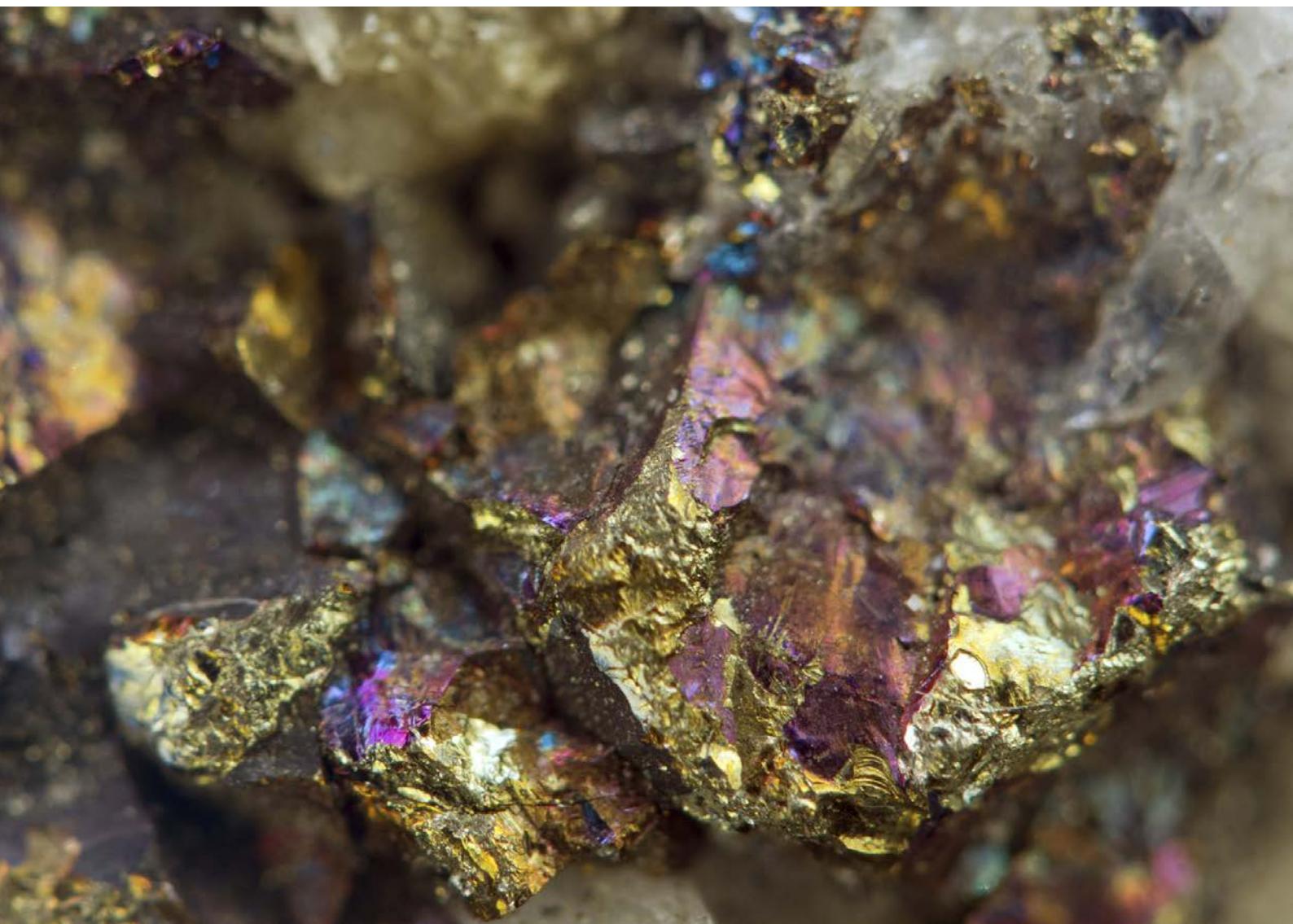


RESPONSIBLE BUSINESS CONDUCT

**DUE DILIGENCE IN COLOMBIA'S GOLD SUPPLY CHAIN
GOLD MINING IN ANTIOQUIA**



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The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Due Diligence Guidance) provides detailed recommendations to help companies respect human rights and avoid contributing to conflict through their mineral purchasing decisions and practices. The OECD Due Diligence Guidance is for use by any company potentially sourcing minerals or metals from conflict-affected and high-risk areas.

About this study

This report is the second of a series of assessments on Colombian gold supply chains and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas in the Colombian context. It analyses conditions of mineral extraction and related risks in Colombia's Antioquia region.

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Find out more about OECD work on the minerals sector: mneguidelines.oecd.org/mining.htm



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Introduction

Colombia's second wealthiest department, Antioquia, is possibly the most challenging and, at the same time, pertinent region to promote and implement due diligence measures in the gold supply chain. Antioquia represents approximately half of Colombia's total gold production. The departmental capital, Medellín, hosts Colombia's most important smelters and international traders. More importantly, Antioquia has had a long standing history of armed actors and criminal organisations, including drug cartels, paramilitaries, guerrilla groups and criminal gangs linked to gold mining and trading.

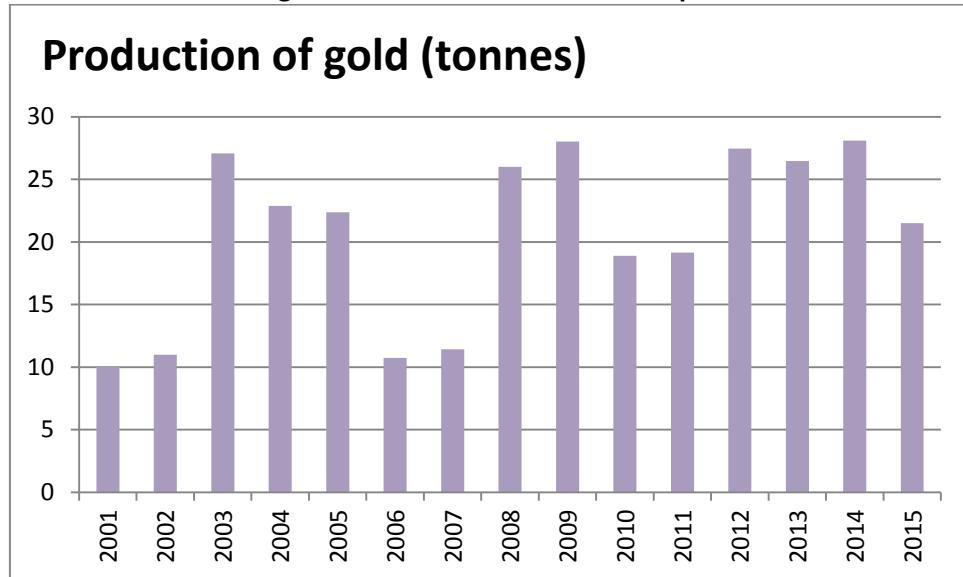
Antioquia also has a strong institutional framework committed to improving governance in gold mining areas. Antioquia is the only department to which the National Mining Agency can delegate authority to the Governor's Office (through its Secretary of Mining), allowing it to decide on mining title applications.¹ Despite the continued presence of illegal armed actors and criminal organisations in certain rural areas, security forces have established relative territorial control, mitigating the capacity of illegal armed actors to affect highly populated areas. It is, however, still difficult to differentiate between legitimate small-scale miners that have not been legalised or formalised² and those controlled by illegal armed actors or criminal organisations. As a result, Antioquia is probably Colombia's department where, although formalisation efforts are the strongest, it is most difficult to clearly differentiate between traditional/informal miners and illegal/criminal miners.

