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MID-TERM EVALUATION OF THE SWISS BETTER GOLD, PHASE III

Final Evaluation Report –*Final*

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ACRONYMS

ARM	Alliance For Responsible Mining
ASGM	artisanal and small-scale gold mining
ASM	Artisanal and Small-Scale Mining
CEI	Continuous Improvement Escalator
CI	Conservation International
ESG	Environmental Social and Governance
ET	Evaluation Team
FGD	Focus Group Discussion
GAC	Global Affairs Canada
GEF	Global Environment Facility
IRMA	Initiative for Responsible Mining Assurance
KII	Key Informant Interview
LBMA	London Bullion Market Association
MEGAM	Improving Environmental Management of Mining and Energy Activities
MIAs	Minamata Initial Assessments
M&E	Monitoring and Evaluation
NDP	National Development Plan
OECD	Organisation for Economic Cooperation and Development

PEI	Plan Estratégico Institucional
PESEM	Plan Estratégico Institucional Sectorial Multiannual
RJC	Responsible Jewelry Council
SBG	Swiss Better Gold Initiative
SBGA	Swiss Better Gold Association
SECO	Swiss State Secretariat for Economic Affairs
SMEs	Small and Medium Enterprises
STA	Strengthening Together Activity
TDA	Tierra Dorada Activity
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
VSS	Voluntary Sustainability Standards

EXECUTIVE SUMMARY

The Swiss Better Gold Initiative for Artisanal and Small-Scale Mining (SBG for ASM), launched in 2013 and implemented by Projekt-Consult GmbH, is a collaborative effort between the Swiss State Secretariat for Economic Affairs (SECO), the Swiss Better Gold Association (SBGA), and its members. It recognizes artisanal and small-scale gold mining's (ASGM) potential to contribute to sustainable development in mineral-endowed communities and aims to address the challenges associated with this activity. The SBG is now in its third phase (2021–2025) and is active in Peru, Colombia, and Bolivia. It aims to promote sustainable development through the improvement of conditions and practices within the ASGM sector, ensuring the well-being of workers and communities, and minimizing its negative social and environmental impacts.

Key Findings

Relevance— SBG's beneficiary countries face some major challenges with regard to the gold-mining sector: i) informal operations, ii) widespread use of mercury and/or cyanide, iii) hazardous working conditions, iv) conflict financing, v) money laundering, and vi) devastating environmental impacts. As a result, all **governments of beneficiary countries** have put in place policies to respond to these challenges and further regulate the mining sector. Consequently, the SBG, also aiming to address these issues, is considered to be well aligned with the priorities of the beneficiary countries.

Despite ASGM being a crucial source of income and employment for many communities, it is often associated with environmental degradation, social challenges, and human rights issues. Since SBG seeks to find solutions to these problems, it can be considered as aligned to the needs and priorities of the main **beneficiary group i.e., ASGM workers**. By promoting responsible supply chains, the initiative contributes to the development of a sustainable gold sector, where consumers can trust that the gold they purchase is sourced responsibly.

As a means to support ASGM in improving their operations, SBG uses a Continuous Improvement Escalator (CIE). SBG accompanies ASGM miners' operation during three steps, as they voluntarily engage and commit to continuous improvement. An additional stage of certification by Voluntary Sustainability Standards (VSS) is proposed as well. SBG members have also developed a sustainable self-funding incentive known as the **"impact premium."** This premium is generated through the purchase of gold from SBGA members. Out of the total premium, 85% is reinvested into social, environmental and technical assistance projects.

The programme is considered a **"flagship" project for SECO** that has had good results during its three phases. SBG's objectives are adequately aligned with SECO's sustainability focus area as well as with the latter's priorities in Colombia and Peru. However, ensuring it keeps its focus on artisanal and small miners, rather than "bigger" miners is an area of improvement in Peru.

Coherence—SBG is **coherent with other interventions**, funded by other donors, particularly the Global Environment Facility (GEF) and the planetGOLD programme[1]. In terms of ASM focused programme, SBG presents similar objectives as those of other Voluntary Sustainability Standards (VSS) labelling organizations. Specifically, synergies were developed between the VSS organizations and SBGA as well as through the ASM working group. However, these synergies

[1] See: https://www.planetgold.org/

have only minimally led to any coordinated actions between **SBG and other VSS partners, which actually are in competition**. SBG stands out in terms of design and scope of intervention; the initiative brings a particular link to the market that is now foreseen by other interventions (i.e., Tierra Dorada) as a desirable asset.

Effectiveness— In most cases, the SBG and its activities have been implemented in line with its log frame. Regarding the objective of **integrating miners** and their communities into responsible and profitable value chains **(outcome 1),** the number of mines compliant with SBGA criteria and exporting to Switzerland had exceeded the planned target for 2025 (110%) in 2022, with 38 mines[2] over the 35 expected by 2025. However, from data reported, there was a drop in these numbers where in June 2023, only 29 mines in Peru and Colombia now comply with steps 1 and 2 of the project. Regarding the volume and value of responsible gold exported with the support of SBG/SBGA, the expected targets to be reached by 2025 have been achieved in 2022. In terms of **volume**, SBG was expected to export 4,000 kg of gold to Switzerland with SBG criteria by 2025, and, in 2022 nearly 4 tons (3,944 kg) have been exported[3]. The expected **value** of responsible gold exports has also been attained, with a total of USD 237 million exported from January to June 2022. At mid-year, this figure exceeded the projected value of USD 230 million expected in 2025 for a whole year. It is worth noting that ASGM operating in the project are larger in Peru, each producer exporting more than the biggest ones in Colombia which allows for increased volumes and value, at the expense of targeting and benefiting ASM as the project intended.

Outcome 2 focuses on **enhancing the regulatory and operational conditions** within sourcing countries to create a more favourable environment for ASGM. The progress towards achieving it has been made difficult by the **political contexts** in each of the beneficiary countries. However, SBG has been able to "focus on four regulatory measures included in the countries' regulatory framework that facilitate improvements in the responsible gold value chain in some way"[4].

The objective of improving knowledge and transparency regarding ASGM and disseminating good practices **(outcome 3)** has also achieved a satisfactory level. One partnership which promotes SBG's results in other contexts (e.g., with the SBG presence in an OECD conference in Paris) has been achieved; and **case studies and guidelines have been completed and published** on various topics (value chains, policy dialogue, climate change, gender, use of mercury, etc.). Additionally, three feasible options have been developed in collaboration with SECO in other countries.

Efficiency- Overall, the result-based management (RBM) structure, considering the logic linking the outputs and outcomes, as well as the choice of indicators selected to measure the project's progress are appropriate. However, there are still **issues** to address when it comes to **SBG monitoring and evaluation (M&E) and reporting**. For instance, in terms of the use of the log frame and the performance measurement framework (PMF), there are some gaps linked to baseline and progress data. The project does not have a consolidated, digital, online system, and it has been acknowledged that the one used generates inaccuracies. A solution has been searched by the project, however, up to now, these efforts have not yet led to concrete results.

[2] 26 maintained, 3 new mines—sources: Swiss Better Gold. (June 2023.) Progress Report Swiss Better Gold Initiative Phase III.
[3] Swiss Better Gold. (2023). Draft Progress Report Swiss Better Gold Initiative Phase III.
[4] Swiss Better Gold. (June 2023.) Progress Report Swiss Better Gold Initiative Phase III

Sustainability/impact—Although the project has made a lot of progress towards ensuring more relational sustainability among the different actors involved, it is still considered **that some of the accomplished progress** made since the beginning of endeavour **would suffer if the technical support provided would come to a halt**. Nevertheless, efforts have been made to decentralize the coordination of the activities in the field to implementors. The teams in the field are professional and generate strong and appreciated results for the miners and other actors involved.

The demand for SBG ASGM gold is now much higher than the offer, which puts pressure on the supply side, with the "larger small" mines with purchasing and processing capacities **being potentially less "loyal" to the project** as they might be tempted to sell their gold to other buyers demanding less sustainability from them. In order to expand the offer, the project has explored working with additional countries, with no concrete results to date. Currently, by design, the success of the initiative directly relies on market demand; that is, frequent fluctuations in the market, make the retention of ASM in the system uncertain and price driven.

Conclusions

SBG **is aligned** with SECO's strategic objectives and relevant for beneficiary countries and ASGM needs. Yet for countries and ASGMs, the alignment with their agendas and priorities is relatively fragile and subject to changes when external (e.g., market or crises) and internal (mainly political) shocks occur which endanger governmental buy-in to ensure success. ASGM actors, particularly **artisanal miners, are difficult to attract in the project** because of their sometimes challenging and/or complicated social and work circumstances.

The project **is coherent** with other initiatives in the regions where it operates. The successful coordination of SBG with other projects **could be even more leveraged, generating scaled results**. Although results seem on track towards achieving the overall targets, **variations in achievements over the years and the fragility of the value chain**, from ASM to SBGA members demonstrate that there is no direct approach leading to the full success of the endeavour; SBG operates in a complex setting in which strong results remain fragile. The challenge of **differentiated contexts, needs, levels of development, political and economic contexts**, among other elements, will only be amplified by the much-needed expansion of the project to other countries and continents. Linked to the relatively small teams providing technical support and follow-ups to the involved ASGM, there are **no real external verifications** taking place to ensure an objective oversight of criteria implementation and continuity. This is a credibility issue that needs to be urgently addressed. Some results have been achieved regarding the improvement of framework conditions for ASM in sourcing countries. Nonetheless, the evaluation concludes that SECO's continued support and collaboration will be instrumental in driving the necessary changes and creating a more favourable environment for responsible gold mining practices at the governmental level.

Considering the growing nature of the project, it seems clear that the current **M&E system** does not respond to current and future differentiated needs of the stakeholders. There is an important need to harmonize the use of the M&E methodology in the different countries.

Finally, although the design and logic behind the theory of change have the strong potential of rendering **the SBG sustainable**, there is still room for improvement in terms of strengthening the links within the value chain and bringing closer the end-buyers and the mining operations in the field.

1. Background

The Swiss Better Gold Initiative for Artisanal and Small-Scale Mining (SBG for ASM) is a collaborative effort between the Swiss State Secretariat for Economic Affairs (SECO), the Swiss Better Gold Association (SBGA), and its members that was launched in 2013. The initiative is supported by Projekt-Consult GmbH as implementing partner. The initiative aims to address the challenges associated with artisanal and small-scale gold mining (ASGM) while recognizing its potential to contribute to sustainable development in mineral-endowed communities.

ASGM plays a significant role in generating employment and income for millions of workers worldwide, supporting the livelihoods of over ten million men and women. Additionally, ASGM accounts for approximately 20%[5] of global gold production. By improving the practices and conditions within the sector, ASGM can become an economic engine for development. However, ASGM faces numerous challenges that need to be addressed. These challenges often include informal operations, the widespread use of mercury, hazardous working conditions, child labour, and the potential for conflict financing and money laundering. Many ASGM producers are marginalized and face precarious financial situations. They are particularly vulnerable to fluctuations in gold prices and face unfavourable sale conditions imposed by intermediaries. Additionally, they often have limited or no access to basic financial services.

The SBG for ASM recognizes that disengagement from ASM sources would not address the root causes of these challenges. Instead, the initiative seeks to improve the conditions and practices within the ASGM sector. By doing so, it aims to promote sustainable development, ensure the well-being of workers and communities, and minimize the negative social and environmental impacts of ASGM. The SBG is now in its third phase (2021–2025) and is active in Peru, Colombia, and Bolivia. Under this phase, the activities are divided into 3 outcomes[6] (see Annex I):

1. **Outcome 1: ASM are part of, and benefit from responsible value chains from mine to market.** The SBG supports responsible practices in artisanal and small-scale gold mining. It assists miners in improving their operations and helps them gain market recognition. The SBGA facilitates the demand for responsible gold and ensures the closure of the value chain from mine to market. Members of the association commit to purchasing SBG, and the generated impact premium is reinvested in community projects.
2. **Outcome 2**: **Improved framework conditions for responsible ASM.** The SBG provides technical support to policy-makers to simplify the formalization process, which is essential for scaling up the supply of responsibly sourced ASM gold. The initiative addresses various topics, including the development and implementation of formalization frameworks, climate change mitigation and adaptation, compliance with relevant environmental obligations such as the Minamata Convention, improving access to basic banking services for miners, and streamlining commercialization and export procedures by reducing bureaucratic processes.

[5] Better Gold Initiative (2021), Report 2017–2021, from mine to market—a value chain of responsible gold.
[6] SECO, Factsheet Swiss Better Gold Initiative

3. **Outcome 3**: **Coordinated and well-disseminated good practices for responsible gold**. The SBG promotes responsible sourcing of artisanal and small-scale mined gold through knowledge dissemination, sharing of good practices, and increased transparency. It collaborates with development cooperation programme to establish a joint agenda for responsible ASM gold. The initiative leverages its network at national, regional, and international levels and facilitates subnational sectoral round tables in implementing countries. In Switzerland, it strengthens the dialogue among stakeholders interested in ASM gold, building on existing multi-stakeholder dialogue fostered by SECO and SBGA.

