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RISKS AND OPPORTUNITIES IN THE MANAGEMENT OF ILLEGAL GOLD MINING IN NORTHERN CÔTE D'IVOIRE

JANUARY 2023



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The Resilience for Peace Project is a five-year (2021-2026) USAID-funded initiative that aims to strengthen community resilience against violent extremism in the northern border areas of Côte d'Ivoire. The project is implemented by Equal Access International (EAI), in collaboration with the International Rescue Committee (IRC), Indigo-Côte d'Ivoire, and the UNESCO Chair in Bioethics at Alassane Ouattara University in Bouaké.

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RISKS AND OPPORTUNITIES IN THE MANAGEMENT OF **ILLEGAL GOLD MINING** IN NORTHERN CÔTE D'IVOIRE

Hélène Helbig de Balzac

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ABBREVIATIONS

ASM	artisanal and small-scale mining
ASGM	artisanal and small-scale gold mining
AQIM	Al-Qaeda in the Islamic Maghreb
BRICM	Brigade for the Repression of Offenses against the Mining Code
CMA	Coordination of Azawad Movements
ECOWAS	Economic Community of West African States
EITI	Extractive Industries Transparency Initiative
FCFA	Franc of the African Financial Community
GPMACI	National Union of Small Mines and Buyers of Côte d'Ivoire
ICG	International Crisis Group
IED	improvised explosive devices
JNIM	Jama'a Nusrat ul-Islam wa al-Muslimin
LBMA	London Bullion Market Association
LSM	large-scale mining
OECD	Organization for Economic Co-operation and Development
MO	mining operator
PE	exploitation permit
PR	exploration permit
PRADD	Property Rights and Artisanal Diamond Development
R4P	Resilience for Peace
SODEMI	Company for the Mining Development of the Côte d'Ivoire
UAE	United Arab Emirates
USAID	United State Agency for International Development
VEO	violent extremist organization

Executive Summary



This study provides information for policymakers seeking to understand and mitigate risks related to human rights and security in illegal artisanal and small-scale gold mining (ASGM) in Côte d'Ivoire. Key findings and recommendations precede the main report, provided by the United States Agency for International Development (USAID)-funded Resilience for Peace project, which works to strengthen community resilience against violent extremism in northern Côte d'Ivoire.

KEY INFORMATION AND FINDINGS

Small-scale gold mining produces as much as large-scale gold mining.

- Illegal ASGM production in the Côte d'Ivoire is estimated to be between 30 and 40 tons annually, representing a loss of approximately \$1.6 billion in untaxed revenue.¹ If officially declared, this sum

would equate to nearly 9 percent of the total value of Ivoirian exports of goods and services (2021). Current illegal ASGM gold production nearly matches the level of industrial mining, or 41.8 tons (2021).

- The eleven high-production ASGM sites across northern Côte d'Ivoire visited during this study produce about 10 tons a year, or nearly 30 percent of the country's annual ASGM output.

Unreported aggregate gold quantities flow into neighboring countries and then to Dubai.

- At the time of this study, one gram of illegal gold at the point of extraction garners between FCFA15,000 (\$24.50) and FCFA22,000 (\$36) at a fixed grade of 22 carats.

- Most Ivoirian artisanal gold is undeclared and, therefore, untaxed, before being smuggled by traffickers to Dubai via Mali, Burkina Faso, Togo, or Ghana, where criminal networks may be involved.

- The ASGM supply chain involves multiple actors and aggregation points between production and export. Profit margins are small and economies of scale are critical, leading to the rise of gold aggregation centers in Bouaflé, Bouaké, Korhogo, or Doropo, where mine operators and traders meet buyers who sell the gold in neighboring countries or in Abidjan.

All local actors benefit from ASGM.

- Illegal mining involves payouts to multiple community stakeholders, including traditional authorities, and the heads of women and youth groups

- An increasing number of mining operators are Ivoirian, a marked shift from earlier foreign dominance. Landowners are primarily Ivoirian. Other mining operators hail from Burkina Faso or Mali.

Security officers guarding artisanal sites are armed and may include local Dozos, traditional hunting groups often involved in local defense.