The gold mining sector in Antioquia

There is a long-standing tradition of gold mining in Antioquia. Indigenous communities already practiced artisanal mining in this region during pre-Columbian times, but its expansion came with the advent of the Spanish colonies and black slave labour (Giraldo and Muñoz, 2012). During Spanish colonisation and even after Colombia became independent in 1819, gold was Antioquia's main source of income, mainly through artisanal and small-scale mining. During the 19th century, English and French investors established Frontino Gold Mines in Segovia, one of the largest gold producing operations at the time. Progressively, coffee replaced gold as Antioquia's main source of income, but it still remained Colombia's main gold producing department for most of the 20th century.

Gold production in Antioquia has resurged in the last decade. Following high levels of production in the 1980s, reaching a peak rate of 31.7 tonnes in 1984, production dropped during the 1990s to a low of 4.9 tonnes in 1994. Between the late 1990s and the late 2000s, gold production saw a resurgence reaching a ten-year high of 28 tonnes in 2009. Following a slight drop after 2009, production continued to increase, reaching 28 tonnes in 2014. In 2015, production was 21.5 tonnes. According to some estimates, between 65% -70% of the gold produced in Antioquia comes from alluvial operations and 30%-35% from underground vein mines (Ministry of Environment, 2012). Gold production represents between 2% - 4% of Antioquia's GDP.

Figure 1. Gold Production in Antioquia



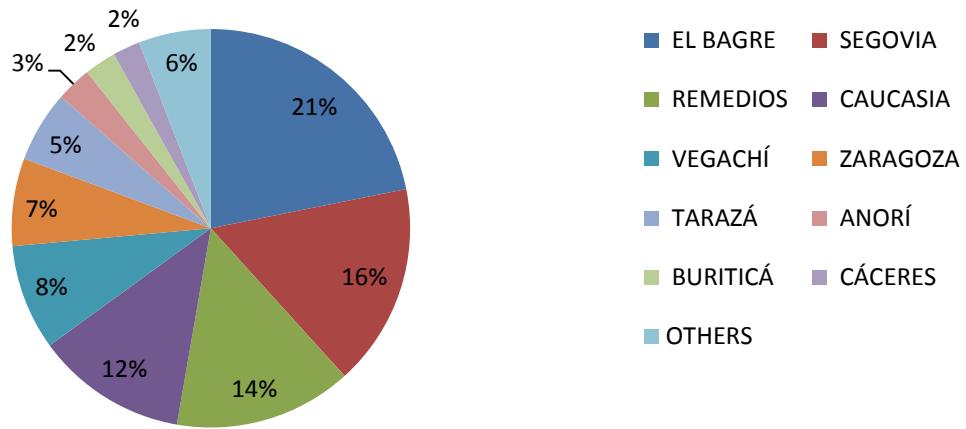
Source: Colombian Mining Information System, 2016

Over the last decade Antioquia has attracted the attention of international junior gold prospectors. Some of the most promising new projects include:

- a gold mine (1.5 tonnes per year) in Santa Rosa de Osos managed by Red Eagle Mining, which received its environmental license in late 2016;
- a development by Continental Gold in Buriticá, with investments of over USD 171 million, which is expected to produce an average of 7.3 tonnes per year as of 2017;
- a project in San Roque (11.3 tonnes per year), owned by Anglo Gold Ashanti and B2Gold, which is still in development and could start producing in 2020.

Mining titles for exploration have been requested for over 62% of Antioquia's territory and mining concessions already cover 18% of the department's territory. Gold production is concentrated in a handful of municipalities. Although 46 out of Antioquia's 125 municipalities reported gold production in 2014, close to 95% of the total gold production came from the top ten producing municipalities (SIMCO, 2016). Gold production has traditionally been concentrated in three of the nine sub-regions of the department: Bajo Cauca (municipalities of El Bagre, Nechi, Zaragoza and Cáceres), North East Antioquia (municipalities of Segovia and Remedios) and South West of the department (municipalities of Buriticá and Andes), each region representing more or less one-third of the department's gold production.

Figure 2: Percentage of departmental gold production, 2014



Source: SIMCO, 2016.

Municipalities with high production are therefore highly dependent, economically and socially, on gold. For example, El Bagre, Antioquia's highest producing municipality, depends on gold for 80%-90% of its revenue (interviews with local miners and local NGOs). Similarly, Segovia (North East Antioquia), with an estimated population of 10,000-15,000 miners, 3,000 gold scrap and tailings collectors (*chatareros*) and 1,500 *arrieros* (transporting gold bearing rocks from small-scale mines to artisanal processing plants / mine smelt-houses), depends economically and socially on gold. Buriticá (South West Antioquia), traditionally a coffee and cattle producing region, had small-scale production of gold, but has seen a resurgence in its underground gold mining activities following the onset of operations by Continental Gold in the municipality in 2007. Attracted by discoveries of promising gold veins, miners from other regions have migrated to this municipality - the population increased from 5,000 to 30,000 miners between 2008 and 2013 – and traditional farmers are now turning to gold as their main source of income.³

Gold mining actors

Despite efforts by national and departmental authorities to collect more reliable information on the gold mining sector in Antioquia, the highly dynamic nature of the sector and persistent levels of unauthorised small-scale and subsistence mining often result in unreliable data. The 2010-2011 mining census undertaken by the national government revealed that out of 2,025 mining units identified in Antioquia, close to three-quarters were dedicated to gold mining, 75% had less than seven employees (a scale proxy used in the census), and 79.1% operated without a mining title (Ministry of Mines, 2011).

Artisanal and small-scale miners (ASM)⁴

Although Antioquia hosts some of the most prominent gold prospecting and producing companies operating in the country, most gold production is still being undertaken by artisanal and small-scale miners. The 2010-2011 national mining census revealed that Antioquia had 1,224 mining units producing gold without a mining title (out of 1,526 units in total), 68% dedicated to alluvial mining and the remaining to underground vein mining (Goñi et al., 2014). A more recent study by Antioquia's Secretary of Mines revealed that there are over 1,664 untitled gold mining sites throughout the department, almost 500 of them in the Bajo Cauca sub-region alone (Verdad Abierta, 2015).

Artisanal and small-scale gold mining is an important source of labour in Antioquia. The 2010-2011 mining census estimated that over 11,000 workers are employed by operations without a mining title (Goñi et al, 2014), but according to local sources and interviews carried out for this study, this figure could be closer to 60,000.

In addition to the mining units themselves, there are a number of small-scale service providers whose subsistence depends on artisanal and small-scale mining. *Entables* are small-scale processing plants usually located near small-scale mining sites. In 2013, a study on the use of mercury undertaken by the UNDP, the University of British Columbia, USAID and local environmental authorities, recorded over 320 of these small-scale processing plants in five of the top ten gold producing municipalities (Remedios, Segovia, Zaragoza, El Bagre and Nechí) in Antioquia (Cordy, 2013). In addition, some 10,000 gold scrap and tailing collectors (*chatareros*), 25,000 *barequeros* and 3,000 transporters are estimated to derive an income from small-scale mining.⁵ Despite some non-negligible efforts of formalisation deployed in the last few years (see last section below), only a small portion of artisanal and small-scale miners are believed to operate with a mining license.

One feature of Antioquia's mining sector has been the rise of a group of artisanal and small-scale miners who have progressively accumulated enough capital to acquire their own mining titles, equipment, artisanal processing plants and even establish local trading shops. Due to rapid growth of their income, some of these groups have formed alliances for protection with illegal armed actors, or established their own protection rackets. The 'Segovians' are a good example of this type of group. Originally small-scale miners from Segovia, local miners and authorities contend this group now maintains direct or indirect control over numerous mines, local traders and processing plants, and the black market of homemade explosives (interviews with small-scale miners from Segovia, 2015; interview with former official of the Secretary of Mines, 2015). While some of the group's members have been captured, groups like these still yield significant power at the local level. Interviews with local stakeholders also suggest that members of such organised groups own mining companies abroad and have made alliances with international partners, for example in Canada and Russia.