2. Approach and methodology

2.1. Approach

The overall approach of the evaluation was based on the following:

- ✓ **Focus on utility:** The research process aimed to ensure that the data collection, stakeholder consultation, analysis, report, and recommendations are relevant to and useful for the evaluation objectives. In particular, the evaluation team (ET) ensured that the process and deliverables met the expectations and needs of the relevant stakeholders and answers the purpose, objectives and key evaluation questions presented and approved in the IR.
- ✓ **Participative and inclusive approach:** Engaging as many stakeholders as possible as sources of information and creating space for their voices and views to be heard. This may sometimes best be supported by consulting with different categories of stakeholders separately. The Evaluation Matrix presented in Annex II lists examples of stakeholders consulted during the data collection process.
- ✓ **Adopt an iterative and flexible approach:** Recognizing that circumstances differ from one context to another and may change over time, the ET was systematic and organized in each of the evaluation steps and for data categorization and analysis.
- ✓ **A clear and relevant methodological framework:** The framework was the common thread throughout the evaluation process and played a crucial role. The methodological framework conditioned the implementation of the evaluation process while ensuring that a framework was put in place to meet the requirements of the evaluation exercise.

2.2. Data Collection Tools

The ET used a mixed method, i.e. a combination of data sources, collection techniques and analysis, both quantitative and qualitative, to support its findings. The diversity and complementarity of the information collected formed the basis for the triangulation of data. The methods are as follows:

- ✓ **Document review:** the ET reviewed all documents made available by SECO and SBG as well as online available resources at the start of the evaluation: contractual arrangements SECO-Projekt-Consult, Project documentation, SBGA documents, Midterm Evaluation of Phase I and II with SECO's Management responses. The document review continued throughout the evaluation process to inform and complement the primary data collection.
- ✓ **Key Informant Interview (KIIs):** KIIs were the main method of primary data collection face-to-face (during field missions in Peru and Colombia) and remote (mainly for Bolivians and SBGA

members, as well as SECO). KIIs used a semi-structured approach to the different categories of stakeholders, based on interview protocols. The semi-structured interview formats allowed a variety of stakeholders to be asked about common themes such as relevance, coherence, effectiveness, efficiency, impact and sustainability, but also to explore other topics that may have arisen during the interview. The protocol is available in Annex III and a list of stakeholders consulted in Annex V.

- ✓ **Focus Group Discussions (FGDs):** FGDs allowed for discussion and reflection on predetermined topic. Focus groups were organized in Peru and Colombia. A variety of stakeholders were invited to participate in the FGDs for example miners, traders (exporters in Colombia), plant owners and workers in Peru as well as other relevant actors in the local value chain. This method of data collection allowed for the analysis of issues where there were divergent opinions and for the confrontation of points of view. In addition, the grouped discussions helped understand the dynamics of mining operations involved in the SBG as different actors interacted in specific themes and subjects.
- ✓ **Direct observations:** Direct field observations complemented the collection of primary information and draw the ET's attention to aspects not mentioned in the interviews. In particular, the evaluators were able to observe the different dynamics between key project actors in Colombia and in Peru. The site visits also allowed for informal contact with the beneficiaries. The agenda of both missions is available in Annex IV.

For every criterion, the evaluation team, as requested in the ToRs, have provided a rating using the following scale:

- Highly satisfactory: The quality of the implementation and/or execution **exceeded expectations** on and there were **no shortcomings**.
- Satisfactory: The quality of the implementation and/or execution **was as expected** and there were **minor shortcomings**.
- Moderately satisfactory: The quality of the implementation and/or execution was **more or less as expected** and there were **moderate shortcomings**.
- Moderately unsatisfactory: The quality of the implementation and/or execution **was lower than expected** and there were **significant shortcomings**.
- Unsatisfactory: The quality of the implementation and/or execution was **substantially lower than expected** and there were **major shortcomings**.
- Highly unsatisfactory: There were **severe shortcomings** in the quality of the implementation and/or execution.
- Unable to assess: An assessment **cannot be done** with the available information.

2.3. Evaluation Limitations

As it was difficult to have the information and data on all involved mines in the two visited countries, but mainly in Peru, many of the visited mines were "champions," meaning, they were the most performant. This means they may not be fully representative. The ET hence worked on collecting indirect data through other involved stakeholders, ensuring examples of less advanced mines were collected.

In addition, it is to be noted that in general, the project has been implemented for a longer period in Peru, compared to Colombia, and the mines are somewhat bigger in the former country than in the latter. Thus, there is a degree of normalcy in the fact that the mining operations in Peru are more "by the book" as they have been in contact with the SBG methodology for a longer time. In

Colombia, the ET had the chance to visit ASM that were less advanced, counterbalancing the minor limitation faced in Peru.

In certain circumstances, the ET, in collaboration with the project implementors, were not able to organize meetings with stakeholders and partners that would have been important to talk to (e.g., the Environment Ministry in Colombia). Additionally, mainly because of the recent change in government in Colombia, some interviewees had limited knowledge concerning the SBG.

3. Findings

3.1. Relevance

- **SBG is relevant, as it is well aligned with SECO's strategic objectives and relevant for beneficiary countries and ASGM needs.**
    - **Yet for countries and ASGMs, the alignment with their agendas and priorities is relatively fragile and subject to changes when external (e.g., market or crises) and internal (mainly political) shocks occur which endanger governmental buy-in to ensure success.**

3.1.1. SECO's strategic objectives

SBG is well aligned with the general priorities with SECO work and priorities. Indeed, SECO addresses needs and challenges in selected partner countries, where its projects, knowledge, and networks have the highest added value. As such, Colombia and Peru are considered as "priority countries" by SECO[7].

In terms of SECO's objectives and strategic orientation[8], SBG is aligned with the second target outcome which is *supporting innovative private-sector initiatives,* i.e. (i) Integration in value chains, and ii) Corporate Social Responsibility (CSR). Indeed, SBG is i) promoting the gold value chains which are particularly relevant for partner countries and to which Switzerland can make a contribution based on its expertise and its relevance in international trade, ii) continuing SECO's commitment to create transparent and sustainable value chains for gold from ASM, iii) improving access to the Swiss market, iv) supporting the development of responsible and competitive entrepreneurship, v) encouraging good corporate governance which includes business practices that are responsible towards employees, society, and the environment (i.e. respect of core labour standards and human rights). In line with the latter, SBG also supports and is aligned with the

[7] SECO. (n.d.). For Sustainable Prosperity—SECO's Economic Development Cooperation. In https://www.seco-cooperation.admin.ch/dam/secocoop/en/dokumente/strategie/Storyline_SECO_WE_2021-2024_ENG.pdf.download.pdf/sustainable-prosperity-seco-economic-development-cooperation-2021-2024.pdf.
[8] Ibid.

second thematic focus areas of SECO which is sustainability, by promoting sustainable trade and global standards for the protection of the environment, human rights, and workers' rights[9].

Additionally, SBG is considered well aligned with SECO's priorities in Colombia and in Peru. In Colombia, SBG is aligned with the country's programme thematic priority 2 for 2021–2024[10] which is *fostering the transition towards improved regional competitiveness and decent jobs by supporting innovation, skills development, sustainable finance, and integration into responsible global value chains.* More specifically, SBG supports the work of SECO at the macro level which is to work towards effective coordination between the three levels of government, the private sector, and academia to provide an efficient and green business-enabling environment. Moreover, SBG also supports the work at the micro-level by i) fostering export-oriented responsible value chains, ii) fostering the integration of Environmental Social and Governance (ESG) factors, and iii) promoting an effective labour market and improved labour conditions. As mentioned in the field, SECO is currently reviewing its four-year country programme in the country and will be aiming to work more as an investor than a donor, entering into a business negotiation pattern rather than a cooperation framework. This will likely affect the SBG project's next phase.

Similarly, SBG is well aligned with SECO's priorities in Peru, and more precisely to the country programme's thematic priority 2 which is *fostering a competitive, innovative, and sustainable private sector*[11]*.* Under this thematic priority, at the macro-level, SECO partners with national and subnational governments to foster an effective regulatory framework for Small and Medium Enterprises (SMEs). At the micro-level, SECO supports value-chain development by assisting companies and cooperatives in meeting international market requirements in the areas of quality and sustainability. SBG is supporting and is aligned with the work of SECO at both levels in Peru.

Overall, SBG, as mentioned by all key respondents, is considered a "flagship" project for SECO. It has several characteristics that contribute to its flagship status, including high visibility, relevance to the Swiss government all the more considering the value chain it works in (i.e., gold) which is of particular importance for Switzerland, and uniqueness which makes it relevant to SECO's objectives. Some respondents mentioned that, over the course of the full three phases, SECO invested a lot of Swiss public money (i.e., 18 million USD over 12 years in three implementing countries + extension countries) with good results, but these respondents point to the fact that there has been recently a tendency to work with the "bigger" small mines and in certain cases, with semi-industrialized mines in Peru, with purchasing power (from other, ASMs) and processing capacities, and less so with the artisanal miners. This point of view is actually debated and it is clear that in Colombia, mines are categorized as small, and the project also works with the Barrequeros. Nonetheless, many interviewed stakeholders agree that there is now a need for SECO to be less financially involved in the project and for the SBGA to continue focusing and

[9] ECO. (n.d.-b).
Thematic focus areas. Retrieved July 5, 2023, from https://www.seco.admin.ch/seco/en/home/Aussenwirtschaftspolitik_Wirtschaftliche_Zusammenarbeit/aussenwirtschaftspolitik/aws/thematische_schwerpunkte_aws.html
[10] SECO. (2021). Colombia Swiss Cooperation Programme 2021–2024. https://www.seco-cooperation.admin.ch/secocoop/en/home/laender/colombia.html
[11] SECO. (2021). Peru Cooperation Programme 2021–2024. https://www.seco-cooperation.admin.ch/dam/secocoop/de/dokumente/dokumentation/laenderstrategien/Peru_Koopprogr_Booklet.pdf.download.pdf/SECO%20Cooperation%20Programme%20Peru%202021%20%E2%80%93%202024%20.pdf

reinforce its commitments in supporting ASMs in its supply chains to ensure increased impacts for those that needed most.

3.1.2. Beneficiary Countries' Priorities

SBG's beneficiary countries (Colombia, Peru, and Bolivia) face some major challenges with regard to the gold-mining sector: i) informal operations, ii) widespread use of mercury and/or cyanide, iii) hazardous working conditions, iv) conflict financing, v) money laundering, and vi) devastating environmental impacts. As a result, all governments of beneficiary countries have put in place policies to respond to these challenges and further regulate the mining sector. Consequently, the SBG is considered to be well aligned with the priorities of the beneficiary countries.

In **Colombia**, the National Development Plan 2022–2026 (NDP)[12] demonstrates a clear commitment to addressing the challenges in the mining sector which align with the objectives of the SBG. The NDP specifically aims to update the mining policy among which two key aspects are in line with the objectives of the SBG: i) the utilization and management of mechanisms for environmental mining planning, and ii) the recognition of ancestral ASM rights through comprehensive socio-environmental analyses[13]. By emphasizing the importance of environmental mining planning, the NDP seeks to promote sustainable practices and minimize negative impacts on the environment. Additionally, the plan acknowledges the significance of recognizing ancestral ASM rights, which involves a differentiated approach to understanding and addressing socio-environmental problems. The previous NDP for the period 2018–2022[14] also acknowledged and addressed several challenges faced by ASGM in Colombia. These challenges encompassed issues such as illegal extraction and commercialization, the involvement of criminal groups in financing, the formalization of ASM, the use of mercury, and the overall negative impact on the environment. This previous plan laid the foundation for addressing these concerns and paved the way for further advancements in the current NDP. More recently, in 2022, the government passed the Law 2250[15] which establishes the basis of the legal framework for the legalization and formalization of mining in Colombia. In response to this law, the Ministry of Mines and Energy and the National Mining Agency presented "El Plan Unico de Legalizacion y Formalizacion Minera" (Single Mining Legalization and Formalization Plan). The general objective of this plan is to establish and implement actions that guarantee access to formalization of small-scale mining. By doing so, the Plan seeks to dignify mining practices and improve the living conditions of the beneficiaries, overcome obstacles and gaps to regularization, ensure environmental and social sustainability and economic profitability, and strengthen production and value chains which go hand-in-hand with the objectives of the SBG. In recent years, with the change in government in the country, environmental considerations are now growing. Going beyond ensuring environmentally sustainable ways of mining gold, the actual mining process is put into question. In this context, there are now some challenges affecting the project's ability to work with some

[12] Departamento Nacional de Planeacion. (2023). Plan Nacional de Desarrollo 2022-2026. https://www.dnp.gov.co/plan-nacional-desarrollo/pnd-2022-2026
[13] Ibid. p.157
[14] Departamento Nacional de Planeacion. (2019). Plan Nacional de Desarrollo 2018-2022: Pacto por Colombia, pacto por la equidad. https://www.minvivienda.gov.co/ministerio/planeacion-gestion-y-control/planeacion-y-seguimiento/plan-nacional-de-desarrollo-2018-2022#gb3dsrtzsj-collapse
[15] Government of Colombia. (2022). Ley 2250. https://www.andi.com.co/Uploads/LEY%202250%20DE%2011%20DE%20JULIO%20DE%202022%20(1).pdf

governmental actors, such as the Environment Ministry. If the ET was able to meet with the Ministry of Energy and Mining for a relevant discussion on the project, the project implementor's efforts to schedule a meeting with the Environment Ministry were not successful. In some cases, although meetings were organized, the interviewees' lack of knowledge of the project demonstrated that when political changes occur in targeted countries, the project managers need to re-sensitize and convince the new governmental actors to ensure the relevance of their work. This is all the more true for SBG's outcome 2 activities, linked to "Improved framework conditions for ASM in sourcing countries." This finding applies to Colombia, but also to Bolivia and Peru.

