

## Press release

### **Central banks commit to supporting responsible artisanal and small-scale gold mining through domestic purchase programmes**

LONDON, 12 June, 2024 - The World Gold Council (WGC) announced today that four central banks have committed to signing '*The London Principles*.' This is a set of operating principles to help structure and formalise Central Bank Artisanal and Small-Scale Gold Mining Domestic Purchase Programmes (ASGM DPP). The inaugural signatories are Banco de la República (Colombia), Banco Central del Ecuador, Bank of Mongolia, and Bangko Sentral ng Pilipinas. The commitment of these institutions represents progress towards more responsible gold sourcing practices worldwide.

Artisanal and small-scale gold mining (ASGM) is an important source of livelihood in many gold-producing countries. Some estimates suggest that approximately 15 million people make their living from ASGM. However, it is often unfortunately associated with illicit activities, lack of environmental protection, labour abuses, and other harmful practices. ASGM DPPs offer a route to help bring responsible artisanal and small-scale gold miners into the formal supply chain.

Around the world, some central banks have launched these programmes to buy gold produced by domestic artisanal and small-scale gold miners in local currency. The schemes are mutually beneficial as small-scale miners can sell their production to a trustworthy source that offers transparent buying processes and pricing. In addition, central banks can add gold to their official reserves using their local currency, allowing them to grow their reserve assets without having to sacrifice other hard currency reserves.

#### **Shaokai Fan, Head of Asia-Pacific (ex-China) & Global Head of Central Banks, World Gold Council commented:**

"Over the last two years we have worked with central banks who operate ASGM DPPs to exchange best practices and learn from experts. We are pleased to see the group evolve into 'The signatories of *The London Principles*', a trusted circle of central banks who adhere to the most stringent requirements for ASGM DPPs. The participants in this initiative

believe that well-structured ASGM DPPs have the potential to contribute to sustainable development, support formalisation and raise ESG standards.”

**David Tait, Chief Executive Officer, World Gold Council, commented:**

“The World Gold Council is committed to improving transparency, trust and integrity across the entire value chain. By using the market power and visibility of central banks, who are often the largest or even sole legal buyer of ASGM production in their countries, we hope to instill responsible gold sourcing practices in countries where ASGM is prevalent.

“This is a critical moment for artisanal and small-scale gold miners, and we envision that this group of pioneering central banks will provide a blueprint for others that are considering how to help formalise domestic ASGM to the benefit of their economies and the people who earn a livelihood from this industry.”

**The 12 London Principles include a commitment to:**

1. **Legal frameworks, resourcing and transparency:** Programmes will be based on appropriate legal and regulatory powers, adequate resourcing and strong coordination between national and sub-national governmental agencies.
2. **Community wellbeing:** DPPs should seek to raise mine health and safety standards.
3. **Mercury reduction:** ASGM is the principal source of anthropogenic mercury pollution and DPPs should support a reduction in mercury use and promote alternative, responsible technologies for use in ASGM.
4. **Due diligence:** DPPs should conform with the framework provided by these Principles and reflect risk-based, international due diligence standards.
5. **Progressive improvement:** DPPs should seek to give a voice to legitimate ASGM actors and their representatives.
6. **Formalisation:** Formalisation should benefit responsible ASGM actors through providing greater security of tenure, and improved access to capital for investment in their operations.
7. **Incentives:** It is important to ensure that DPPs are based on realistic economic incentives, including in relation to the prices offered to attract the sale of material and the applicable fiscal regime.
8. **Rule of law:** ASGM DPPs should aim to strengthen the rule of law and to promote accountability and appropriate transparency.
9. **Accessibility:** This includes facilitating responsible ASGM groups to fulfil relevant permitting and regulatory requirements. It also applies to ensuring

- that the purchasing infrastructure is accessible to those responsible ASGM actors who wish to participate.
10. **Access to 'clean' finance:** Central banks with regulatory powers should consider using it to facilitate access to banking services and investment capital by responsible ASGM actors.
  11. **Refining purchased gold:** Gold purchased from DPPs must be refined at LBMA Good Delivery List refineries.
  12. **International cooperation:** Since ASGM production is susceptible to smuggling and misuse in money laundering, central bank DPPs may be bolstered by cooperation with appropriate regulatory, fiscal and law enforcement agencies in neighbouring countries and with international law enforcement agencies.

For more information on the ASGM DPP programme and *The London Principles*, please visit [gold.org](http://gold.org).

**ENDS**

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**Note to editors:**

**World Gold Council**

We are a membership organisation that champions the role gold plays as a strategic asset, shaping the future of a responsible and accessible gold supply chain. Our team of experts builds understanding of the use case and possibilities of gold through trusted research, analysis, commentary, and insights. We drive industry progress, shaping policy and setting the standards for a perpetual and sustainable gold market.

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