Large-scale companies

Antioquia is home to a handful of mid to large-scale gold production operations. The largest and one of the longest running is Mineros S.A., a Colombian-owned alluvial mining operation with its flagship operation in the municipality of El Bagre. With more than 40,000 hectares in mining titles in the department, Mineros S.A. produces 14% of Antioquia's gold, close to 40% of all legally produced gold in Colombia, and 6% of the overall national production (El Tiempo, 2014). Although the company remains relatively small compared to major international mining companies, it is an important

economic actor in the sub-region of Bajo Cauca, where it produces as much as 55% of all legally extracted gold (Comptroller, 2013, p. 50).

Mineros S.A. is followed by Gran Colombia Gold, a mid-scale company incorporated in Canada and listed in the Toronto Stock Exchange. Gran Colombia's main operations are located in Segovia and Remedios, where it purchased Frontino Gold Mines, a 150-year old operation declared bankrupt in 2004. It currently produces under three tonnes of gold annually, a large portion of which comes from small to mid-scale sub-contractors that operate within their concession and send gold bearing materials to be processed in the company's processing facility (interview with small-scale miners from Segovia, 2015; interview with CSR consultants to mining companies in Antioquia, 2015).

All of the other mining companies present in the department - over a dozen junior companies, most of them international - are still in exploration phases. A significant number of these prospectors have decided not to pursue their investment further and have left the country. As noted above, there are still a handful of companies that continue to develop their projects and hope to start producing in the coming years.

Smelters, refiners and international traders

Antioquia is the main hub for international gold traders and smelters. For over a century, Medellín hosted the three largest gold smelters/refiners in Colombia: Fundición Escobar, Fundición Alvarez, and Fundición Gutiérrez. During the 1980s, these family-owned businesses were suspected of laundering money for the drug cartels. Over the last decade the panorama evolved rapidly: mergers, bankruptcy and other scandals brought new international actors into the business. From seventeen smelters/refiners and international traders based in Medellín ten years ago, only five or six remain today.

Fundición Gutierrez maintained its operations, but a branch of the same family founded CI CIGSA, an international trader, smelter and refiner. CI GIGSA was acquired by Gran Colombia Gold in 2012 and sold in 2015 to Sun Valley, an investment fund looking to export to the Indian market (interview with executive from international gold trading company, 2015). Fundición Escobar closed in 2012 and Fundición Alvarez established its own international trading company, C.I. Metales y Derivados S.A., which later closed. A group of new international traders, smelters and refiners also emerged during the early 2000s, including C.I. Metales Hermanos, C.I. Goldex, C.I. de Metales Preciosos de Colombia, Sociedad Comercializadora Internacional S & JIL, SCI Antioqueña de Exportación, C.I. del Nordeste Antioqueño. Led by Goldex, these companies, with the exception of CIIGSA, established ACOMI, a business association to promote their interests. Many of these international traders are currently under financial strain due to the implementation of the Single Registry for Mineral Traders (*Registro Único de Comercializadores de Minerales - RUCOM*), which now forces them to provide certificates of origin for all the new gold they source (interview with director of international gold traders association, 2015).

Small traders (compra ventas)

In addition to international traders, refiners and smelters, a large universe of small-scale traders and consolidators (*compra ventas*) is also present in the department. Although some of them have offices in Medellín, most of them are located in the urban areas of the municipal capitals close to the mines. According to a local mining expert, more than 50 of these small traders are operating in El Bagre,

more than 40 in Segovia, and between 30 and 40 in Buriticá (interview with small-scale miners from Segovia, 2015; interview with small-scale miners from Buriticá, 2015).

Local traders and consolidators have also been put under pressure as a result of the implementation of the RUCOM. Traditionally, local traders sold their gold to bigger traders or international traders in Medellín. Some international traders had exclusivity agreements with some local traders and even provided them with capital to establish their operations (interview). Local traders, in turn, would lend or provide investment capital to small-scale miners in return for their future production. Today, international traders are short-circuiting local traders by buying directly from small-scale miners with titles. As a result, tensions have emerged between small traders and international traders.

Links between gold mining, armed conflict and criminal dynamics

Gold mining and conflict dynamics in Antioquia clearly overlap. According to the Ministry of Defence, illegal armed actors and criminal organisations are present in at least 30 municipalities where unauthorised small-scale gold mining activities are taking place in the department (Ministry of Defence, 2015). As in the rest of Colombia, gold has become a major source of conflict financing for illegal armed groups present in Antioquia (OECD, 2016).

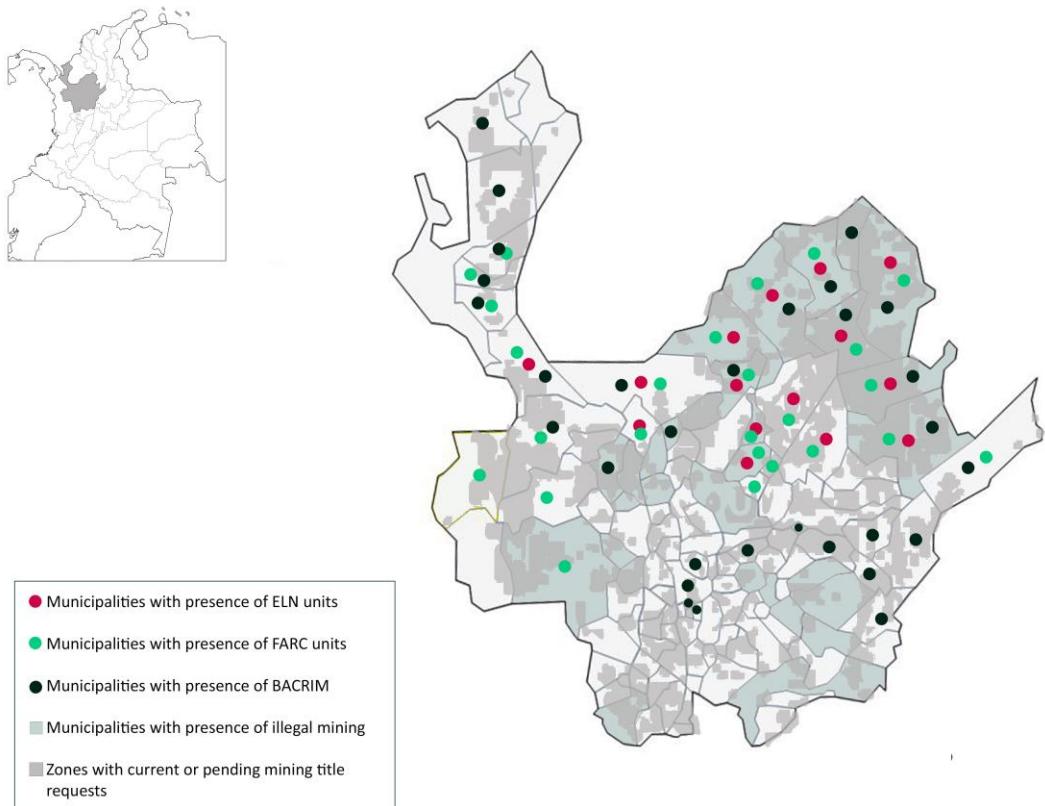
Although the presence of guerrilla groups in the department dates back to the early 1970s, their influence was rather sporadic until the development of coca crops in the 1980s. During the 1990s, the Revolutionary Armed Forces of Colombia (*Fuerzas Armadas Revolucionarias de Colombia – FARC*) and the National Liberation Army (*Ejercito de Liberación Nacional – ELN*) succeeded in expanding, especially in Medellín's poor neighbourhoods and in the mining regions of Bajo Cauca and North Eastern Antioquia; however, the steady growth of self-defence and paramilitary groups stalled this expansion. Both the FARC and the ELN established links to mining communities in these regions and sought to yield influence over the trade unions of Frontino Gold Mines.

