



# SECO and SBGA Management Response

## Mid-term evaluation of the Swiss Better gold, phase III

May 2025

### 1) Purpose of the mid-term evaluation (MTE)

The State Secretariat for Economic Affairs has retained services of *Le Groupe-conseil baastel srl*, under the lead of Alexandre Daoust, for the mid-term evaluation of the Swiss Better Gold project. This MTE was mandated under the framework of the project support partnership (PSP) agreement, which was published on SIMAP.

The assignment had a contract duration period from March - November 2023, including field trips undertaken in Colombia and Peru. In response to the accident in 2023 in the Peruvian mine MYSAC, a dedicated chapter has been incorporated into the evaluation report to assess it independently. This was done through a top-up mandate in March 2024.

The purpose of the MTE was to document the achievements of SBG III, to identify lessons learned and to offer recommendations for the design of the next phase, where SBGA will take on the leading role.

### 2) Appreciation of the Report: Structure, Methodology & Process

The MTE is thorough and contains accurate findings and valuable insights, particularly on the contextual challenges of SBG's work on the ground and its achievements to date. It is well structured and robust as the methodology is a mixed method with a combination of data sources, collection techniques and analysis, both quantitative and qualitative.

Throughout the process, cooperation with the evaluator was efficient and professional. The evaluator was flexible, which allowed him to respond to issues that arose during the process. At first, the evaluator focused mostly on the assessment of the activities in the field. In a second step, he addressed the strategical questions, such as the future of the SBG, as explicitly requested by SECO and SBGA, which the evaluator took into account.

The MTE meets the TOR requirements in terms of documenting the achievements of SBG III and providing elements for the design of the next phase, but it does not cover all the necessary aspects, as time did not allow for a full exploration of the issues and the design process was not advanced enough for the evaluator to include them. For example, the issue of a possible future capital market component in SBG-IV is not covered, but was taken into account during a final meeting with all stakeholders (Evaluator, SBGA, SBG-Team, SECO HQ

and SECO SCOs). The evaluation serves as an effective tool for taking stock, providing a foundation for a potential next phase, but additional follow-up work to complement the conceptualization will need to be done (and is in process) by SBGA, which will take over the leading role in the next phase. Nevertheless, we agree that the recommendations cover the most important current, imminent and short-term issues for the initiative and will guide the efforts to ensure a seamless handover and successful continuation of the SBG as they will allow to set the right basis for the next phase.

### 3) Key Findings and Lessons learnt

Main findings according to DAC criteria :

Relevance: satisfactory

Effectiveness: satisfactory

Efficiency: moderately satisfactory

Sustainability: satisfactory

Impact: satisfactory

#### **The main results achieved are summarized as follows:**

The MTE confirms that the ASM sector in the implementing countries is highly complex and faces numerous challenges. According to the MTE, the SBG is contributing to the development of a sustainable gold sector in these countries. The SBG stands out in terms of design and scope of intervention, as the initiative has a strong market link in addition to its development focus. At the heart of the SBG's success is its market-driven approach, which has been built up over years and project phases. This is what distinguishes it from other initiatives and standards. The SBGA's presence on the demand side creates a strong incentive for mines to integrate "tiered" accreditation.

With regard to the contextual factors hindering project implementation, the evaluation consolidates existing knowledge and internal findings about the difficulties and complexity of this initiative. It provides the context of Phase III, which started during the Covid-19 period, and led to a particular political and health situation.

The evaluation confirms the pioneer character of this project, which has achieved good results during its three phases. The main findings for each outcome are as follows:

Outcome 1) Regarding the objective of **value chains established and maintained**, 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 over the 35 expected by 2025. However, the evaluation shows that there is no easy way to produce successful results overall; SBG operates in a complex setting in which strong results remain fragile. Furthermore, the dependency on demand for gold creates vulnerabilities for the initiative.

For Outcome 2) on improving the **regulatory and operational environment**, progress has been hampered by the political context in each of the beneficiary countries. The SBG encourages the use of cleaner and more sustainable mining techniques. It emphasises the need to ensure fair labour practices, respect for human rights and the inclusion of

marginalised groups in the processes. By promoting formalisation, the initiative aims to ensure that ASGM miners operate within a regulated framework, which can lead to improved environmental practices, safer working conditions and increased market opportunities. However, the evaluation shows how difficult it is to have an aligned policy dialogue, as alignment with their agendas and priorities is relatively fragile and subject to change when external (e.g. market or crisis) and internal (mainly political) shocks occur. We think the project did what was in its hands to navigate difficult political contexts.

In Outcome 3) on **coordinated and well disseminated good practices and extension countries**, the evaluation states that the project is coherent with other initiatives, transparent and that it is sharing actively knowledge and disseminating good practices (case studies and guidelines have been completed and disseminated on various topics. This said, the evaluation recommends that coordination with other projects should be better leveraged in order to generating scaled results.