In **Peru**, SBG aligns with various policy documents that outline the country's objectives in terms of mining. These documents include the NDP[16], the Plan Estratégico Institucional (PEI) 2023/2028 of Osinergmin (the energy and mining regulator)[17], and the Plan Estratégico Institucional Sectorial Multiannual (PESEM)[18]. One of the main objectives of SBG is to increase mining exploration and exploitation while ensuring social, environmental, and sustainable responsibility. This objective is in line with the NDP of Peru, which emphasizes the need to promote responsible mining practices that consider the sector's social and environmental impacts. It recognizes the importance of sustainable responsibility in mining operations, aiming to strike a balance between economic development and environmental protection.

Another objective of SBG is to promote compliance with regulations regarding fundamental rights, socio-labour rights, and workplace safety and health. This objective is also reflected in the NDP of Peru, which stresses the need to ensure the protection of workers' rights, workplace safety, and health in the mining sector. It aims to establish and enforce regulations that safeguard the well-being of workers and promote fair labour practices. SBG also advocates for partnerships between mining companies and local communities to develop diversified social programmes and projects that ensure future regional economic development through the impact premium (USD 1,000 per kilo). This objective aligns with the NDP's emphasis on fostering harmonious relations between mining companies and local communities. It recognizes the importance of engaging communities in the decision-making process and promoting mutually beneficial partnerships that contribute to the economic development of the regions affected by mining operations. Additionally, the NDP's commits to promoting responsible mining practices that minimize environmental impacts. It emphasizes the need to enforce regulations and combat illegal mining activities that pose risks to the environment and the well-being of local communities. Furthermore, the PEI 2023/2028 outlines the objective of promoting the sustainable development of the energy and mining sector. This objective is consistent with SBG's goal of promoting responsible and sustainable practices in the mining sector. Osinergmin aims to develop the energy and mining sector within a framework of sustainable development, ensuring the use of clean energy technologies and protecting people and the country's energy infrastructure. Lastly, the PESEM in Peru focuses on objectives such as increasing the economic development of the country by enhancing the competitiveness of the mining-energy sector, reducing the environmental impact of mining-energy operations, contributing to human development and harmonious relations within the sector, and strengthening governance

[16] CEPLAN. (2011). Plan Bicentenario - El Peru hacia al 2021 https://www.ceplan.gob.pe/documentos_/plan-bicentenario-el-peru-hacia-el-2021/

[17] Osinergmin. (2023). Plan Estrategico Institucional 2023-2028. https://www.gob.pe/institucion/osinergmin/informes-publicaciones/4106814-plan-estrategico-institucional-2023-2028

[18] Ministerio de Energia y Minas. (2016). Actualizacion del Plan Estrategico Sectorial Multiannual - PESEM 2016-2021. https://www.minem.gob.pe/Transparencia/archivos/PESEM/PESEM_2016-2021-FP2.pdf

and modernization of the mining and energy sector. These objectives align with SBG's aim to promote responsible mining practices, minimize environmental impacts, and foster sustainable development. The SBG's objectives are well aligned with various policy documents in Peru, these documents emphasize the importance of responsible and sustainable mining practices, protection of workers' rights, engagement with local communities, and minimizing environmental impacts. As corroborated by all relevant, involved stakeholders, the project works closely with both the Environment Ministry and the Ministry of Energy and Mining (initially, the SBG worked more closely with the former). It has been reported to the ET that SECO, through SBG, was instrumental in contributing to the development of the National Multisectoral Policy on Artisanal and Small-Scale Mining, as mentioned in the document itself[19]. In Peru, as in the other countries, an important element that the SBG was aligned with is the objective of increasing formalization of ASGM. Finally, the project also worked at the sub-national level and the support was considered by many as timely, as it helped in many regions' process towards formalizing ASGM operations, a responsibility for the regional level.

In **Bolivia**, SBG, mainly through its outcome 2, the most important segment of work in the country, demonstrates a clear alignment with the National Plan for Economic and Social Development[20] and the Sectoral Plan for Mining and Metallurgical Development (2016–2020)[21]. Both plans aim to promote responsible mineral extraction and improve the social, environmental, and economic outcomes of the mining sector. More precisely, the SBG's objectives specifically align with the following aspects of both plans: i) strengthening registration and control of the commercialization of minerals and metals to promote transparency and accountability in the mining sector, ii) inclusion of workers in social security and social benefits to improve social conditions and the well-being of workers in the gold-mining industry, iii) development of industrialization and transformation processes in harmony with the environment to promote responsible and sustainable practices that minimize environmental impacts, iv) development of economic activities in compliance with "the rights of Mother Earth," v) transparent public management and ethical public servants fighting against corruption to promote responsible business conduct and combat corruption in the gold supply chain. More recently, the Government of Bolivia also announced two "projects" of a total of USD 48.5 million to reduce the use of mercury in ASGM[22]. The two projects are the National Action Plan and PlanetGOLD Bolivia and are intended to connect mining communities with mercury-free technologies and formal markets. It is important to note that, at least temporarily, the SBG is active only on outcome 2 elements linked to the countries' framework conditions for ASM as, in agreement with all management parties, it was decided in 2021 to exclude Bolivia from outcome 1 technical support, which was not generating the expected concrete results in terms of ASGM exports from the country. In addition, many, if not the majority (some say up to 99%) of the ASGM

[19] See: https://cdn.www.gob.pe/uploads/document/file/3456252/POL%C3%8DTICA%20NACIONAL%20MULTISECTORIAL%20PARA%20LA%20PEQUE%C3%91A%20MINER%C3%8DA%20Y%20MINER%C3%8DA%20ARTESANAL.pdf p. 192

[20] Ministerio de Planificacion del Desarrollo. (2021). Plan de Desarollo Economico y Social 201-2025. http://grus.org.bo/wp-content/uploads/2021/12/PDES-2021-2025_compressed-comprimido1.pdf

[21] Ministerio de Mineria y Metalurgia. (2019). Plan Sectorial de Desarrollo Integral Minero Metalurgico Ajustado 2016-2020. https://mineria.gob.bo/documentos/psdi2016-2020.pdf

[22] Redacción Central. (2023, January 17). Gobierno prevé Bs 48,5 millones para reducir el uso del mercurio en la minería artesanal del oro.
ABI. Retrieved July 5, 2023, from https://abi.bo/index.php/noticias/sociedad/32497-gobierno-preve-bs-48-5-millones-para-reducir-el-uso-del-mercurio-en-la-mineria-artesanal-del-oro

cooperatives (there are up to 72,000 such cooperatives in Bolivia), which would have been the primary SBG partners in the country, use mercury. This created an incompatible context for the absorption of the SBG support, even though the government does share the objective of zero mercury in the production of gold with SBG.

The SBG hence turned its attention to the government institutions, the academia—Universidad Mayor de San Andrés (as in the other countries), and some cooperatives involved in ASGM. This was done through a partnership with the *Grupo Interinstitucional de Trabajo en Oro Responsable* (GIT OR), a forum for the coordination of ASGM subject matters in the country that is based on the participation of over 15 institutions[23].

3.1.3. ASGM Needs

SBG plays a significant role in promoting responsible practices and sustainable development in the ASGM[24] sector in Colombia and in Peru. ASGM is a crucial source of income for many communities; in Colombia 350,000 people are employed in ASGM[25] and in Peru it is estimated that 1 million people's livelihoods depend on ASGM[26]. However, ASGM is often associated, as mentioned previously, with environmental degradation, social challenges, and human rights issues. SBG seeks to address these concerns by offering a framework to improve the conditions for ASGM miners in the beneficiary countries and in that sense, SBG can be considered as aligned to the needs and priorities of the main beneficiary group i.e., ASGM workers.

One of the primary focuses of SBG is to promote responsible mining practices. ASGM often involves the use of mercury, which poses significant environmental and health risk. SBG encourages the adoption of cleaner and more sustainable mining techniques, such as the use of responsible, mercury-free technologies and improved waste management practices. By promoting responsible mining practices, the initiative aims to reduce the environmental impact of ASGM in Colombia and in Peru, by protecting ecosystems and biodiversity. Furthermore, SBG recognizes the importance of social and human rights issues in the ASGM sector. It emphasizes the need to ensure fair labour practices, respect for human rights, and the inclusion of marginalized groups, such as women and indigenous communities, in decision-making processes. By promoting these principles, the initiative aims to improve the working conditions and livelihoods of ASGM workers, fostering social development and economic empowerment. The initiative also supports efforts to formalize and legalize ASGM operations. Informal mining often leads to illegal activities, environmental degradation, and exploitation. SBG encourages the formalization of ASGM activities, facilitating access to legal frameworks, technical assistance, and market linkages for small-scale miners. By promoting formalization, the initiative aims to ensure that ASGM miners in operate within a regulated framework, which can lead to improved environmental practices, safer working conditions, and increased market opportunities. Moreover, SBG recognizes the importance of responsible supply chains and traceability in the gold sector. It encourages the implementation of traceability systems to ensure transparency and accountability throughout the supply chain. This is particularly relevant to ASGM in Colombia and in Peru, as it helps to address

[23] See https://git-ororesponsablebolivia.org
[24] It is important to note that SBG in Colombia is working more with Artisanal independent miners "baraqueros" than with small or medium-scale miners.
[25] Colombia. (2021). planetGOLD. Retrieved July 5, 2023, from https://www.planetgold.org/colombia
[26] Peru. (2022). planetGOLD. Retrieved July 5, 2023, from https://www.planetgold.org/peru

concerns related to the financing of armed groups, human rights abuses, and environmental degradation associated with illegal gold mining. By promoting responsible supply chains, the initiative contributes to the development of a sustainable gold sector, where consumers can have confidence that the gold they purchase is sourced responsibly.

Furthermore, SBG utilizes an approach based on the Continuous Improvement Escalator (CIE) to support ASGM in improving their operations. The CIE consists of three steps, during each, the ASGM operations are accompanied by SBG implementing partners. To advance from one step to the next, the ASGM miners rely on their own motivation and willingness to participate in the process. The ASGM minors' engagement and commitment to continuous improvement are crucial for progressing through the CIE. In addition to the CIE, SBG members have developed a sustainable self-funding incentive approach known as the "impact premium." This premium is generated through the purchase of gold from SBGA members. Out of the total premium, 70% is reinvested into social and environmental projects. The ASGM mines and their communities directly propose the projects to be funded by the premium to ensure their relevance and effectiveness. By involving the mines and the communities in the decision-making process, SBG addresses the specific needs and priorities of the ASGM operation and their surrounding communities. This approach allows for a collaborative and participatory approach, where the beneficiaries of the SBG initiative have a say in how the funds are allocated and utilized. It helps to foster a sense of ownership and ensures that the projects implemented through the premium align with the needs and aspirations of the ASGM and their communities.

- Based on this analysis, using the scale described in the methodology sub-section 2.2, the evaluation team considers that the project's relevance was Satisfactory.

3.2. Coherence

- **SBC is coherent with other initiatives in the regions where it operates. Its coordination with other projects could be even more leveraged, generating scaled results.**

SBG is coherent with other interventions, funded by other donors, particularly the Global Environment Facility (GEF). This includes the Minamata Convention[27] on mercury, which provides a financial mechanism to develop Minamata Initial Assessments (MIAs) through GEF, as well as capacity building and technical assistance. The Minamata Convention is part of the Chemicals and Waste Management Programme[28] (United Nations Environment Programme, UNEP). Parallelly, SBG is aligned with the planetGOLD programme[29], led by UNEP and implemented by the United Nations Industrial Development Organization (UNIDO), the United Nations Development Programme (UNDP) and Conservation International (CI).

[27] See: https://minamataconvention.org/en/resources/minamata-convention-mercury-text-and-annexes
[28] See: https://www.unep.org/explore-topics/chemicals-waste/what-we-do/special-programme/goal-special-programme
[29] See: https://www.planetgold.org/

Complementarities with other funders' initiatives, including Pact (DELVE platform on ASM data[30]), the World Bank (Extractives Global Programmatic Support Multi-Donor Trust Fund[31]), the OECD (Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas[32]) and the European Commission (European Partnership for Responsible Minerals, due diligence obligations to prevent harm from minerals and metals mining in conflict and high-risk areas[33]) can be highlighted.