The 1990's saw the expansion of paramilitary groups coming from the Middle Magdalena Valley and the neighbouring department of Córdoba. The first paramilitary commander to establish a strong presence in mining municipalities was Ramiro Vanoy, alias Cuco Vanoy, when he created the *Bloque Mineros*. Soon after, another paramilitary commander, Carlos Mario Jiménez, alias Macaco, consolidated the influence of the *Bloque Central Bolívar* over Segovia. Both Vanoy and Macaco are suspected of having invested in gold mines (Macaco is suspected of owning over 50 mining operations at the peak of his power) and local gold trading shops (El Colombiano, 2010).

Following the demobilisation of paramilitary groups between 2003 and 2006 and the extradition of Macaco and Vanoy to the United States on drug trafficking charges in May 2008, mid-level commanders of former paramilitary groups and new local criminal kingpins established new outfits in an attempt to control mining regions. The *Usuga Clan*, with presence in North Eastern Antioquia and Bajo Cauca and the *Paisas* and the *Rastrojos*, with presence in Bajo Cauca have since battled over control of mining regions.

Meanwhile, the FARC, and lately the ELN, continue to yield significant influence in isolated areas of Bajo Cauca and North Easter Antioquia, oscillating between clashes and co-existence with these new local criminal organisations. Today, the FARC (fronts 9, 18, 34, 36, and 58), the ELN (with its José Antonio Galan, Heroes y Martires de Anori, Capitan Mauricio and Compañero Tomás fronts) and the Usuga Clan, have divided control over these mining territories in Antioquia.

Figure 3: Map of mining zones, municipalities with presence of illegal mining and presence of non-state armed actors and criminal organisations in Antioquia, Colombia



Source: Elaboration by authors with information from the Colombian National Police from 2015 for presence of illegal mining; Fundación Paz y Reconciliación from 2015 for presence of non-state armed actors and criminal organisations; National Mining Cadastre for zones with current or pending mining title requests from 2014.

Prevalence of Guidance Annex II risks in Antioquia

Serious abuses associated with the extraction, transport and trade of gold

The worst forms of child labour

Authorities have noted their concern about forced labour by children in Antioquia. A number of reports have flagged the recruitment of children by illegal armed actors or criminal organisations for activities directly or indirectly related to mining. In 2015, the Ombudsman's Office received reports that underage girls coming from Chocó were being recruited in Medellín and then taken to serve as prostitutes in mining municipalities in the Bajo Cauca sub-region (interview with official from the Ombudsman's Office in Antioquia, 2015). A journalist from the region also mentioned isolated reports of criminal groups – namely the Urabeños and the Rastrojos - recruiting children in early 2015 in municipalities in Bajo Cauca and taking them to work in mining operations under their direct control (interview with local journalist, 2015). This follows a tradition first employed by the former paramilitary groups operating in mining municipalities in Antioquia, where women reported that children were removed from their homes to work in mining sites (Attorney General's Office, 2014).

Large-scale gold mining companies and small-scale operations also often have a hard time preventing their employees from attending local brothels, where cases of child prostitution have been uncovered (interview with local police officer, 2015; interview with officer from children's rights NGO, 2016). While large-scale companies have strict ethics codes for their employees and sanctions are often imposed for misconduct, these standards are often hard to monitor outside of the operation's premises and during the employees free time. Many local brothels are often controlled by criminal networks linked to illegal mining themselves, or pay extortion to illegal armed actors (interview with local miner from El Bagre, 2015; interview with local miner from Buriticá, 2015).

Local and international gold traders interviewed in Antioquia do not have a specific mechanism to identify whether their suppliers employ the worst forms of child labour in their operations. Most assume that by purchasing from legal titleholders or authorised suppliers (e.g. *barequeros*) there is an implicit respect for children's rights (interview with director of international gold trader association, 2015). While at least two of the smelters interviewed mentioned they were undertaking site visits to some of the sites of their main suppliers, it is unclear if their monitoring visits include a systematic assessment of the worst forms of child labour in mining activities.

In addition to forceful recruitment of children for child prostitution and forced labour by non-state actors, children often undertake tasks in mining operations that fall in a grey area between menial house chores and potentially hazardous work in unhealthy environments. Studies by the International Labour Organisation (ILO) and *Fedesarrollo* have noted that subsistence and small-scale mining in departments like Chocó and Antioquia have traditionally involved members of the family in mining operations (ILO, 2001; Goñi et al., 2014). In 2012, as part of a baseline assessment for the development of a new policy to eradicate the worst forms of child labour, the Ministry of Labour identified the risk of child labour in mining activities in at least four municipalities in Antioquia, namely Amaga, Nechi, Segovia and Angelopolis (Ministry of Labour, 2012). In 2013, the Ministry of Labour reported over 17,600 cases of the worst forms of child labour in Antioquia, out of which over 3,700 were related to mining activities and over 5,900 were in the top-ten gold producing municipalities (Ministry of Labour, 2013).

In mining municipalities in Antioquia the line between household chores and the worst forms of child labour is often blurred. Children can be called on to help in menial tasks, but also sometimes undertake sifting and panning chores (interview with local miner from El Bagre, 2015). They also appear to provide "surge capacity" when there is an incentive to increase gold production (e.g. a price hike or discovery of a new, promising mining site) during which they can temporarily be exposed to hazardous conditions, such as working near heavy machinery and the use of mercury (interview with mining expert from Antioquia, 2015). Based on field visits to mining sites in 2014, the Ombudsman's Office reported that municipal mining booms were leading families to take their children out of schools to assist in mining activities in municipalities such as Angostura and El Bagre (interview with officer from Ombudsman's Office in Antioquia, 2015).

While the extent to which small-scale and subsistence miners employ children remains unclear, it is likely more common in miners without titles and *barequeros*. Interviews with small-scale miners with legal mining titles demonstrated that they had basic knowledge about child labour regulations in mining activities (interview with a small-scale miner from Buriticá, 2015; interview with a small-scale miner from Andes, 2015). Miners from El Bagre noted that, although this practice is increasingly less pervasive in small-scale mining operations, whole families including children are

often still involved in alluvial subsistence mining, or *barequeo*, in that municipality (interview with small-scale miner from EL Bagre, 2015).

Despite its limitations, Antioquia has one of the most active regional labour inspection offices, with between 50 and 70 labour inspectors covering all sectors (ENS, 2016). While visits are sporadic and formal investigations are seldom launched against gold miners, sources in mining sites in El Bagre note that labour inspectors have visited mining sites (interview with small-scale miner from El Bagre, 2015). (Note that labour inspectors are not mandated to monitor illegal operations, which is where most child labour occurs). To bridge this gap, since 2010, the Colombian Ministry of Labour, the Governor's Office, the US Department of Labour and civil society organisations have implemented a series of initiatives to inform mining communities about the worst forms of child labour, work with children to reduce school desertion and improve health benefits for children. Although these programs have benefited over 2,000 children in municipalities in the Bajo Cauca sub-region, sources that have worked in these projects note that child labour in mining activities persists (interview with officer from the Ombudsman's Office in Antioquia, 2015; interview with children's rights NGO officer, 2016).

Some large-scale companies are also hoping to improve their due diligence regarding the worst forms of child labour. Mineros S.A., for instance, has set up an email account to receive complaints by their employees or their suppliers related to human rights violations, including the worst forms of child labour. As part of their Global Reporting Initiative obligations, Mineros S.A. is also hoping to establish a mechanism to monitor and report onefforts to ensure that their supply chain is free of child labour. Both Mineros S.A. and Continental Gold recently joined the Colombian Network Against Child Labour, a group of companies led by the UN Global Compact and the ILO, in support of the government's strategy to eradicate the worst forms of child labour. In 2012, both Mineros S.A. and Gran Colombia Gold adhered to an industry code of conduct of the Large-Scale Mining Association (now the Colombian Mining Association), outlining their commitment to the "international standards regarding child labour". Although the Colombian Mining Association still monitors adherence of its members to this principle, companies have not been strictly reporting their progress to the association (interview with officer from the Colombian Mining Association, 2016).