Regarding the accident in 2023 in the Peruvian mine MYSAC the MTE furnishes crucial insights into the background of mine MYSAC, where both SBG and the Responsible Jewelry Council (RJC) maintain their activities. It underscores MYSAC's full compliance with all relevant laws and the regular testing of security and evacuation protocols. Furthermore, the MTE elaborates on the incident of May 6, 2023, and outlines the subsequent actions taken by SBG. It recommends that SBG relies solely on the criteria outlined in the escalator program for verification, granting the association complete control over the level of compliance it wishes to uphold.



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#### 4) Recommendations

RECOMMENDATIONS	MANAGEMENT RESPONSE			RESPONSIBILITY	TIMING
<b>A – Strategic</b>					
<b>Recommendation 1</b>	<b>Fully agree (i and ii)</b>	<b>Partially agree (iii)</b>	<b>Not agree</b>		
<p>The <b>SBGA needs to increase its participation</b> in the implementation of the new project phase.</p> <p>i) 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.</p> <p>ii) The SBGA needs to clarify that it will be taking the lead in the coordination and</p>	<p><u>Response (SECO)</u></p> <p>From a SECO-side, this recommendation is fully supported as SECO is of the opinion that SBGA needs to take the driver seat. We agree that SBGA needs to hire the necessary staff and ensure continuity between the two phases. The issue around the balance between development project and business project is not a new one, but we increasingly see that the approach integrates business and development and that the two things are implemented hand in hand. SECO's role in the future phase has yet to be defined, but SECO should have a subsidiary role focusing on the policy dialogue (from a development perspective angle), especially for SECO priority countries.</p> <p><u>Response (SBGA)</u></p> <p>The SBGA is handling significant responsibilities and is ready to assume the full responsibility of the project. It has already initiated transition planning &amp; implementation activities. Country implementation teams have been informed of the overall plan in November 2023. This plan is now being implemented in close collaboration with Project Dir-</p>				SBGA as of January 2024 and then ongoing though the rest of current phase

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<p>implementation of the SBG IV 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.</p> <p>iii) the project <b>needs to remain</b>, at least partly, a <b>development project</b> as there is a risk that this business factor takes over and that actors in the value chain deprioritise the development aspect of the project.</p>	<p>ector and country leaders. At the next Steering Committee SECO will receive a <i>comprehensive 2025-2030 business plan with initial actions to be taken already in Q1 2024.</i></p>				
	<p><u>Measures</u></p> <p>SBGA is currently working on the setup of the future program structure. Concerning the governance structure, a full plan will be presented at the next Steering Committee. In order to increase the relevance of the future SBG, it will study the feasibility of including a new component on impact financing.</p> <p>The SBGA partially agrees with point iii) regarding the need to remain a development project. The Association's capacity to take on international development program work is as limited as a private sector industry association organisation can be. Therefore, it is key that SECO maintains its participation in the continuation of the Swiss Better Gold beyond 2025.</p>				As of January 2024, and then ongoing through the rest of current phase
<p><b>Recommendation 2</b></p> <p><b>Set up a pool of consultants that would support the continuous verification process</b> of the mines so that the technical teams can concentrate their efforts on supporting the mines. Using the pre-existing</p>	<b>Fully agree</b>	<b>Partially agree</b>	<b>Not agree</b>	SBGA	
	<p><u>Response (SECO)</u></p> <p>From a SECO-side this recommendation is fully supported. The question of external and neutral verification is a core issue that needs to be tackled urgently.</p>				
	<p><u>Measures (SBGA)</u></p> <p>The SBGA has appointed independent consultants in Colombia and</p>				As of Q2 2024 and then

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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.	Peru and has resumed with the calendar of verification events in each implementation country.				continuous thought-out the year
<b>Recommendation 3</b> i) Work with <b>financial institutions (FIs) and banks</b> so that a framework or an agreement can be reached allowing for funds from the project to arrive in the destined communities.	Fully agree	<b>Partially agree</b>	Not agree	Lead: SECO and SBGA	
	<u>Response (SECO)</u> The SBG has been working on this issue in the past with considerable support of the SECO offices in Peru and Colombia. Unfortunately, SBG-leverage is not always as strong as it should be, despite intense institutional and ad hoc support by the SECO offices in the implementing countries. Furthermore, AML CTF issues must always be carefully considered. Against the assumption in the evaluation that "The actual presence of SECO could itself be a de-risking factor for FIs and banks". This is the reason why we only partially agree with the recommendation.  We agree to readdress this still unsolved issue by creating a taskforce including all stakeholders.  Looking forward, the question on how to integrate swiss capital market and implement impact finance/blended finance should also be taken into account in this recommendation. This will be tackeded in a separate work stream.				
	<u>Measures</u>			SECO	Constitution of