In Colombia, particularly, SBG is coherent with the United States Agency for International Development (USAID) Horizonte Minero, Oro Legal Virtual Programme[34] and Tierra Dorada Activity (TDA)[35], co-implemented by Corcreser, also involved in SBG, that aims at empowering ASM minors, improving supply chains integrity, enhancing legality and environmental responsibility, and supporting community economic alternatives, social inclusion, and environmental sustainability (including emission reductions). It is to be mentioned, however, that the USAID project focuses more on Biodiversity elements as well as REDD+ considerations while the SBG is supporting the strengthening of the better gold value-chain. In Peru, also, SBG complements initiatives of several organizations, including Global Affairs Canada (GAC) (MEGAM, Improving Environmental Management of Mining and Energy Activities[36]) Solidaridad (Revaloro, Oro Justo 2.0 platform[37]), and Alliance for Responsible Mining (ARM) and Pure Earth (Green Mining[38]), fostering data sharing and miners' training. However, compared to how things are progressing in Colombia, it seems that the coherence between different projects in Peru is less "official."

In Colombia, synergies were developed with implementing partners, including the implementor that extensively benefited from USAID funding—particularly through the Strengthening Together Activity (STA)[39] that aims at strengthening their operational performances.

In terms ASM focused programme, SBG presents similar objectives as those of other Voluntary Sustainability Standards (VSS) labelling organizations. Specifically, synergies were developed between the VSS organizations and SBGA. However, these synergies have only minimally led to any coordinated actions between SBG and other VSS partners. Actually, many respondents have pointed out that, even before the working group was actually formed, tensions arose between all these actors. There is indeed a sense that the project distanced itself from these potential partners because of diverging perspectives on the concept of responsible mining.

In addition, an important competition between the different certification organizations, schemes and approaches prevails, leading to the turnover of member companies and mines among the

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30 See: https://delvedatabase.org/
31 See: https://www.worldbank.org/en/programs/egps
32 See: https://www.oecd.org/corporate/mne/mining.htm
33 See: https://international-partnerships.ec.europa.eu/news-and-events/stories/due-diligence-obligations-prevent-harm-minerals-and-metals-mining-conflict-and-high-risk-areas_en
34 See: https://orolegalvirtual.com/
35 See: https://www.usaid.gov/colombia/fact-sheet/seed-tierra-dorada
36 See: https://www.cowater.com/en/project/improving-environmental-management-of-mining-and-energy-activities-in-peru-megam/
37 See: https://solidaridadlatam.org/news/presentacion-avances-revaloro-estudio-realidades-expectativas-mape-peru/
38 See: https://www.responsiblemines.org/en/2022/10/green-mining-mercury-free-gold-peruvian-amazon/
39 See: https://www.usaid.gov/colombia/fact-sheets/pro-strengthening-together-activity-sta

various existent initiatives. There is a feeling that the different VSS actors, as well as the SBGA, “steel” mines from each other for their own good, instead of growing the number of responsible ASM operations for an overall good of the sector. Many respondents consider that there is a certain degree of normalcy in the fact that there is competition among VSS actors, and some even think it is an added value in the VSS realm; however, there is a continued need for all these actors to have constructive dialogue to reduce unnecessary tensions.

Nonetheless, evidence collected in the field underlines that SBG stands out in terms of design and scope of intervention. Indeed, the initiative brings a particular link to the market that is now foreseen by other interventions (i.e., Tierra Dorada) as a desirable asset. There are even discussions to see how different projects could become more intertwined with SBG.

- Based on this analysis, using the scale described in the methodology sub-section 2.2, the evaluation team considers that the project’s coherence with other initiatives in the sector was Satisfactory.

3.3. Effectiveness

- **In terms of effectiveness, although results seem on track towards achieving the overall targets, variations in achievements over the years and the relative fragility of the value chain, from ASM to SBGA members, demonstrate that there is no easy way to produce successful results overall; SBG operates in a complex setting in which strong results remain fragile.**

In the table below are presented the ET selected performance indicator data. Output-level indicators are reported upon in Annex VI. The ET felt these were the most important indicators to understand SBG's progress since 2020. This data is analyzed in the following paragraphs and pages of the Effectiveness subsection 3.3.

Indicator		Baseline 2020	December 2021	December 2022	June 2023	Target 2025
Outcome 1						
# of mines that meet SBGA criteria and export to Switzerland	Maintaining	19	16	20	26	35
	New		9	16	3	
kg of gold exported to Switzerland, complying with SBGA criteria (stage 1 & 2)		2,500	695	3,944	1,695	4,000
Annual export value in US$ in millions		145	45.5	237	101.4	230
Outcome 2						
Number of measures to improve the regulatory and institutional framework for formal and responsible gold mining		1	2	4	1	2

Indicator		Baseline 2020	December 2021	December 2022	June 2023	Target 2025
Number of public private partnerships, and academic or other collaborations that implement initiatives in favor of mining responsible auriferous		3	5	8	2	5
Number of entities which include issues relevant to responsible gold mining		-	9	4	0	3

3.3.1. Achievement of expected results

In the majority of cases, the SBG and its activities have been implemented in line with the log frame. Some targets, however, it seems will not be met. For example, regarding Outcome 2—policy dialogue in Colombia. On the other hand, Outcome 2 is more successful in Peru and Bolivia.

Outcome 1: Outcome 1 focuses on the integration of miners and their communities into responsible and profitable value chains, specifically for ASGM into the market. The goal is to ensure that the mining activities are conducted responsibly, with sustainable practices, and that the miners and their communities are able to participate in and benefit from the value chains that connect their products to the market. Overall, the achievement rate of outcome 1 is considered satisfactory.

The number of mines compliant with SBGA criteria and exporting to Switzerland had exceeded the planned target for 2025 (110%) in 2022, with 38 mines[40] over the 35 expected by 2025. However, from data reported, there was a sharp drop in these numbers where in June 2023, 29 mines now comply with steps 1 and 2 of the project. None of these mines are in Bolivia nor Brazil[41], six are based in Peru (no new mines integrated this year), and 23 in Colombia (three new mines integrated this year). This points to the fact that in both countries, some of the new mines from last year were no longer exporting. Details emerged showing that only one of these mines had been suspended because it was no longer fulfilling the SBG criteria. The other mines were reorganizing their export routes. It is to be noted that from the data available, it seems the mines involved are generally at steps 1 or 2 and that there are very little (if not none) that are at step 3. At the moment, what is considered important is that the mines are “export ready” and at step 2.

Despite ongoing efforts to identify and retain new mining producers, SBG has experienced slow growth in the number of smaller, artisanal mining producers exporting to the Swiss market. In 2020, SBG recorded 1,300 barequeros (artisanal miners in Colombia, of which 50% were women) exporting to Switzerland, with a projected increase to 3,000 barequeros by 2025. However, in June 2023, the number only slightly rose to 1,565[42] (with 49% being women), falling short of the projected target. The primary challenge identified is retention, which has been further exacerbated by logistical and sanitary obstacles due to the COVID-19 pandemic. Despite these challenges, SBG has made additional efforts to mitigate the pandemic’s negative impacts on existing ASGM supply chains. However, it is acknowledged that maintaining existing value chains will be a significant challenge in the upcoming years, requiring substantial effort on the part of all stakeholders involved in coordinating SBG activities. One other challenge is the identification of new mines. It is caused by the fact that SBG might be considered as similar to and/or competing with other VSS schemes, and so some ASGM are struggling take an informed decision on which one to choose. However, as demonstrated in many SBG documents, after an ASGM operation reaches the third step of the SBG process, they can, through a separate, parallel process, work within the schemes of other projects. Indeed, as mentioned in the February 2022, Assurance Guidance: “The Swiss Better Gold Continuous Improvement Escalator has three steps: from first selection of eligible ASGM operators, to making improvements to meeting the Swiss Better Gold

[40] 26 maintained, 3 new mines—sources: Swiss Better Gold. (June 2023.) Progress Report Swiss Better Gold Initiative Phase III.
[41] Due to reputational issues, operations have been suspended since December 2022 in Brazil.
[42] Swiss Better Gold. (April 2023.) Draft Progress Report Swiss Better Gold Initiative Phase III (June to December 2022.)

sourcing criteria to be a verified Swiss Better Gold supplier and, for some operators who aspire to gain entry to specialist markets, an additional stage of certification by Voluntary Sustainability Standards (VSS)[43]." It is, however, important to say that this seems to be difficult to apply in reality as the SBGA has little or no incentive in facilitating the access to VSS for the ASGMs they work with and the association does separate the three steps from the VSS Certification in the Improvement Escalator. VSS certified mines have "transferred" to the SBG and vice versa but the evaluation team has come across only one anecdotal example of an SBG ASGMs that was also selling through other VSS schemes. The ET mentions "anecdotal" because the SBG has also not been reporting on the Outcome 1 level target of reaching "750 kg export of VSS gold." Nonetheless, efforts and discussions are ongoing to try and generate coordinated results fostered though interactions between SBG and other VSS actors.

Regarding the volume and value of responsible gold exported with the support of SBG/SBGA, the expected targets to be reached by 2025 has been achieved in 2022. In terms of volume, SBG was expected to export 4,000 kg of gold to Switzerland with SBG criteria by 2025, and actually, in 2022 nearly 4 tons (3,944 kg) have been exported[44]. This accomplishment is noteworthy considering that the export volume from Colombia decreased in 2022 compared to 2021. From January to June 2023, the 1,696 kg had been exported, a bit lower than expected due to some mines being less active than the previous year because of incidents and external factors and shocks (see the following paragraphs for details). Nonetheless, although it seems the 2023 target of 4,500 kg might not be met, the actual results will not be too far from the target either. In addition, compared to the 695 kg that were exported in December 2021 and the baseline in 2020 of 2,500 kg, the progress is noticeable as mentioned by many respondents in the field and globally.

Furthermore, and aligned with the volumes, the expected value of responsible gold exports has also been attained, with a total of USD 237 million exported from January to June 2022. At mid-year, this figure exceeded the projected value of USD 230 million expected in 2025 for a whole year. However, this seems to have been an exception, partly due to the presence of Brazil as pilot supply chain exporting to SBGA members, because in June 2023, the significant decrease in the volume of responsible gold exported resulted in a total of USD 101.4 million in value (43% of the previous year).[45] This figure is nonetheless almost on track to reaching the USD 236 million as a target for 2023, but falls short of the progression made the previous year. The most recent report explains the situation by pointing to: "the temporary closure of the mine of MYSAC in Peru after the accident, the permanent closure of Touchstone and an interruption of production in several operations due to the Miners' Strike in Bajo Cauca/Colombia, and the suspension of the supply chains from Brazil.[46]" Again, compared to the value in exports of December 2021, USD 45.5 million, and the 2020 baseline, USD 145 million, the 2022 and 2023 results are satisfactory. It is, however, important to notice the important variations between each year from 2020 to 2023.

Overall, the stakeholders interviewed for the evaluation (nota bene that these consultations were made before the latest report came out) are satisfied with the volume of gold exported in 2022 and believe that it is an important achievement which re-emphasizes the relevance of the SBG. It is to be noted that ASGM operating in the project are larger in Peru, each producer exporting more than the bigger ones in Colombia. On this subject, many respondents consider that a lot of the mines

[43] Swiss Better Gold. (February 2022). Verification Programme Guidance for Verifiers v7.0. p. 4
[44] Swiss Better Gold. (2023). Draft Progress Report Swiss Better Gold Initiative Phase III.
[45] Swiss Better Gold. (June 2023). Progress Report Swiss Better Gold Initiative Phase III.
[46] Ibid., p. 1

that SBG operates with, all the more in Peru, are semi-industrialized mines rather than being artisanal size. On the one hand, this does allow for more volumes and value of SBG gold exported to be reported on, but on the other, some have pointed out that the actual impact the project intended to have is diminished because it is not targeting miners that are the most vulnerable, i.e., the artisanal miners. As a reminder, the SBG impact states: "Artisanal and small-scale gold miners benefit from decent incomes and working conditions due to improved socio-economic and environmental conditions and increased climate change resilience." Other respondents argue that many of these medium-sized mines actually source parts of their gold from ASM which indirectly reaches the intended impact.

Output 1: Under Outcome 1, Output 1 has also been fully accomplished. Although most of the indicators did not have predefined targets, the evaluation considers that as the outcome is on track to being achieved, the output has been as well. Details are provided in Annex VI. One indicator that is interesting to look at is linked to output 1.3, "Invested funds in projects by the SBG and the SBGF." The baseline data is of 1 million USD a year, the target is 2.5 million a year and the overall result in 2022 was USD 3.17 million invested in 33 approved projects, 7 implemented and 26 in the process of implementation. In some cases, respondents have reported the difficulty of transferring the funds to the mines for the social and environmental projects, more details are presented below.