War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide

Non-state armed groups that receive rents from mining operations in Antioquia continue to commit a number of violations considered to be war crimes or infringements to international humanitarian law. FARC units operating in mining municipalities, such as the 36th, 18th, and 34th fronts still employ these practices. Selective killings of civilians, although less pervasive than in the past, are still committed by some of these units as retaliation against those that fail to cater to their interest. Since 2010, press outlets, human rights NGOs and law enforcement agencies have recorded a handful of selective killings of community leaders, electoral candidates or landowners who refused to pay extortion fees (CINEP, 2016; AGO, 2015). More recently, however, these units are resorting to restrictions to mobility, including through destruction of vehicles and blockading of roads, ambushes using explosives, as well as threats to community leaders and civilian authorities to maintain population control (CINEP, 2016; AGO, 2016). Authorities have also charged these units with forced recruitment of children and the indiscriminate use of landmines (AGO, 2016). Although the number of victims has consistently dropped every year since 2010, the use of landmines by FARC and ELN units resulted in over ten civilian accidents in the top-ten gold producing municipalities in Antioquia (DAICMA, 2016).

ELN units have been increasingly active in mining municipalities in the Bajo Cauca and North Eastern sub-regions in Antioquia since 2012, resulting in increased violations by this group. Units such as the Capitan Mauricio, Compañero Tomás, Heroes de Tarazá, Jose Antonio Galán and Heroes y Martires de Anorí fronts have revamped their operations to re-establish population control and extortion revenues in areas where the BACRIM have consolidated their presence. Human rights NGOs and press sources have reported restrictions to mobility (road blockades and threats to transporters in February 2016), the selective killing of one miner in mid-2015, and three kidnappings of civilians who failed to pay extortion to this group (CINEP, 2016; AGO, 2016). ELN units are also increasingly launching ambushes on security force barracks and units with explosives, injuring civilians, and are still indiscriminately employing landmines (Colombian Army, 2015).

Factions of the BACRIM – over which there is a debate regarding their consideration as non-state actors subject to international humanitarian law – that operate in mining municipalities are currently responsible for the highest rate of these violations. Infighting between these groups over territorial control has resulted in selective killings and systematic threats to civilians. The Centre for Research and Popular Education (*Centro de Investigación y Educación Popular – CINEP*), a Colombian human rights thinktank, recorded at least ten murders of small-scale illegal miners in Caucasia, Segovia and Remedios since 2010 in a battle over control of extortion rents between the Rastrojos and the Urabeños (CINEP, 2016). These groups are also responsible for the killing of indigenous leaders, store owners, farmers and transporters in these municipalities, and have issued threats against communities, including by imposing curfews and restrictions to mobility (CINEP, 2016). In addition, press sources have reported widespread recruitment of children by these groups in mining municipalities in Antioquia (VerdadAbierta, 2013; interview with official from the Ombudsman's Office, 2015).

Forced displacement and illegal appropriation of property⁶

As noted above, small-scale and subsistence miners are often victims of forced displacement. According to the Colombia's Victims' Unit (8% of internally displaced persons recorded in Antioquia - there are over 124,000 cases - affect the six main gold producing municipalities of the Department). A recent example of forced displacement occurred between 2011 and 2012 in Segovia when the Urabeños and a faction of the Rastrojos clashed over the control of small-scale miners, causing forced displacement to increase from 399 in 2011 to 2,319 cases in 2012 (Victims' Unit, 2016).

Due to historically high rates of displacement from gold mining municipalities in Antioquia, there is a risk that some operations, particularly small-scale illegal mining, could be undertaken on land that was illegally appropriated by third parties.

There are generally two types of illegal occupation: miners that have unknowingly occupied or purchased these lands and those that have intentionally benefited from lands left by victims. While unknowing occupation or purchase is the most common, there are anecdotal reports of former paramilitaries that purchased mining sites in Antioquia by coercing owners to sell (Judicial Branch, 2010). In addition, miners consulted from El Bagre and Segovia noted that forced dispossession of mines is still occurring. For instance, in Rio Bagre, an area in the municipality of El Bagre, the FARC sent frontmen in 2014 to pressure local miners into selling their properties (interview with small-scale miners from El Bagre, 2015).

Authorities and large-scale mining companies have made progress in identifying risks related to land titles, but small-scale miners, local gold traders (*compra-ventas*) and international gold traders in

Medellín have not. Since 2014, the Land Restitution Unit and the National Mining Agency are working together to systematically check land restitution claims for potential overlaps with mining titles and applications for legalisation of small-scale miners. However, since there are still only a small number of cases of land restitution to victims going to trial, it is hard to ascertain what the real magnitude of the overlap is.

Large-scale mining companies are increasingly looking to mitigate risks of overlap with lands subject to land restitution processes. Some are employing legal counsel firms to carry out a thorough background check of owners of the lands purchased for their operations to assure they have no criminal records (interview with large-scale mining company official from Antioquia, 2015; interview with Colombian Mining Association Official, 2016). Others are directly approaching the Land Restitution Unit and the National Mining Agency to procure official land restitution records. Small-scale miners and local gold traders have not adopted any mechanism to assess this risk. International gold traders in Medellín have noted their concern with sourcing from suppliers whose mining sites could overlap with land restitution processes, but they have not yet implemented a systematic background check for this risk (interview with director of international gold trader association, 2015).

Direct or indirect support to non-state armed groups

BACRIM and the guerrilla groups present in Antioquia today rarely run mines, contrary to the paramilitary groups during the 90s. Although there are strong suspicions that some of their leaders invested in mines through front companies (*empresas fachadas*), they largely prefer extorting whoever works in the mining areas they control, rather than operating the mines themselves.

However, the line is often blurred between operating mines directly and extorting miners and mining communities. In some cases, groups have encouraged illegal invasions and occupations of mines, such as the ELN in 2001 in Segovia. In other cases, they prefer controlling or infiltrating mining associations. For instance, there are sources that contend that Sintraminergética, a mining trade union with a strong presence in Segovia, was created by the FARC and that some of its members later established links with the paramilitary leader a.k.a. Macaco. Other miner associations, such as Asodragan in El Bagre, have been accused of having former paramilitaries as members.

According to testimonies, the BACRIM sometimes coerce local miners into allowing BACRIM miners access to the mines one day a week to extract gold bearing rocks and materials as a form of extortion payment. The minerals are then taken out from the mines and stored in adjacent properties, waiting to be processed in nearby local processing plants and smelting houses. While this type of in-kind payment requires more logistics, gold bearing rocks and sands often prove harder for law enforcement agencies to detect (interview with small-scale miners from Segovia, 2015; interview with law enforcement officer, 2015).

Illegal armed groups in Antioquia also extract rents from other actors along the gold chain supply. Although illegal armed actors do not own or directly control most local processing plants, their owners are often forced to pay to be allowed to operate.

One of the largest sources of revenue for the guerrillas and the BACRIM comes from extortion of service providers to small-scale miners. Thousands of operators of backhoes and bulldozers operating all around the department are required to pay a set extortion fee of between USD 1,000-1,500 per month in order to enter certain areas. Local sources believe that in the six municipalities of the Bajo Cauca sub-region alone, there is currently an average of three backhoes or bulldozers

operating in over 1,200 unauthorised mining sites. In Northeast Antioquia, the situation is very similar with between 500 and 800 machines reported to be operating there.

According to some estimates, in Bajo Cauca alone, the BACRIM, the FARC and the ELN obtain as much as USD 1.5 million a month each, out of the USD 15 million a month that gold mining is reported to be generating in the region. In Segovia, more than USD 1 million is reported to be changing hands every day. The paramilitary and guerrilla groups used to justify their practices as a tax to finance their combat as well as a means to protect miners from other illegal armed groups. Today, however, illegal armed groups also say they tax miners to protect them against the authorities who want to put them out of business by imposing impossible regulatory thresholds.