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	SBG shall put another effort in the form of a task-force to integrate the financial institutions. The task-force shall be headed by the SCO in Peru and Colombia with the presence of SBGA and SBG				taks force: Q1 2024
<b>B - Operational</b>					
<b>Recommendation 4</b> The SBGA need to strengthen its relationships with exporters and traders.	Fully agree	Partially agree	Not agree	SBGA	Continuous
	<u>Response (SECO)</u> SECO agrees with this recommendation, but also points out that business opportunities must be approached with caution, in the sense that due diligence is not negotiable and a responsibility of the private sector partners.				
	<u>Measures (SBGA)</u> The Association will continue intensifying field trips and direct relations between supply chain members.				
<b>Recommendation 5</b> To intensify and further officialise 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	Fully agree	Partially agree	Not agree	SBG Coordinator	
	<u>Response</u> We agree that relations with other projects are of utmost importance for the SBG, especially in the context of the transition phase and the aim for sustainability. We see a concrete and very positive case in Bolivia, where SBG-work of the past 7 years could be transmitted to Planet-Gold. SBG and SCO Colombia are already operationally and politically linked to USAID and the Tierra Dorada Project, e.g. in November a joint event took place with governmental partners about traceability.  However, we are aware that all these activities bare high transaction costs and that given the small team of SBG the effort has to be maintained at a reasonable level based on a solid cost/Benefit analysis. This				

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role of SECO in the SBG into a more diplomatic business enabler than a cooperation one.	is the reason why we only partially agree with the recommendation.				Mapping: Q1 2024
	<u>Measures</u> SBG Coordinator to actualize the list of relationships and strategic partners and to follow-up and map the potential also indicating timelines.				
<b>Recommendation 6</b> Ensure the full <b>digitalization</b> of the M&E system. Start bringing all the knowledge, know-how, expertise and management tools generated through the project into a <b>single repository to facilitate the transfer of the information to the team.</b> - 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	<b>Fully agree</b>	Partially agree	Not agree	SECO and SBGA	
	<u>Response SECO</u> While we agree that this issue is still open and of critical importance, the evaluation has not brought the full light into it for defining next steps and concrete measures. Based on the recommendations of the last evaluation, A digitalization project was implemented but then again abandoned after almost two years because it didn't produce the required results. The evaluation explains some of the complexity (which includes the people management in the field and the somewhat unclear process management). Given the failures of the previous monitoring project which was financed from the previous phase, the reallocation of resources in the current phase need to be discussed. <u>Response SBGA</u> We fully agree with this recommendation. The program has reached dimensions which require uniform and central monitoring tools. There is currently no consistency in data management, storage, security and quality across the implementation countries. A significant effort was made to create and populate the program Repository, but this Microsoft tool cannot be considered as a monitoring system. The SBGA has raised the issue on numerous occasions pointing out that the successful take over of the program (and therefore, know-how and data generated				

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in reporting, and it is not aligned with the variables differentiating the SBG mines.	over these 10 years) cannot be ensured without a global, synchronised and simultaneously used monitoring tool. In this regards, the SBGA in collaboration with Project Consult has a short list of potential providers in that regards.				
	<u>Measures</u> SBGA and SECO urgently need to proceed with needed decision, selection and implementation of a monitoring tool.			SBGA & SECO	Q1 2024 provider selection. Q2-Q3 2024 development of a pilot Q2 Decide during SC on the choice and budget Q3 – Q4 2024 launch and stabilisation of the system
<b>Recommendation 7</b>	<b>Fully agree</b>	Partially agree	Not agree		
<b>In process: on MYSAC Accident</b> 1. SBG to rely completely on SBGA verification scheme, independent on VSS-involvement or not. 2. Revise the escalator	<u>Response</u> We agree with the evaluation and the recommendations. The accident is a reminder of the risks associated with mining, particularly artisanal and small-scale mining, which is a significant industry in many countries in terms of income and job creation. The SBG helps to reduce this risk, although national/regional authorities remain responsible for the implementation of health and safety regulations. Compliance with local laws and regulations is therefore crucial and the role and ultimate responsibility of local authorities.				

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<p>model content based on the analysis and conclusions of the investigation once it is finalized with focus on safety and security.</p> <p>3. SBG conducts sequenced full reviews of all mines to make sure that security and safety standards are well in place.</p> <p>4. 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.</p>	<p><u>Measures</u></p> <p>1. Since Q3 2023, SBG monitoring has been adapted and implemented in all relevant mining operations. In MYSAC, a first verification took place in Q1 2024. Monitoring and verification schedule of other mining operations is already in place and being deployed.</p> <p>2. Review of SBG sourcing strategy (including escalator approach) was conducted between Q3 2023 and Q1 2024. All updated documents are available online. Further adjustments will be considered as investigation results become available.</p> <p>3. Already in implementation.</p> <p>4. Communication strategy has been revised and will be discussed during the SC in May 2024.</p>		<p>1. Q 3&amp;4 2024</p> <p>2. Q3 2023 – Q2 2024</p> <p>3. Q 3&amp;4 2024</p> <p>4. Q2 2024</p> <p>5. 2024ff</p>

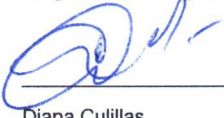
Bern, 02.05.2024

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A handwritten signature in blue ink, appearing to be 'Diana Culillas'.

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Diana Culillas  
Secretary, Swiss Better Gold Association

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Monica Rubiolo  
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