Outcome 2: Outcome 2 focuses on enhancing the regulatory and operational conditions within sourcing countries to create a more favourable environment for ASGM. This outcome is an important aspect of the SBG and is crucial to the success of the initiative. The progress towards achieving it has been made difficult by the political contexts in each of the beneficiary countries. In Bolivia, the political dialogue is complicated because the mining cooperative sector is very influential and slows down the process of achieving lasting changes. Nonetheless, considering that there is no activity linked to outcome 1 in Bolivia due to similar complications, the fact that SBG is still working to progress on outcome 2 remains an important achievement for the project. In Peru, the situation is affected by the fragility of the past and current governments, yet involved politicians are well aware and knowledgeable of the SBG and are generally satisfied with how the project is handled and implemented so far.

In Colombia, however, the recent change in government has been hard to navigate, with some key ministries not willing to take part in the project's (and the evaluation's for that matter) discussions. Although to a lesser extent, a similar situation has been noticed in Peru. Indeed, it is acknowledged by many respondents that the political and social contexts in all three countries are not the best for strong progress at this moment during the remainder of the project. The budget-line for Outcome 2 is smaller than for Outcome 1 and the progress accomplished is aligned with the approximate 300,000 USD dedicated to "Improved framework conditions for ASM in sourcing countries" all the more since the definition of "improved conditions" is broad.

Nonetheless, in terms of tangible results, SBG has been able to "focus on four regulatory measures included in the countries' regulatory framework that facilitate improvements in the responsible gold value chain in some way"[47]. As discussed in the Relevance section 3.1 of the report, the SBG is supporting, in Peru, the development of the National Multisectoral Policy on ASM, linked to their formalization, by providing specialized technical assistance in environmental audits, which is needed for formalization purposes. The formalization is a necessary step to reach the SBGA end

[47] Swiss Better Gold. (June 2023). Progress Report Swiss Better Gold Initiative Phase III

buyers in Switzerland. Still in Peru, a lot of work was also done at sub-national level, in specific regions such as Puno, for example. SBG supported and trained regional government's staff there on cleaner and responsible gold mining, traceability, and gender equity.

Additionally, a total of eight alliances (two established in 2020) have been successfully formed with diverse academic, public, and private entities, each operating with unique dynamics. These alliances have played a significant role in attracting political attention to responsible gold mining issues and further promoting the adoption of sustainable practices in the gold industry. Lastly, four entities (i.e., ministries and institutions, two in 2020) have included relevant issues of responsible gold mining in their policies which was then accompanied by official training of 1,500 people for the development of value chains and performance of responsible gold institutions in the countries.

In this context, the achievement of Outcome 2, which aims to enhance regulatory and operational conditions for ASGM in sourcing countries, has been a challenging endeavour due to the political contexts in each beneficiary country. While no specific targets were set for 2025 for this outcome, the progress made so far is deemed somewhat satisfactory, considering the circumstances. Managers have told the evaluation team that they had consciously not defined targets for the outcome because it was too unpredictable, and they wanted to stay realistic. It remains challenging for the evaluation to assess the project's progress without targets.

Output 2: Under Outcome 2, the ET is unable to assess whether output 2 can be considered as achieved due to the lack of data (targets and results) as shown in Annex VI.

Outcome 3 and Output 3: Considering the full achievement of Output 3 (Annex VI), the ET assesses Outcome 3 as achieved at a satisfactory level as well. Outcome 3 focuses on two main areas: improving knowledge and transparency regarding ASGM and disseminating good practices. While the KPI under Outcome 3 shows one partnership achieved which promote SBG's results in other contexts (e.g., with the SBG presence in an OECD conference in Paris), the indicators under output 3 show more progress. Under this output, case studies and guidelines have been completed and disseminated on various topics (value chains, policy dialogue, climate change, gender, mercury use, etc.). Additionally, three feasible options have been developed in collaboration with SECO in other countries. Brazil has exported gold under SBG until December 2022, exploration has been carried out in Nicaragua with a positive outcome so far, and a mission was conducted to define the feasibility of entering Tanzania. For now, although working in both Nicaragua and Tanzania remains complicated due to political instability in the former and ASMs' lack of potential for scalability in the latter, the project, and the SBGA in lead, is trying to expand its technical support in a win-win situation to continue increasing its sourcing of better gold. However, finding additional regions where to source gold is a new endeavour for the project. Managers are testing the exportability of the project's ToC and they are advancing prudently, all the more with the presence of SECO which also has political considerations in being involved in certain countries (e.g., with focus countries and Swiss diplomatic contextualization). The overall prudent approach in this intention to export the model is exemplified by the Brazil case, in which, when traceability risks became apparent, SBG decided to interrupt its work with the ASMs in the country, until matters were fully settled. In addition, the SBGA is looking for strong, rapid and scalable results in terms of available, almost export-ready mines, which reduces the pool of ASM with which it can work. This was demonstrated with the feasibility study in Tanzania, which identified only one mine in the country with which the SBGA would eventually be able to work with when considering the scalability variable. In this context, it is seen as a condition when SBGA refiners already have supply chains established or at least negotiations with mines in the field. The SBG is careful when

deciding if and when to open a new supply chain in a new country, taking decisions based on some defined criteria.

From a result point of view, the progress shown reaches the expected target for 2022. However, in terms of effectiveness, some of the key informants are rather reluctant to broadening SBG operations to another continent at the moment and would rather focus on developing and anchoring SBG in the existing beneficiary countries. Nevertheless, it appears that the success of SBG is heavily reliant on the demand side (which has been growing in the recent years, a sign of success compared to previous phases), making the initiative somewhat fragile and susceptible to shocks on the offer side. This is hence seen as a reversal of the project's context where initially, SBG was working on ensuring the demand was solid to stimulate the participation of the offer (i.e., the ASGM workers, plants and exporters) and now that the demand is high and continuous, the project aims at increasing but also ensuring the continuity of delivery of SBG ASGM gold.

Regarding the incorporation of good practices into the dialogue about ASGM at a global/national/regional level, the results are positive. SBG has been involved in many of the relevant industry forums and events in implementing countries and internationally (e.g., London Bullion Market Association—LBMA, OECD Mercury, Conservation X LAB). Moreover, SBG is active on LinkedIn to promote the initiative and its good practices. Lastly, two studies on Climate Change, Water and Biodiversity have been conducted. The results of these studies will directly be included in the SBGA template.

Overall, while there has been progress in achieving the outputs and results related to Outcome 3, the effectiveness of expanding SBG operations to other continents is questioned by some stakeholders. The dependency on demand for gold creates vulnerabilities for the initiative.

3.3.2. Enabling Factors

SBG results are enhanced by both internal and external factors, including the selection of capable implementing stakeholders and partners, the distinct approach of the initiative's activities as well as previous awareness efforts within the extractive sector. At the centre of SBG's success lies in its market-driven approach that was built over the years and project phases. It is what differentiates it from other initiatives and standards. Having the SBGA present on the demand side generates a strong incentive for mines to integrate the "stepped" accreditation.

An important enabling factor was the efficiency of SBG partners, including Projekt-Consult, and ABR (Peru) and COCRECER (Colombia), in place of previous contractor, the previous organization that managed the Colombian implementation. Indeed, the in-country experience and expertise of COCRECER greatly facilitated contact with the value chain's local actors such as the mines and aggregators/exporters. Collaboration with SBGA was also saluted by stakeholders as an enabling factor for success. On a broader scale, the on-boarding of worldwide companies and the seriousness of Switzerland and SECO in both governmental relationships and the sector dynamics themselves favoured the effective implementation of activities.

Additionally, the uniqueness of the SBG approach—compared to other similar initiatives in the sector that focus only on the development and technical sides—upgraded its effectiveness. In that sense, SBG stands out by bringing potential partnerships, market opportunities and business perspectives to the project beneficiaries, making it a strong incentive to value chains actors.

Moreover, evidence shows that SBG results increased in sites and cases in which project stakeholders were already aware of due diligence processes and benefits, as well as SBG incentives, including premium, although some have hinted that the premium is getting compared to the overall price, i.e. that the premium's amount is becoming less and less of an incentive compared to the overall price of the actual gold. In other words, the incentive effect of the premium is diminishing as the price of the gold is increasing and the cost of social and environmental projects increases. Nonetheless, an existing sensitization as a prerequisite to the participation of actors in SBG project hence appears as an enabling factor for success.

3.3.3. Limiting Factors

With regard to contextual factors hindering the project implementation, political and sanitary situations limited the effectiveness of SBG. This includes both the lack, instability and changes in the political will to support the project in countries of intervention that affected the national political buy-in and support. The COVID-19 pandemic was also an important bottleneck for the project's implementation, that challenged both the maintenance capacities of mines to remain eligible, and the project's ability to deliver technical assistance.

International competition also limited the connection and retention of ASMs in the project activities, as the Swiss and SBG offer is more demanding in terms of compliance than other importer countries, such as the United States, the United Arab Emirates, China, Russia and India, and/or related international brokers, affecting the mines' progress towards cleaner and more sustainable ASGM. However, compared to other VSS schemes, the SBG has a secured demand side attributed to the presence of the SBGA members within its value chain, makes the project itself a strong, and some would say "harsh" competitor to the other forms of certification processes, even with its lower premium.

Notwithstanding this advantageous position for the project, initially, the fact that the SBGA members paid the international market price for the project's ASGM suppliers gold—while other buyers paid lower prices—, and the stability of its demand made it attractive for the miners to participate in the supply chain, all the more since there was the premium added to this fair price. Now, the majority of buyers pay the international price but not all ask for sustainable practices in supplying the gold.

In terms of project implementation, SBG was challenged by the diversity of mines engaged in the initiative, which required specific approaches depending on the mine's leadership. This also induced difficulties in assessing the capacities of beneficiaries to implement projects with premium. In this context and with the desire to increase SBG exports to the Association's members, the project now has a tendency to work more and more with "bigger" small mines, which require less technical support to move up the accreditation escalator and have the potential of quickly starting to export larger quantities of gold. However, this tendency has become a limiting factor in the project's endeavour to ensure ASM workers benefit from decent incomes and working conditions by improving their socio-economic and environmental conditions, as mentioned above.

An important limiting factor that has been affecting the project's capacity to support the implementation of the SBGF's projects is linked to financial inclusion of the ASGM operators and miners. Indeed, in many cases reported in reports and to the ET, the banks and financial institutions (FI) in both Colombia and Peru (but it is a more important problem in the former country) are holding back transfers from the SBGF and even actually sending them back to Switzerland. This is because of the (negative) perception the FIs have of miners and the perceived risk they would be taking in

dealing with ASGM actors. Unfortunately, the ET did not talk with FI representatives in either country but it is clear that this is an important challenge. At the moment, the SBGA has relatively large amount unspent SBGF money that has a strong potential of increasing the project's already positive impact in the targeted communities.

Another challenge that was discussed with the ET was the fact that in the current market, the premium of USD 1,000 per kg is decreasing in importance in comparison to the international market price of gold per kg as well as in comparison to other VSS schemes' premium. For example, one pays USD 2,000 per kg and has a market for its gold. This has been known since the beginning of the project and the figure was agreed upon through an informed decision by all initial partners. However, currently, more and more voices question the amount. This depicts the challenge of finding the right balance between being competitive in the accreditation (SBG is not a certification scheme)/certification domain (i.e., vs other VSS schemes) and in the international market for gold (vs countries where fewer requests are made in terms of where the gold is coming from and how it is produced).

3.3.4. Adequacy of Due diligence processes

- **The due diligence and SBG monitoring processes show areas of improvement since there are no real external verifications taking place to ensure an objective oversight of criteria implementation and continuity.**

The due diligence and SBG technical monitoring processes done with the mines, including those with processing capacity in Peru and exporters, are adequate considering the information and data needs of the SBGA (the SBGA members also conduct due diligence with mines, exporters and traders, which actually is an extensive process that can take a lot of time). Indeed, overall, these processes have contributed to ensuring the association is dealing with partners that are not involved in criminal/terrorist activities and that have "clean" financial records and reputations. The due diligence is also useful to assess if the real potential for gold extraction matches what ASGM supply chain actors suggest they can supply to the SBGA refiners. In a situation where these numbers do not match, the mine is excluded as this might hint to untraceable gold coming from unknown sources and even illicit operations. The only elements that can be potentially considered as challenging are 1) the continuity of the due diligence (or technical visits and follow-up); 2) the physical and virtual distance between the SBGA members and the ASGM actors in the sourcing countries and 3) the lack of objectivity of the technical visits and follow-ups that are currently operated by project partners. These follow-ups are technically supposed to be done by external consultants that would verify the extent to which the SBG criteria at each step are maintained by the ASGMs involved but at the time of evaluation they did not occur.

Concerning the continuity aspect, among the potential risks that are out of the SBG's control and that can negatively affect the project's progress towards its outcomes, those linked to human errors/failure are the most important. Indeed, as participating mines become compliant with SBG criteria (as well as RJC in a few cases), the mining operators improve the situation onsite (e.g., chemical operations are better coordinated, there is better infrastructure, signalization for miners' operations is improved). The evaluators noticed this. Yet overtime, miners themselves are the core responsible for ensuring the new practices are continuously implemented. If, whether due to staff turnover or due to lack of consistency in the miners' application of the best practices, the criteria are no longer respected, it is difficult for SBG and the SBGA to control the respect of the criteria in a continuous manner. From data collected, the project coordinators in Colombia and Peru visit

mine sites, on average, around two to three times a year (and much less during the Covid-19 pandemic). In between these visits, things can eventually deteriorate, all the more since there are no strict visits' agendas.