While extortion and control of mining areas continues for artisanal and small-scale mining, extortion of large-scale mining companies seems less prevalent. According to local miners interviewed for this study, large-scale mining companies are no longer systematically paying extortion to guerrilla groups, as they used to (e.g. Mineros S.A.). However, other sources suggest that illegal armed groups still resort to the use of force, threats or intimidation when it comes to large-scale mining companies. In 2015, for example, one of the BACRIM present in the municipality of Segovia murdered two employees of a supplier to Gran Colombia Gold, supposedly because the company had decided not to pay the extortion (El Colombiano, 2015). Other sources told the authors that the supplier had links to criminal organisations.

In other places, such as the municipality of Buriticá, extortion until 2014 was reported to be more subtle or sophisticated. Instead of paying extortion directly or giving in to blackmail, some company employees allegedly cooperated with illegal armed groups by allowing them to benefit from the company's geological expertise information and to operate within (or next to) their legal concessions (interview with small-scale miners from Buriticá, 2015; interview with law enforcement officers, 2015). A company in this municipality is currently undertaking a full review of its due diligence mechanisms and is looking to become compliant with some of the highest industry standards, including those of the International Financial Corporation, the International Council on Mining and Metals and the World Gold Council.

Public or private security forces

Large-scale companies in Antioquia are, to some extent (see section above regarding extortion), insulated from illegal armed groups because of the protection provided by private security companies and state security forces. However, local NGOs often question the human rights track record of these forces. Companies like Mineros S.A. in El Bagre, Gran Colombia Gold in Segovia (both in the production phase) and Continental Gold in Buriticá, and Anglo Gold Ashanti – B2Gold in San Roque (both in advanced exploration and environmental licensing phases) have signed agreements with the Ministry of Defence to assure the safety of their operations in return for financial contributions or purchase of equipment (OECD, 2016). Although these agreements are not public, sources consulted for this assessment noted that they include clauses adhering to human rights standards (interview with former government official and security expert, 2015). The Ministry of Defence and companies like Anglo Gold Ashanti have also subscribed to the implementation of the Voluntary Principles on Security and Human Rights.⁷ Company officials have frequent contact with army units and some survey their human rights records, but it is unclear whether this is done in a systematic manner (interview with official from large-scale mining company in Antioquia, 2015; interview with former government official and security expert, 2015).

Although the human rights track record of army units in mining regions in Antioquia has improved dramatically in the last decade, local organisations continue to report isolated cases of abuses. In Segovia, for instance, the Energy and Road Battalion N. 8, created in 2001 to protect the oil pipeline, also protects mining operations in the municipalities of Segovia and Remedios. Members of this unit were accused of participating in at least one extra judicial execution of a civilian in 2007 (AGO, 2015). No similar cases have been recorded since. However, local grassroots organisations like *Corporación Acción Humanitaria por la Convivencia y la Paz del Nordeste Antioqueño - CAUCOPANA* have filed complaints against this army unit for excessive use of forced and unjustified detentions of community members. Since the FARC and the ELN have had a historic presence in the region, the army suspects some of the communities of collaborating with those groups.

Security forces, particularly local police, are now under pressure as a result of tensions between unauthorised small-scale miners and large-scale companies. Local mayors and police forces are mandated by law to evict unauthorised small-scale miners from legally granted concessions. Since 2012, in the municipalities of Segovia and Buriticá, Gran Colombia Gold and Continental Gold have reported the presence of unauthorised miners in their concessions, triggering eviction orders. This resulted in protests by small-scale miners and clashes with the police. The death of several protesters in Segovia in 2011 and in Buriticá in 2013 raised concerns that small-scale mining leaders could be targeted. Authorities have launched a series of mediation processes with small-scale miners that have successfully reduced tensions, but in most cases have not been able to offer adequate protection to those leaders or prosecute the perpetrators of abuses.

In April 2016, the Ministry of Defence launched a joint operation to shut down illegal mines and small-scale processing plants in Buriticá. Unlike past operations, the government reports that this one included security forces, law enforcement agencies, mining authorities, and civilian authorities, and designed a careful risk mitigation strategy reducing potential impact on communities, local miners and company assets. Authorities hope this will become a model for this type of eviction operations in the future.

Bribery and fraudulent misrepresentation of the origin of gold

The implementation of the Single Registry for Mineral Traders (*Registro Único de Comercializadores Mineros - RUCOM*), which requires mineral traders and transporters to hold a certificate of origin issued by the supplier, uncovered high rates of gold being sourced by local and international gold traders from unauthorised suppliers in Antioquia. Between February and April 2015, local gold traders and international traders reduced their purchase of gold significantly since many of their suppliers did not have an official registration. Since April 2015, both local and international traders have started looking to source from authorised suppliers. Many have started sourcing from *barequeros*, who because they can be quickly registered with the local mayor, are difficult to trace and are not monitored by the National Mining Agency. This is already being labelled as "smurfing" (*pitufeo*), a practice used by criminal organisations to launder money by making large numbers of small transaction through the banking and money exchange systems. For instance, an international trader consulted in Medellín quickly shifted to buy 70% of its gold by June 2015 from *barequeros*, claiming that some of its traditional small-scale suppliers had been unjustly left out of legalisation programmes by the government (interview with director of international gold trader association, 2015). The Ministry of Mines already identified this is as a problem and is working to put a cap on the amount that each *barequero* is allowed to produce (interview with advisers from the Ministry of Mines, 2015).

Authorities are also looking into other forms of misrepresentation of the origins of minerals by international gold traders. In 2014, the case of C.I. Goldex, a well-known international gold trader based in Medellín, uncovered how local gold traders had temporarily established front traders in mining municipalities to purchase gold from illegal sources, including mines in areas controlled by the FARC and mines directly controlled by the Urabeños. Fake identification numbers were also used to justify purchases from individuals (interview with law enforcement officers, 2015). The Attorney General's Office is currently undertaking preliminary investigations into others international gold traders, a significant number based in Medellín, and has found that many of them have traditionally employed similar practices (interview with officials from the Attorney General's Office, 2016). Moreover, a number of international gold traders used to source from local mining associations that serve as consolidators of small quantities produced by their members. These associations are also suspected of misrepresenting the exact origin of the gold they sell to traders. For instance, the Association of Miners from Bajo Cauca (*Asomineros del Bajo Cauca*), a highly influential mining group in the region, is suspected of links with illegal armed groups (interview with small-scale miners from El Bagre, 2015).

Under pressure from authorities to legalise and formalise or being pursued by authorities, small-scale illegal miners have resorted to new ways of “legalizing” the gold they produce. According to local miners interviewed for this study, illegal small-scale miners from Buriticá are taking their gold to authorized mining operations located in the municipalities of Amalfi and Segovia which then declare the production as their own. Miners from Segovia also mentioned this as a common practice between authorized and unauthorized small-scale miners in Segovia (interview with small-scale miners from Segovia, 2015).

The implementation of the RUCOM also uncovered a black market of gold. A source who formerly worked on law enforcement efforts against illegal mining noted that during the first half of 2015 they had information that significant quantities of gold from Antioquia were being taken out via a black market through Venezuela to the Caribbean and then sold to alleged Chinese buyers at lower prices than the official market (interview with former government official and security expert, 2015). Other sources mentioned Brazil, and to a lesser extent Panama, as potential destinations for contraband gold (interviews). According to this source, the routes used to smuggle gold out of Colombia are similar to the ones used by organised crime for drug trafficking. Also wary of potential contraband gold coming into Colombia from other Latin American countries and being re-exported, the National Tax and Customs Authority (*Direccion de Impuestos y Aduanas Nacionales - DIAN*) has started using spectrometers in its customs area in Medellín to verify the purity of gold imports and exports (interview with officers from the National Tax and Custom's Agency, 2015).

The new regulations and coercive actions by authorities are forcing international gold traders in Antioquia to start implementing due diligence measures. Regulations by the DIAN increasing insurance requirements for international gold traders (OECD, 2016) has made them subject to financial assessments by insurance companies and banks. One international trader based in Medellín noted that a bank had refused to give them credit following a financial risk assessment. Moreover, the Colombian National Police has actively confiscated gold from traders in Antioquia that are not able to provide a certificate of origin (interview with director of international gold trader association, 2015). Due to their lack of transparency and allegations of fraudulent misrepresentation of the origin of gold purchases, large-scale miners in Antioquia, such as Mineros S.A., have stopped selling to international gold traders and are instead negotiating directly with international refiners. Other mid-scale mining companies are setting up their own trading operations in free trade areas in

Medellín to avoid going through traditional international traders (interview with international gold trader, 2015).

To address these growing pressures, international gold traders have started implementing basic due diligence practices. Two of the traders consulted have recently contracted risk assessment firms to undertake background checks on their suppliers. One of these firms uses official criminal records, drug trafficking organisations and money laundering lists of the US government, taxation registries and open source data to carry out individual background checks on each supplier and appointed a compliance officer to monitor its entire supply chain. Another international trader mentioned a complete re-engineering of its supply chain, moving away from small-scale miners, focusing on mid-scale operations and undertaking site visits to ensure that gold suppliers are abiding by legal standards (interview with international gold trader, 2015). Moreover, gold traders have asked the Ministry of Mines to facilitate a certification process for due diligence in their supply chains and training to undertake it (interview with director of international gold trader association, 2015). Both international gold traders consulted were aware of the existence of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and requested more information about how they could implement it.

Bribery

Due to the weakness of the state presence in many mining municipalities in Antioquia, small-scale corruption by government officials has become widespread. Corruption is particularly common in the chain of suppliers to small-scale miners. Miners and authorities consulted mentioned the existence of black markets of homemade explosives - known locally as "crazy powder" – and of mercury run by criminal organisations from Segovia; these groups allegedly pay bribes to local police officers to allow them to operate (interview with small-scale miners from Segovia, 2015; interview with mining expert from Antioquia, 2015). Backhoes, bulldozers and other machinery are brought legally from Medellín or through contraband routes from Venezuela to mining sites in Antioquia (interview with small-scale miner from Andes, 2015). Policemen manning checkpoints on roads leading to mining municipalities have been known to solicit bribes to allow this equipment to reach illegal mining sites (interview with law enforcement officer, 2015). Legal explosives can be acquired from the army, but there are allegations of influence peddling and sometimes bribes to facilitate what is usually a long process (interview with small-scale miner from Andes, 2015; interview with former government official and security expert, 2015).

Local mayors are responsible for closing illegal mines and evicting unauthorised miners. They are under increasing pressure from legal title holders and national authorities to do so. However, low ranking civilian and security officers have also been reported demanding bribes from illegal miners and local processing facilities in return for allowing them to continue operating. For instance, in Buriticá law enforcement officials and local miners confirmed that, illegal miners pay bribes at local police checkpoints to allow them to take dump-trucks full of unprocessed material to processing plants in nearby municipalities such as Santa Fe (interview with law enforcement officers, 2015). Another miner mentioned similar cases of local police officers demanding payments from illegal miners in Cáceres (interview with mining expert from Antioquia, 2015).

To combat these practices, the National Police are implementing a series of new measures that are starting to show promising results. Low ranking police officers in mining municipalities are rotated regularly to prevent them from taking bribes. In addition, elite national units dedicated to fighting criminal mining (see overview report) have the capacity to launch operations to destroy machinery,

seize gold and capture miners linked to illegal armed actors or criminal organisations without relying on local officials. Some of these operations in Antioquia have resulted in the prosecution of local security force officials who were collaborating with illegal gold mining and trading networks (interview with law enforcement officials, 2015; interview with former government official and security expert, 2015).

Though large-scale mining companies operating in Antioquia have strict internal audit mechanisms and codes of ethics to prevent corruption, there are reports of corruption by some of their lower level employees. In Buriticá, Continental Gold has signed four formalisation contracts with small-scale miners that were operating on their property without a title. One of these miners reported the constant oversight of officials from Continental Gold regarding mining conditions and supervision to prevent small-scale miners going beyond the authorised depth. However, they also claim that low-level company officials have received bribes from illegal miners operating within the company's property to allow them to continue operating (interview with small-scale miner from Buriticá). A local miner interviewed for this study reported anecdotal evidence of a similar practice implemented by Mineros S.A. security personnel in El Bagre (interview with a small-scale miner from El Bagre). There is also speculation that in 2012-2013, Continental Gold officials leaked information to illegal gold miners about the existence of gold deposits in return for bribes (*El Tiempo*, 2016a). Continental Gold is currently undertaking an internal risk assessment and audit to prevent future leaks (interview with former government official and security expert, 2015).

Finally, new measures implemented by the government have reduced the potential for corruption by civilian authorities relating to payment of taxes and royalties. Actors in the gold mining sector in Antioquia have a history of transporting gold produced in one municipality to be sold in another. For instance, municipalities with few mining titles, such as Maceo and Caucasia, reported high levels of production (Giraldo and Muñoz, 2012, p. 95). Although this may be partly due to local traders and producers being located in different municipalities, there is speculation that local officials have promoted such transfers to receive more royalties (OECD, 2016). Following a reform of the royalties system in 2011 (see overview report), local authorities have less incentive to promote such transfers. But only recently law enforcement officials uncovered inconsistencies in royalty payment reports by international gold traders. While the National Mining Agency and the Governor's Office have greatly increased their capacity to audit company accounts and undertake site visits, particularly in Antioquia, law enforcement agencies are considering the possibility of corrupt mining authority officials colluding with international traders to overlook these discrepancies (interview with officer from the Attorney General's Office, 2016).

Money laundering

Authorities have been increasingly vigilant regarding the potential use of local and international gold traders in Antioquia to launder the proceeds of drug trafficking operations. However, the local gold trader's environment is difficult to monitor. According to estimates by an international trader in Medellín, there could be close to 20,000 local gold traders operating in mining municipalities throughout the country. Authorities and local miners confirmed that owners of these local gold trading shops have significant capital and liquidity to support their operations, increasing suspicion that many could be financed directly by illegal armed groups or drug trafficking organisations. Since the 1970s, drug trafficking cartels have purchased gold and sold it to local traders in gold mining municipalities and international traders/smelters in Medellín to launder their illegal revenues (OECD, 2016). As mentioned above, in the late 1990s and early 2000s, members of paramilitary groups, such as the *Bloque Mineros* operating in Bajo Cauca and North Eastern Antioquia, invested in mines and

in local gold trading themselves. A recent investigation by the Attorney General's Office revealed that between 2008 and 2012, the FARC were laundering money from drug trafficking through national gold traders based in Medellín that allegedly purchased large quantities of gold from indigenous communities in the department of Guainía, along the borders with Venezuela and Brazil (El Tiempo, 2016b). To further complicate matters, international traders in Medellín have often set up satellite trading companies at the municipal level to serve as their providers. Although the RUCOM now requires that local traders deliver their financial statements and report to the DIAN, law enforcement agents acknowledged the difficulty they have in effectively overseeing these local traders (interview with law enforcement officers, 2015; interview with official from the Attorney General's Office, 2016).

Formalisation processes and due diligence: relevant initiatives and perspectives

Authorities contend that small-scale unauthorised miners are more vulnerable to the influence of illegal armed actors. To address this issue, the Secretary of Mines in Antioquia and the Ministry of Mines launched a series of initiatives to legalise and formalise unauthorised small-scale miners that have historically operated on land with titles awarded to other companies in Antioquia. Since 2011, efforts to meet Colombia's commitments within the Minamata Convention have also led the Ministry of Mines to undertake a series of activities, including formal plans to gradually eliminate the use of mercury by small-scale processing plants and miners that could eventually make them eligible for an environmental licence.