Nonetheless, when visiting a mine in Colombia, one of the ET members noticed that some basic security elements were not respected: unprotected metal rods were coming out of the ramp-less stairway and a miner was operating very loud machinery noise-reducing shells. When asked why this was occurring in a step two mine (i.e., that respected the SBG criteria), the fact that Covid-19 had halted operations for some time was put forward, explaining a lack of follow-up from the mining operators on security criteria.

- Based on this analysis, using the scale described in the methodology sub-section 2.2, the evaluation team considers that the project's effectiveness was Satisfactory.

3.4. Efficiency

- **Regarding efficiency, the M&E system does not fully respond to current and future differentiated needs of the stakeholders. Indicators have yet to be fully SMART, are not always presented with baselines and targets, are not always well articulated to objectives and do not always report disaggregated information. It is important to harmonize the use of the M&E methodology in the different countries and to systematize and digitalize all processes.**

3.4.1. Monitoring and Evaluation System

Overall, the result-based management (RBM) framework, considering the logic linking the outputs and outcomes, as well as the choice of indicators selected to measure the project's progress, are appropriate. However, in terms of the use of the Logframe and the performance measurement framework (PMF), annex VI shows that there are some gaps linked to baseline and progress data. In addition, in the different progress reports, in some cases, the annexes presenting the consolidated monitoring data do not display the baseline[48] which is essential to understand the progress made. In addition, some of the indicators are difficult to follow as the way they are reported on varies and the links between indicators are sometimes confusing. For example, the data reported on the indicator "Number of mines successfully completing and maintaining stages 1, 2 and/or 3" is hard to understand in comparison to the data reported on "Number of mines meeting SBGA criteria and exporting to Switzerland." It is not clear how these numbers are linked, and this creates an issue when trying to assess progress made by the project over the years. For the former indicator, there are 0 mines from Peru that comply and maintain their status where there are 6 for the latter indicator that do maintain their status and export to Switzerland. There might be an explanation, but the reader struggles to understand what it is. In addition, it is not clear whether the former indicator is based on an annual figure or an aggregate one, from the beginning. The targets, when presented, are of 25 in 2022 and 56 in 2023 but there are no overall, 2025, targets. Thus, it is understood that this is an aggregated target, adapted on a yearly basis. However, the September 2023 report, looking at progress from January to June 2023, shows that, compared to the Peruvian target of 16 mines successfully completing and maintaining stages 1, 2 and/or 3 (up

[48] E.g., SBF, September 2023. Informe de progreso. P. 19

from 6 in the January to June 2022 report), none do. This seems like a mistake as the same report suggests that 3,500 kg of Peruvian gold, meeting SBGA criteria (stage 1 & 2), has been exported to Switzerland. The other way to interpret this data is that these are annual targets and that at the moment, there have been no new mines meeting SBGA criteria (stage 1 & 2) from Peru and that there are 28 new mines from Colombia meeting SBGA criteria (stage 1 & 2). This seems less likely. All this to demonstrate there are still issues to address when it comes to SBG monitoring and evaluation (M&E) and reporting. This has been recognized by stakeholders and managers and has been depicted as a recurring, annual challenge during the reporting period. The project does not have a consolidated, digital, online system, and it has been acknowledged that the one used generates inaccuracies. One of the difficulties encountered when trying to find a solution to these issues, beyond the need to further train the in-country M&E staff, is the fact that the system needs to respond to the needs of both the SBGA—which is a business-oriented association—and the SBG as a project linked to a logical framework. Many of the challenges are due to two main elements: first, M&E staff do not follow, in a harmonized manner, the data collection methodology defined in the project's M&E plan, and secondly, there are data that ASMs mines and the SBGA do not provide because they consider them as confidential. In this case, proxy indicators should be found, in accordance with both actors, to ensure that decision makers have access to relevant information.

For the other indicators, the data is disaggregated by country and year, which really provides a clear picture of the project's progress overall. The relevant indicators are also disaggregated by gender (e.g., "Number of male and female mining producers gaining and maintaining access to the Switzerland's international market"). Some that were supposed to be reported on in a disaggregated manner were not always (e.g., "Number and percentage of miners—direct beneficiaries—[% of women] with better living conditions [above poverty line] and with better access to basic local services"). Some that could have presented gender disaggregated data have not, such as "Number of public, private and academic stakeholders trained and sensitized by the programme and integrated into the public service." It is to be noted that the latter indicator had been agreed upon at the beginning of the project and as such, the project management and data collectors have followed the process accordingly. The same logic applies to the lack of data on any types of verifiable indicators on climate change adaptation and mitigation. It is worth noting that there are other relevant environmental indicators included in the reports, such as "Reduction in % of mercury imports with the support of the programme" although this particular one is not informed.

The project has been trying for a while to find an online tool for M&E purposes with the objective of simplifying and digitalizing data collection and aggregation. However, up to now, these efforts have not yet led to concrete results. In 2021–2022, an initial try to implement one failed as, from the information gathered through interviews, there was some resistance from the project coordinators in the field. The latest January to June 2023 progress report points to the importance of including the SBGA in the continuous endeavour to search for such an online tool.

- Based on this analysis, using the scale described in the methodology sub-section 2.2, the evaluation team considers that the project's efficiency was Moderately Satisfactory.

3.5. Sustainability/Impact

- **Sustainability of results is yet to be consolidated. There is a pressing need to institutionalize SBG's practices at the national level, improve incentives to participate in SBG and increase sustainable gold volumes.**

Although during phase III the project has made a lot of progress towards ensuring more relational sustainability among the different actors involved, it is still considered by the majority of respondents that much of the accomplished progress during this phase made since the beginning of endeavour would suffer if the technical support provided would come to a halt.

3.5.1. Value chains actors' relationships

Projekt-Consult has worked to decentralize the coordination of the activities in the field, as a recommendation of the evaluation of phase II. Indeed, the implementors in both countries are generally responsible for implementing activities on the ground and providing the technical support to the ASGM operators and miners. As described by many respondents, these national organizations are balancing their efforts between gaining new and involved miners' confidence (i.e., convincing more and more mines to participate in the project and ensuring that those that are involved, to stay) and influencing them (i.e., making sure they apply and invest in the suggested technical improvements and move up through the project's steps process). It is a delicate balancing act that is not easy to maintain but the ET has found that the teams in the field are professional and generate strong and appreciated results for the miners and other actors involved. As designed, these organizations are anchored within their countries and focused on their national settings. Their technical capacities in mining seem adapted but the understanding of the overall value-chain, up to the market, the evolving international context, differentiated data needs for the M&E purposes, the changing market dynamics, the competitive accreditation/certification domains is still missing.

Interestingly, one of the national implementors has developed a management plan to fill the "gaps" in terms of investments and technical improvements the ASGM involved need to do. These are normally three-month-long individualized plans, and that the miners are supposed to implement in between technical visits. This is a good example of a strategy that helps develop local capacity within the mines and ensure the coordination organization in the field can ensure a follow-up through a standalone, national approach.

In the majority of cases, the links between the mines with purchasing power and processing capacity (in Peru) and exporters (in Colombia) on the one hand and the ASGMs on the other is quite strong. In both cases, these actors are looking to increase the number of mines they source their gold from. The more mines they work with, the more business they generate, and the more profitable they will become. There is an incentive to maintain "their" mines within the supply chain and for some that operate with the artisanal miners (e.g., the barequeros), there is even a social link which is akin to beneficence. However, mainly in the Colombian setting, between the exporters on the one side and the refiners (i.e. traders) and end buyers on the other, the links are strictly commercial, and it has been made clear during the data collection that the traders do not have much to gain from maintaining the specific relationship with the SBGA members. In other words, the SBG "factor" does not make their business more valuable. The incentive (i.e., fair price and the premium) is mainly for the ASGM themselves and not really for these intermediate actors. This is not to say that the Swiss SBGA members are not considered as good clients for them but rather that, they will not themselves try to convince their mining operators and miners to participate in SBG because there are not strong incentives for them to do so. So the requests have to come from the ASGMs, who are convinced participate in the SBG. Yet as shown in the effectiveness section, the number of mines that maintain their compliance to steps 1 and 2 over the years vary, and recently has dropped. It is difficult to imagine a short-term situation where the SBG value

chain, from ASGM to end buyers, would be maintained without the continuous support from the SBG for that matter.

The case of the plants and exporters that work with artisanal miners is again a bit different in that sense as for them, an important change that was brought by the project was that the refineries and end buyers could understand the realities of the barequeros. These actors were sensitized to the precarious situations of these artisanal miners before they were involved in SBG and found in this project a way to fulfill their desire to support these communities. This is not a negligible element as, for example, more than 15% of the monthly SBG exported from Colombia are barequeros. Nonetheless, as shown in the effectiveness section, the larger mines and those that have processing capacity (e.g., from Peru) can potentially be less "loyal" to the project as they might be tempted to sell their gold to other buyers demanding less sustainability from them.

Linked to this situation, and as already hinted to in the present report, the demand for SBG ASGM gold is now much higher than the offer. As one respondent put it: "If they would find 1,000 other mines, the demand side would continue buying. It's a high priority for the Swiss SBGA members." It is hence clear there is a need to solidify the links between the latter and the exporters in Colombia and the medium-sized plants and mines in Peru.

In addition, and linked to this situation of high demand for SBG gold, many respondents have pointed to the fact that there is an important need to go beyond just two exporting countries. In recent years, Bolivia has been counted out of the scheme because of challenging national circumstances and a difficult political context to navigate for the project, and Brazil, which had started exporting to SBGA members, is suspended. From data triangulated by the ET, new prospects include Nicaragua and Tanzania, although Tanzania has now been discarded for the moment. Indeed, as mentioned in the most recent progress report, "In Tanzania, the feasibility study was carried out and showed that the context is generally not favourable for SBG" and "in Nicaragua, a concrete proposal to start operations and build value chains was elaborated[49]."

Beyond the SBGF's investments made using the premium, looking into efforts and investments made to support the collaboration among local stakeholders involved in the SBG value chain is interesting. For example, in Colombia, some mines have vowed to invest, and have already invested in the communities they operate in by employing workers from the community and investing in some infrastructure. For these mine operators, it has always been their approach and was, among other elements, linked to the insecurity issues. As one mine operator mentioned, "if you get the community on your side, the members will vouch for you." This is not to say that the premium is not an additional incentive for the community. Indeed, the social acceptability of the mines in the different regions, whether in Colombia or Peru, has increased where the SBGF projects have started to be implemented. However, the pace of implementation of these projects is considered somewhat slow, all the more considering that there is a large amount of SBGF not being spent at the moment. In Peru, where some of the SBGF's investments and the corresponding social and environmental projects are actually managed by the mines with purchasing power and processing capacity, this concept of reinvesting in the communities to ensure the social acceptability of the mines' presence is already anchored. Yet with the exporters in Colombia, this is not as straightforward because they do not manage these funds. Discussions about working with the exporters to streamline the SBGF investments could eventually, partly solve the problem.

[49] SBG, September 2023. January to June 2023 Progress Report. P.2

- Based on this analysis, using the scale described in the methodology sub-section 2.2, the evaluation team considers that the project's ability to sustain results over time through the strengthening of the value chain actors' relationships was Satisfactory.

3.5.2. Handover Phase Design

At this stage, an important challenge of the SBG project is the lack of a clear and viable sustainability strategy. This is especially true considering that the original objective of SBG phase III was organized around the consolidation of achievements and results.

The economy and business on which the SBG model is based link ASGM with the SBGA market if they meet SBGA sustainability and investment requirements. Indeed, the success of the initiative as currently designed directly relies on market demand. The most important risk to this fragile balance is fuelled by frequent fluctuations in the market, making the retention of ASM in the system uncertain and price-driven. Indeed, the model is more than ever exposed to competition on international markets, thus affecting the continuity of the established value chains.

This phenomenon is compounded by the demanding due diligence procedures of SBGA and the SBG validation/verification systems, compared to other markets where no such requests are made. Such behaviours can be predictable and addressed in a timely manner with a suitable investment strategy which would provide more incentives than the premium. At the moment, stakeholders are not continuously reminded all stakeholders of the full added value of SBG, which does go beyond the impact premium (e.g., the technical support, and stable market the SBGA offers).

Additionally, the institutionalization and the management of activities appear to be respectively not clearly defined and divided between SBG as a project and its management by the SBGA, undermining the efficiency and more importantly, the sustainability of the operations. Although things have been evolving quickly in the past few months with impressive progress in planning the institutionalization of the association's capacity to manage the project on its own, this challenge included SBGA's recent lack of full ability, mainly due to lack of human resources, to address immediate and medium-term challenges, from the retention of ASGM and technical incidents, to the reporting and accountability systems management. Moreover, while some operational adjustments were made at field-level, including the change in implementing partnerships, evidence shows that SBGA and its members still lacks privileged contacts and relationships with stakeholders (i.e., both miners and exporters/plants) in the countries of intervention. For instance, the SBGA member visits twice a year to ASGM throughout the initiative, the links with the miners and the exporters are not considered as strong and differentiated. There is no strong sense of belonging to the SBG among targeted parties and not all SBGA members really understand the reality in the field. In other words, ASGMs are only there for the premium and eventually for some technical support that they receive from the national implementors. They do not feel they are part of the SBG family and the SBGA members do not have a very close relationship with the ASGM they source their gold from beside the annual visits. At the same time, there is a risk of overdependence on a limited number of SBG and SBGA project managers, which actually at the moment, is one person. The key person risk has already been mentioned during the past evaluation, and as shown above, numerous actions such as the strengthening of local implementors has been done.

The sustainability of the SBG also relies on the relationships with national governments, whose turnovers and changing strategic orientations can greatly affect the smooth implementation of SBG activities, particularly when it comes to policy dialogue. The current momentum (i.e., new mining

code and government change in Colombia and Peru) will be decisive for the good continuation of the handover.

In the recommendation section, the ET provides an overview of how it sees the handover phase design, which can be described as a transition.

4. Conclusions

From the beginning, the SBG concept (the Better Gold Initiative [BGI] initially) has been praised by the majority of stakeholders in terms of its design. The main point distinguishing the SBG from other development projects is the fact that it links the ASGM it technically supports with an established demand in the market, which represents an incentive to get on board and become more sustainable socially, economically and environmentally. In other words, it links development and business development. This has been maintained over the years, well into phase III, and it has been further strengthened, with SBGA members seemingly being able to absorb SBG gold with little limits, as long as project's SBG requirements are met. The objective now, for the SBGA, is to continuously increase the quantity of SBG gold offered and maintain the volumes that have been secured up to now. This is no small task but again, with a strong and steady demand having been established, there are at least concrete incentives to convince ASGM actors so to augment and strengthen the offer side. SECO on its side, is aiming to ensure that ASGM become more sustainable and that development objectives are met within the SBG. The project thrives to balance these two elements (i.e., business and development) and over the years and phases, has sometimes "tilted" on one side or the other.

Throughout the present evaluation report, the ET has demonstrated that the SBG **is aligned** with SECO's strategic objectives and relevant for beneficiary countries and ASGM needs. Yet for the two latter SBG partners (countries and ASGMs), the alignment with their agendas and priorities is relatively fragile and subject to changes when external (e.g., market or crises) and internal (mainly political) shocks occur. These risks do occur in many other development projects and circumstances, but they are particularly impactful for the SBG, all the more in terms of the Outcome 2 results, which are linked to governmental buy-in to ensure success. It is also important to note that ASGM actors, particularly artisanal miners, are difficult to attract in the project because of their sometimes challenging and/or complicated work circumstances (including the informality context in some cases). The artisanal miners sometimes live in poverty and in general, ASGM operators and miners struggle to effectively run their mines. Nonetheless, in all three countries, the Government and ASGM representatives met appreciated the SBG and its methodologies, different components, approaches, and results.

The ET also concludes that the project **is coherent** with other initiatives in the regions where it operates. In fact, the ET has observed plenty of synergies between SBG and other initiatives in the targeted countries, whether through information exchanges or deeper activity coordination. The successful coordination of SBG with other projects could be even more leveraged, generating scaled results. At the moment, this opportunity is only theoretically foreseen but central actors, like implementors in the field could help in this sense. Nonetheless, the coordination of the SBG work with VSS has not been fluid and tensions arose between the accreditation/certification actors. This is considered unfortunate by many respondents and the ET agrees that either the VSS objective of the project should have been left out at the beginning of phase III—as it generated expectations among stakeholders, including because MoUs were signed at the end of Phase II with VSS partners and a co-finance facility was set up but have not been used yet—or more should have

been done to ensure that a constructive relationship was developed among these actors, rather than generating competition among them. The communication channels are still opened at the moment and discussions are taking place.

In terms **of effectiveness**, the evaluation comes to the conclusion that although results seem on track towards achieving the overall targets, variations in achievements over the years and the fragility of the value chain, from ASM to SBGA members demonstrate that there is no easy way towards the full success of the endeavour; in other words, the SBG operates in a complex setting in which strong results remain fragile. This is all the more true for **Outcome 1,** linked to the integration of miners and their communities in responsible and profitable value chains, and specifically in terms of mines that are trying to *maintain* their compliance with the SBG requirements to export. Another element of complexity for the project is that challenges are differentiated by country. Indeed, although Peru is the highest contributor to the volumes and value of SBG gold exported, as there is a smaller number of larger mines involved, it seems there is still potential to include more mines but the success on that side is limited for now. In this context, although the impact in beneficiary communities is individually large, in absolute numbers, at country level, the project's impact is somewhat less scaled. In Colombia, the quantity of gold exported through SBG is comparatively lower but there is a higher number of mines involved. So the challenge, in addition to increasing the volumes and the value of exported gold and the number of mines involved, is to consolidate the numerous ones that are already involved, with a small team of technicians. Still, the potential for impact in numerous communities is higher than in Peru. This challenge of differentiated contexts, needs, levels of development, political and economic contexts, among other elements, will only be amplified by the desired (and actually needed) expansion of the project to other countries and continents.

Linked to the relatively small teams providing technical support and follow-ups to the involved ASGM, there are no real SBGA external verifications taking place to ensure an objective oversight of how the criteria are being implemented, met and maintained. This is a credibility issue that needs to be urgently taking into account and settled.

For **Outcome 2**, concerning the improved framework conditions for ASM in sourcing countries, it is noted that although some results have been achieved, the need for ongoing efforts and continuous work to further advance this outcome is quite high. In this regard, the role of SECO becomes significantly more important. SECO's continued support and collaboration will be instrumental in driving the necessary changes and creating a more favourable environment for responsible gold mining practices at the governmental level. By maintaining a proactive role and fostering partnerships with relevant stakeholders, SECO can contribute to the sustained progress of Outcome 2 and the overall success of the initiative. From data collected through the evaluation, it seems SECO is considering remaining involved in the project but providing lesser financial support. In this context, it might make sense for the institution to act more as a negotiation partner and less as a funder. SECO's role in other countries where the SBG might enter will also have to be defined and considered.

Considering the growing nature of the project overtime, it seems clear that the current **M&E system** does not respond to the differentiated needs of the stakeholders, all the more as the data collected and change stories have the potential of convincing and attracting additional ASGM operators and miners, as well as plants, traders and exporters. At the moment, each progress report is different one from another and there is some missing data. There is an important need to harmonize the use of the M&E methodology in the different countries.

Finally, although the design and logic behind the theory of change have the strong potential of rendering **the SBG sustainable**, the ET concludes that there is still room for improvement in terms of strengthening the links within the value chain and bringing closer the end buyers and the mining operations in the field to increase the chances of maintaining the ASGMs within the SBG.

5. Recommendations

Design

1. At a strategic level, during the transition towards the end of the project in 2025 and at the beginning of the next phase, it is clear that the **SBGA will need to increase its participation** in the implementation of the project. Concretely, this means that the association (i.e., its management, in a collaborative manner with its members) will need to hire new staff and ensure that it has a specific role coordinating work among the SBGA members, the national implementing organizations in the field and the ASGM operators and miners. The evaluation team has the confirmation that this governance structure for the project's management is actually currently being set up. Concerning the governance structure, its details are still confidential, but they are well advanced, and a full plan will be presented soon. It is clear for the SBGA that they will be taking the lead in the coordination and implementation of the SBG and will become responsible for the achievement of results. This includes maintaining results achieved up to 2025 and expanding the scope of the project's reach.
    - In this context, the evaluation team considers that the SBGA will need to establish direct, contractual links with the national implementation teams in the field. Some elements considered in the recommendations below also make part of how the governance structure should be constituted.
2. Before the end of the project in 2025, it is recommended that the SBGA, in coordination with the SBG project managers, **set up a pool of consultants** that would support the continuous verification process of the mines so that the technical teams can concentrate their efforts on supporting the mines. This would also ensure that the verifications become more frequent, timely and objective. At the moment, the due diligence, the monitoring and the accreditation are done internally (by SBGA, its members, Projekt-Consult, and implementors in the field). At the moment, this is, to a certain extent, a self-accreditation system. Using the pre-existing guidance (e.g., activities regarding the verification, accreditation of SBG mines), it will be important to develop training material in the very short term so that the pool of consultants can assimilate the SBG approach, standards and steps, among all the SBG details.
3. During the remainder of the project and beyond and in an ongoing effort to ensure the ASGM partners presently participating in the SBG maintain their better production and continue selling their gold to the SBGA, it is recommended that the association, SECO and their partners, including like-minded donors such as USAID, work with **financial institutions (FIs) and banks** so that a framework or an agreement can be reached allowing for funds from the project to arrive in the destined communities. This is actually already part of Outcome 2's objectives but more attention needs to be paid to the financial inclusion challenge and concrete action needs to be taken. It is essential that the funds from the premium paid by the SBGA members are disbursed so that the incentives that are in place play their role. One of the solutions that have been discussed during the evaluation is to, at least in Colombia, **go through the exporters/traders** for the funds'

transfer. In some cases (i.e., mainly with the barequeros), this is already taking place and in Peru, the mines with purchasing power and processing capacity-buying gold from ASM are also managing these SBGF investments. In other cases, the idea was not very well received because of the lack of incentives for them to engage in this type of additional work. Thus, the option of working to **de-risk financial transactions** between FI and ASGM would need to be assessed. The actual presence of SECO could itself be a de-risking factor for FIs and banks. The SBG could become some sort of a seal that the ASGM operators are financially "safe." Another option could be to entrench the premium in the actual transaction when buying the gold. It is at this point not sure the SBGA and its members would be willing to use this approach, but it could be a solution. If the SBGA hires an SBGF coordinator for the management of the projects and the funds, this could also be an effective choice. At the moment, the mines that intend to develop project proposals to be financed by the SBGF are dependent on technical support from the national implementors and/or the project coordinator to design them. A lot of planning will be needed to ensure the management of the SBGF is institutionalized.

4. The SBGA and its members need to **strengthen its relationships with exporters and traders** in Colombia (and also with mines with purchasing power and processing capacity in Peru). A strong business relationship between these two important actors in the value chain has the potential of incentivizing the latter in working in partnership with the project to "recruit" (or groom) new ASGM operators and miners. If these actors (i.e., those that buy from ASGM and sell it to SBGA) perceive an added value in dealing with the association and its members, there are higher chances that the SBG gold value chain becomes stronger. This recommendation needs to be implemented taking into account the competition also occurring between these traders and exporters to ensure the SBGA does not distort the market in the country. In the context where the SBGA and its members have expressed the desire to work more intensively with the artisanal miners and the barequeros, this recommendation becomes all the more relevant. In addition, intensifying the links with these actors in the gold value chain, sometimes called subsisting miners, would allow reaching more people, the most vulnerable of miners and increase the social (and environmental) impact of the SBG.
    - In addition, the SBGA and more importantly, its members, need to be more aware of the **situation "on the ground"** and the ASGM partners need to know better the refiners and even end buyers for that matter. Overall, there is a need to develop an enhanced business relationship between the SBGA and the ASGM actors in the field so that a privileged link is established, which has the potential of contributing to increased loyalty to the association.
5. On the basis of already solid partnerships and coordination efforts with **other projects and donors,** the ET recommends intensifying and further officialising these relationships with other, complementary projects in the region (e.g., with USAID, through the Tierra Dorada project). This recommendation is aligned with the objective of sustaining the achieved results and transform the role of SECO in the SBG into a more diplomatic business enabler than a cooperation one. Indeed, as the SBGA members are trying to increase the quantity of better ASGM gold they import, partnering with projects that offer technical support to ASGM in Colombia and Peru could be useful and also increase the sustainability of what the project has achieved. There could even be some alignment between the "content" of the technical support provided in the different projects, which is similar already, so that the SBG accreditation could be provided to ASGM mines that received support from other projects. Beyond the technical elements, other projects could benefit from the SBG strength of having a settled market with the SBGA and its members. From data collected,

other projects technically supporting ASGMs are really in need of securing a market that will buy better gold and the SBGA can offer that.

6. The ET recommends ensuring the **full digitalization of the M&E system**. The ET understands that this recommendation has already been part of SBGA-SBG objectives in the recent past, but the endeavour was unconclusive. The project operates with 25 mines at the moment. It is not doable nor realistic to manually collect and aggregate the data, all the less considering the growth expectancy in the short and medium terms. In addition, there is need, in the short term, to ensure data is collected in a harmonized manner. The digitalization process should help in this process but in addition, further training needs to occur so that project staff are better equipped to collect robust, clear and comparable data from both countries. Also, some groundwork with miners and plants would need to be conducted to ensure their representatives agree to share some of the needed data.
    - It could be an interesting approach to **outsource the M&E process** to an external team so that it becomes more objective and easier to manage. Indeed, the SBGA could simply define what the needs are and a group of external M&E professionals could take care of the technical approach to achieving the objectives.
    - Finally, beyond the M&E system, the SBGA will require a **full-management system** that will support decision making, tracking of progress and financial execution and analysis. In an ideal world, such a system would be integrated. This would need to be coupled with the development of a **revisited business model** for the SBG which will almost entirely be managed by the SBGA.