In 2010, USAID launched its BIOREDD+ programme to assist local miners in the municipalities of Tararazá, Cáceres, Segovia, Remedios and Buriticá to legalise their mines and formalise their practices. After identifying more than 300 mines, 90 were selected and received technical, juridical, environmental and labour training and assistance. While 43 of them are expected to move into an advanced formalisation stage, former BIOREDD+ consultants acknowledge that a large majority of small-scale miners are still far from reaching the legal threshold to apply for a mining title (interview with mining expert from Antioquia, 2015). The Governor of Antioquia has also invested over USD 5 million of public funds in the design and implementation of different formalisation programs.

Since a significant number of small-scale unauthorized miners are operating within the premises of large-scale concessions, some companies are working to legalise and formalise them in collaboration with the Ministry of Mines and Energy and the Governor's Office. For instance, in Zaragoza, Mineros S.A. conceded 127 hectares of land to 35 miners and their families who created their own company, Empresa de Mineros de Jobo Medio (Emijon).⁸ In Buritica, Continental Gold originally signed nine - then reduced to four - formalisation sub-contracts, a new figure established by the Ministry of Mines allowing more than 500 local miners to operate legally in this area. Created in 2014, the sub-contracts signed between miners and the company, and overseen by the government, assure technical assistance to the beneficiaries and remain valid for four years. Finally, in Segovia, Gran Colombia Gold has also started working on formalisation. When the company purchased Frontino Gold Mines in 2004, former company employees had established informal operations within the concession (ARM, 2016, pp. 50-51). To address this challenge, Gran Colombia signed contracts with 36 small-scale mining companies with over 3,000 employees and started sourcing from them (*ibid*).

While these formalisation initiatives are necessary and have already showed promising results, they are not without critics and risks. Miners and specialists interviewed by the authors, judge these

contracts as sometimes biased and unfair. Others, with a more radical view, compare operation contracts to a new form of slavery (interviews with small-scale miners from Segovia). The miner's main objections are: a) Operation contracts between local miners and the CGC company are for one year only, although they are renewable; b) 100% of their gold production has to be sold to the company and for those who do not comply, the contract is terminated; c) As all their machinery must be given to the company at the end of the contract, miners have no incentive no incentive to invest in new machinery; d) The absence of an independent laboratory raises serious doubts as to the transparency of transactions. In summary, while operation contracts reduce intermediaries along the supply chain and thereby improve the traceability of gold, local miners who signed contracts with Gran Colombia complain that their activity has become economically unsustainable.

Local miners who oppose such contracts are accused of defending local traders and processing plants who do not necessarily comply with due diligence measures, thereby contributing to informality in the gold mining sector. Gran Colombia is accused of trying to force the closure of mines and to eliminate all intermediaries in the local supply chain by putting pressure – in some cases by intimidation - on miners who still refuse to sign operation contracts with them (interviews).⁹

Verifiable and audited due diligence mechanisms are rare in supply chain stakeholders in Antioquia. Large-scale companies, including Anglo Gold Ashanti and Mineros S.A., have adhered to recommendations issued by the Mining and Energy Committee (a Colombian multi-stakeholder initiative that promotes the implementation of the Voluntary Principles) and the Global Compact, in terms of how to undertake risk assessments for security and human rights related risks. However, implementation of these recommendations is not audited by third parties and is voluntary. Two international traders consulted are implementing the System for the Administration of Risk of Money Laundering and Terrorism Financing (*Sistema de Administración del Riesgo de Lavado de Activos y de la Financiación del Terrorismo - SARLAFT*), a risk assessment mechanism against money laundering and terrorism financing overseen by the Financial Superintendence. Although this system requires companies to analyse risk factors in their supply chain and report them to financial authorities, officials acknowledge that companies fail to undertake these self-assessments with the necessary rigour (interview with law enforcement officers, 2015; interview with official from the Attorney General's Office, 2016). C.I. Goldex, currently being investigated for money laundering, implemented the SARLAFT in 2012, but failed to report all of its potentially risky transactions.

Conclusions

The department of Antioquia is not only Colombia's first gold producing region, but also one of its most challenging in terms of Annex II risks. All actors in the gold supply chain, including artisanal and small-scale miners – mostly without mining titles - medium and large-scale mining companies - alluvial and underground, national and international - local gold traders, refiners and international gold traders all operate in the region. However, because illegal armed groups and criminal organisations are extracting rents from mining operations, the pervasiveness of money laundering operations involving the gold trade, and the corruption that these organisations generate, the risk of sourcing gold from Antioquia has increased.

At the same time, the department has been at the forefront of new formalisation and legalisation of small-scale miners and is promoting due diligence in the gold mining sector. Although so far results have been mixed, reinforcing and promoting such initiatives is essential to improve information for future stakeholders to undertake better due diligence processes. Under pressure from authorities to improve the traceability of their supply chains, mining companies and international gold traders, have shown interest in implementing more reliable due diligence processes.

Many obstacles remain and future peace agreements will not eliminate all links between illegal armed groups and the gold mining sector. But as events in the post conflict period will be closely monitored in Antioquia, the department will become a testing ground for possible production of not only conflict free gold, but also "criminality free" gold in Colombia.

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Notes

¹ Despite delegating decisions on contracting and mining to the departmental government of Antioquia, the National Mining Agency remains the only institution able to decide on concessions and on applications for formalisation or legalisation.

² The Ministry of Mines has coined the term “regularisation” to refer to legalisation and formalisation of miners without a title.

³ Local miners estimate that small-scale miners could be producing over USD 2 million of gold weekly. Gold deposits in this municipality are highly coveted.

⁴ Colombian legislation does not classify miners according to their means of production, but according to their size. The artisanal mining category is not used in Colombian legislation. For a more detailed description of formalisation and legalisation programs, see OECD (2016), Due Diligence in Colombia’s Gold Supply Chain.

⁵ By the end of 2015, Antioquia had registered 27,238 *barequeros*, though some analysts believe these figures could be inflated due to the implementation of RUCOM, which placed restrictions on small-scale miners. Once registered in their municipality, *barequeros* are allowed to operate freely. As a result, illegal gold can be extracted and sold through these actors to dissimulate its true origin.

⁶ Illegal appropriation of property is considered a War Crime under the Geneva Convention and under Article 8 of the Statute of the International Criminal Court.

⁷ The Voluntary Principles on Security and Human Rights, established in 2000, are a multi-stakeholder initiative aimed at encouraging companies in the extractive sector to maintain the safety of their operations while adhering to the highest standards of respect for human rights. Companies, governments, NGOs and international organisations are part of the initiative.

⁸ For many years, Mineros SA ignored activities of illegal miners in its own concessions. Two years of tough negotiations were necessary before these areas could be conceded and the outcome of these negotiations is still not totally guaranteed. Despite the creation of a Laboratory for Mining Legalisation and Formalisation in 2012 in the Bajo Cauca sub-region, financed by the government, the Governor of Antioquia and international donors, the agreement has been confronted with administrative, legal and technical problems. Due to the difficulties experienced, this approach has not been replicated.

⁹ According to local sources, a draft law was submitted recently to force gold scrapers (*chatareros*) to sell the totality of their production to Gran Colombia Gold. As the local mayor opposed mine closures, Gran Colombia Gold tried to convince the local energy company to cut electricity to those mines. As the Energy Company refused to comply, Gran Colombia Gold appealed to the *Procuraduria* to force the local mayor to close the mines and the National Mining Agency sent some of its employees to confirm the closure. But, according to the same source, these measures were opposed by the Segovian population.

DUE DILIGENCE IN COLOMBIA'S GOLD SUPPLY CHAIN

Gold mining in Antioquia

This report is the second of a series of assessments on Colombian gold supply chains and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas in the Colombian context. It analyses conditions of mineral extraction and related risks in Colombia's Antioquia region.

mneguidelines.oecd.org/mining.htm