<u>Management and Hand Over</u>

7. An important element that will need to be addressed is the importance of clarifying with the SBGA that the project **needs to remain**, at least partly, **a development project**. Obviously, the business element is a success factor of the SBG, including in ensuring the achievement of developmental results; however, there is a risk that this business factor takes over and that actors in the value chain deprioritise the development aspect of the project. SECO is seen as an important actor in this risk mitigation work in the next two years. A similar reflection needs to take place in terms of the size of the mines the SBGA will work with. At the moment, there is still a relatively good balance between ASM and medium-sized mines and plants but with the demand to quickly and continuously increase the offer of SBG gold, there is a tendency to work more and more with the latter rather than the former.
8. Practically, there will be a need, in the short term, to start bringing all the knowledge, know-how, expertise and management tools generated through the project into **a single repository to facilitate the transfer of the information to the SBGA team**. In addition, it will be important to consolidate the nomenclature, terminology, and classification that need to be used concerning the mines the SBGA work with. At the moment, although there is an ASM/medium-size SBGA classification, it is not used in reporting, and it is not aligned with the variables differentiating the SBG mines. Indeed, the SBGA classification determines the size of a mine by the number of workers while the SBG reporting uses the extraction potential as a variable. This will be a consolidation effort the project implementor will have to do. In the same line of thought, as the SBGA team becomes consolidated, the current management teams will need to transfer its network in the field to the new SBGA managers, including through the development of network links with implementors in the field. These actors will also play an important role in defining the transition process and how the coordination will take place. Consulting them in the development of the new governance structure should be a short-term priority. Indeed, they can help estimate the

costs linked to the technical assistance provided in each country and undertaking market studies to estimate the potential offer from Peru and Colombia supply chain. The SBGA is already estimating the potential demand from its members in the short, medium and long term.

Baastel
30 Years Promoting Sustainable Development

MID-TERM EVALUATION OF THE SWISS BETTER GOLD, PHASE III

Final Evaluation Report—THE MYSAC ACCIDENT

Prepared for

SECO

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Considering the importance of the accident that happened in Peru in May 2023, it was decided that the evaluation team would, in addition to responding to the initial terms of reference for the SBG evaluation, consult additional stakeholders and documents to detail the specific elements surrounding the incident, including responses and actions taken after the fire. This additional work took place after the finalization of the evaluation report.

1. THE MYSAC ACCIDENT

1.1. The context

Yanaquihua S.A.C. (MYSAC) mining company owns the Esperanza I and Esperanza II mine shafts in Arequipa (in South Peru, Yanaquihua District, Condesuyos Province). Being classified as a small-scale mining operation by the Peruvian legislation, it also works with artisanal miners in the area, and the ore from artisanal shafts is treated in the Yanaquihua processing plant. The gathering of gold from artisanal miners follows strict rules, monitored by SBG, to ensure traceability.

MYSAC obtained the Responsible Jewellery Council (RJC) certification[50] in 2014 and renewed it in 2017 and in 2021. The RJC certification, an internationally recognized and reputable certification scheme, entails two specific standards: Code-of-Practices (COP)[51] and Chain-of-Custody (COC) standards. In addition to having the COP certification, the MYSAC company had also reached the COC standard (one of two mining companies, internationally, COC-certified by RJC as of 2023). The COC standard was awarded to MYSAC in 2021 when it established a specific processing plant on-site as before that, it was sending gold bearing activated carbon to Lima for this work. It is to be noted that the processing plant also received financial support from SECO through its Green Credit Line to improve the cyanidation plant and installation of filtration plant for tailings management with improved water efficiency.

Before 2019, MYSAC mainly exported to clients in the United States. After negotiations with the SBGA and based on the recognition of the RJC certification by the SBG[52], in 2019, the mine started exporting to the association's members, and was receiving the premium linked to the export transactions (as the SBG recognized the RJC certification, MYSAC was considered at step two of the SBG escalator programme). In June 2020, a *communiqué* was released announcing the "consolidation of an entirely responsible and traceable international gold value chain from Arequipa to the Swiss market, thanks to the innovative alliance between MYSAC, the Swiss Better Gold Association (SBGA), and its implementation partner, the Better Gold Initiative (BGI) for artisanal and small-scale mining." Since the beginning of the collaboration, the SBG and MYSAC co-financed technical support on an ongoing basis to help the mining company comply with the RJC certification's obligations. This included tasks such as supporting monitoring activities, inclusion of artisanal miners, case study on CO2 impacts, biodiversity and water management, among others. From then on, the SBG considered that MYSAC positively evolved on all RJC targets, including on

[50] https://www.responsiblejewellery.com/
[51] See: https://www.responsiblejewellery.com/wp-content/uploads/SD_RJC_COP-guidance-V1.4-August2022.pdf
[52] see Our approach | SBGA (swissbettergold.ch)

health and security aspects. In the SBG reporting, out of the five metric tons of gold imported from SBG mines by the SBGA members, close to one came from MYSAC (70 kilos per month), making one of the larger providers of SBG gold for the SBGA.

Overall, the Yanaquihua mining company was considered well managed by SBG representatives[53]. Regarding labour safety issues, in addition to its own technical support, the SBG relied on RJC, which conducted regular on-site audits and mine visits and generated reports. These on-site safety audits did not report any serious problems or alerts since SBG started collaborating with MYSAC. Based on available information, the mine company had security and evacuation plans and they were tested regularly.

1.2. The Accident

After a midterm RJC audit and examination on March 17, 2023, which had not looked into Health and Safety issues, as none had been highlighted in the 2021 full audit—midterm audits look into gaps identified during previous full audits—, on Saturday, May 6, 2023, a fire broke out near the "bridge" 526 linking the Esperanza I & II mine shafts, killing 27 miners (i.e., what is called in Spanish the "*inclinado*" 526) between level 2050 in Esperanza 1 and level 1980 in Esperanza II. The deaths were caused by carbon monoxide asphyxiation and/or intoxication. On June 5, 2023, the Regional Energy and Mines Administration (GREM in Spanish, *Gobierno Regional de Energia y Minas*) in Arequipa announced the definitive closure of the Yanaquihua's Esperanza I shaft, where the miners died[54], as well as the temporary closure of parts of the Esperanza II. This decision was taken, as a previous mortal accident had been reported in October 2022 when a miner died; when two such accidents are reported within a 12-month period (i.e., the first accident in 2022 and the second in May 2023), closure is mandatory, and an audit is requested.

On October 10th, 2023, 120 days after the accident, after MYSAC appealed the lockdown decision, three councillors of the Regional Government of Arequipa, responsible for overseeing and investigating the situation, presented a report that did not place any direct blame on Minera Yanaquihua. It was indeed determined that the miners adequately used their essential protection equipment, including carbon monoxide detectors (although they did not have oxygen bottles). This meant that the closed sections of the Esperanza shafts could reopen. It is important to note that a full investigation into the accident is still ongoing.

As the fire and fumes spread in the mine shafts during the night, after emergency signals were issued, out of the 202 miners working inside the mine, 175 safely escaped using distinct evacuation routes. At this point, it is unknown why 27 out of the 202 miners did not escape and as mentioned, the investigation to understand the situation is still ongoing. The cause of the fire has not been established either. What is known is that the security officer was at the plant, which is three kilometres away from the shafts.

1.3. Responses and Actions

On the legal side, there are three steps that have been and are taking place:

[53] https://bit.ly/42SCXfG
[54] https://bit.ly/3OXGP9r

- Preliminary investigation by the police—May 2023 to January 2024. Around 40 interviews and on-site visits were conducted. The investigators focused on the "after-fire" situation although there was also some attention brought on the causes of the fire.
- Follows the general investigation. The security and administrative aspects of the mine were and are being analysed. This includes looking into how the team of miners were coordinated by the company hired by MYSAC. Indeed, MYSAC, as is the case with other mining companies in the country, hires external companies to manage teams of miners, in other words, sub-contractors. This investigation is ongoing, and it will last four to eight months.
- Based on the general investigation's conclusions, formal accusations of any types might be made.

Right after the accident, SBG decided to make sure all other RJC certified mines within the project's value chain were applying its own standards. Relying on RJC processes, or any other for that matter, was no longer sufficient. This meant the mines under this situation had to use SBG instruments, including gap analysis, continuous improvement plans and periodic monitoring against the SBG ESG criteria. In October 2023, when the Esperanza shafts were fully reopened, this new directive was applied to MYSAC.

SBGA members visited the site in November 2023. In addition, an SBG-commissioned health and safety external verification was conducted by IPER Captiva[55] in the last quarter of 2023, lasting until early 2024. It was found that there were some gaps in security measures at the mine shafts. For example, although the security plans existed, their roll-out lacked effectiveness and efficiency. In addition, it was not fully evident that the safety training being provided to miners were taking into account the higher accidentality risk of certain areas on the mine's site. If MYSAC wanted to reach again step two of the SBG escalator programme (it had been retrograded to step one because of these findings), it had to receive additional technical support from the SBG and improve said practices. The agency's recommendations were integrated into and recognized as part of the SBG continuous improvement plan. ABR undertook providing the support to the mine. In this context, the SBGA decided to continue importing from MYSAC as this was considered the best decision for everyone, including the miners who needed to work to earn for their household.

Both SBGA and MYSAC are developing an extensive plan to support the future needs of the families of the miners that passed away. From data collected, it appears that all the victims' families had government pensions as this was a MYSAC requirement for the miners. As sometimes these pensions take time to be rolled out, MYSAC continued to pay the deceased miners' salary to the families. Still from the data collected, MYSAC also paid for all expenses related to the miners' funerals. School and university fees for the miners' children are also being taken care of.

The RJC recertification that was planned for MYSAC this year is for now on hold until the RJC takes the decisions on next steps (e.g. a full health and security audit conducted).

[55] See www.ipercaptiva.com

2. LESSONS LEARNED AND RECOMMENDATIONS

The MYSAC accident is here treated on a standalone basis considering the scale of its impact on the project and its reputation. It does not reflect the rest of the project nor its accomplishments or challenges. Nonetheless, in accordance with SECO and the SBGA, it was agreed that lessons learned and recommendations could be extracted from the incident.

2.1. Lessons Learned

Although it has always been the case, the SBGA now understands even more the importance of health and safety elements linked to the SBG. Without putting aside other important elements from its escalator programme (e.g., mining activities' impact on the environment), an important focus is now on security issues. If the health, safety and security elements are not managed adequately, everything else collapses.

The project and its actors learned that indeed, accidents happen, but all stakeholders can play a role in minimizing the risks of them becoming reality. It also became clear that MYSAC, the SBGA and SECO have a role to play in the reaction and response to the accident.

2.2. Recommendations

The importance of implementing recommendations 2 & 4 of the Phase III evaluation (recommendation 2 being linked to the continuous external verification process of the mines and recommendation 4 being linked to the need for closer SBGA relationships with the mines they work with) is reinforced by the content of this section of the report.

In addition, the evaluation team makes the following additional recommendations:

- It is recommended that the content of the SBG escalator programme be the only verification scheme the SBGA completely relies on, giving the association the full control over the criteria it wants respected and applied. This does not mean that the other VSS are not recognized by the association but that the SBGA should not solely rely on the other VSS certifications for the integration of mines within its value chains.
- Considering the specific context in which the accident took place, including the fact that the SBG was involved in continuous technical support to the mine, it would be wise to revise the escalator programme's content based on the analysis and conclusions of the investigation once it is finalized. Once these elements are shared, the specific circumstances in which the fire broke out and the reasons why 27 out of 202 miners did not make it to safety should become the basis upon which the health, safety and security elements of the SBG programme should be revisited.
- It is recommended that SBG conducts sequenced full reviews of the mines it works with through its field operators' ABR (Peru) and COCRECER (Colombia) to make sure all mining operations are still aligned with the project's escalator programme minimum health, security, and safety standards. The idea would not necessarily be to add extra visits but rather ensure that the regular technical support visits pay particular attention to these

standards and when gaps are noted, that they be the follow-up with specific recommendations.

- It is recommended that SECO and the SBGA continue being and become even more transparent with all types of interested civil society and media organizations concerning the realities on the ground of the mines they work with. They should be proactive in responding to questions so that doubts and critics concerning ESG SBG elements are answered concerning the actual situation of the mines they work with. This will allow the project to be involved in the narrative. Since May 2023, articles and opinion papers have been published concerning the accident and from the data collected by the evaluation team, these communication pieces are built around speculations. The more official data are shared, the less of these speculations will spread.
- MYSAC and the SBGA are developing response plans to ensure financial support is provided to the families of the 27 victims. The evaluation team recommends keeping contact with these families, to the extent possible, to ensure they feel emboldened. This would also demonstrate to the communities that the association cares, beyond the commercial links.

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