¹ For comparison: In Mali, EITI estimated ASGM production from 300 sites at around 4 tons in 2017. Mali's large-scale mining (LSM) gold production was over 49 tons in 2017. In Burkina Faso, ASGM production was estimated at 20 tons in 2019; LSM gold was estimated at 60 tons, or nearly 82% of the country's total exports.

No direct links were found between violent extremism and high-production artisanal gold mining, but risk factors exist.

- This study observed no direct connection between high-production ASGM sites in northern Côte d'Ivoire and the activities of violent extremist organizations (VEOs), such as recruitment, gold exploitation, or protection rackets.

- The risk of VEOs getting involved in artisanal gold mining in Côte d'Ivoire is undeniable. Some communities and individuals practicing artisanal gold mining perceive the state's punitive response to ASGM as limiting access to the best—or only—local source of significant reve-

nue. Although not yet the case, these communities could turn to armed actors to protect their mining activities from state repression. The local distribution of illegal ASGM revenue may act as a buffer, enhancing resilience against VEO infiltration into Ivorian artisanal sites.

The current regulatory environment severely limits the legal practice of small-scale artisanal gold mining, fueling local frustration with State authorities.

- Current mining legislation bars any concomitant operation of industrial and artisanal mining operations on a given plot of land.

- High national tax rates and opaque pre-financing systems complicate State registration and push artisanal miners outside the official economy.

- ASG miners perceive the forced closure of illegal artisanal sites as unfairly targeting disenfranchised youth struggling to generate minimal revenue from unexploited local resources.

- The government's enforcement of the ban of unregistered illegal ASG mining frustrates mining communities and operators, driving a need for greater security and secrecy around high-production sites.

- In cases where ASG miners are allowed to work, they complain about a kickback system where State agents impose illegal fees and taxes.

Specific risks related to women, children, and the environment:

- Prostitution and substance abuse are common practices around ASGM sites. Without alternatives for childcare, mothers bring their children to the sites, with some children also starting to work.

- Artisanal gold extraction at the visited sites involves mercury and cyanide, which carry severe risks to human health and the environment, primarily through water and soil contamination, which harms livestock, fishing, and farming.

KEY RECOMMENDATIONS TO DONORS AND THE GOVERNMENT

The main recommendation of the study is for the **Government of Côte d'Ivoire to formalize ASGM**. This would bring miners and traders under the rule of law and within legitimate tax-based national and regional economies. This would also reflect broader and holistic efforts to prevent the spread of violent extremism in northern Côte d'Ivoire by strengthening community management of natural resources, improving local governance processes, increasing national tax revenues, and enhancing the relationship between the national government (including security and defense forces) and local communities. This can be supported in the following ways:

Transition mining communities toward safe and legal operations.

- Increase support to relevant decentralized ministries to enhance local mining communities' knowledge about key ASGM risks and how to protect themselves, including health and safety measures, mercury use, human rights, and current mining laws.
- Make government support to communities more effective by evaluating the strengths, weaknesses, and impact of the government project *chantiers-école* (on-site training), a state-led training program on mining prospecting processes, environmental management, and mining legislation. Develop recommendations and support implementation through relevant ministerial bodies.

Promote ASGM with favorable legal frameworks.

- Cultivate a political appetite for and work toward a legal ASGM sector.
- Simplify and fast-track administrative processes to operate legally by creating "one-stop shops" for mining license application and approval.
- Develop legal provisions for the coexistence of LSM and ASGM.
- Delineate more viable ASGM areas.

Enhance ASGM supply chain transparency.

- Promote compliance with the Organization for Economic Co-operation and Development's *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* by improving upstream supply chain transparency.
- Strengthen the capacity of local actor due diligence efforts to undertake proactive risk management in human rights, corruption and bribery, conflict, and legality along their supply chains.
- Improve financial institution risk management of potential ASGM supply chain actors who are currently considered higher risk customers.

Develop joint ASGM management at extraction sites.

- Develop participatory management systems that include community actors, state officers, and supply chain actors.
- Prioritize greater public accountability between chiefdoms and communities, given the heavy financial implications for traditional authorities.
- Map, improve, and publicize transparent revenue redistribution at local levels.



BACKGROUND

This study was commissioned by the USAID-funded project Resilience for Peace (R4P), implemented by Equal Access International. The report is informed by field-based research involving semi-structured interviews, document reviews, and direct observation conducted from March to May 2022 in Abidjan, Bouaké, and in eleven illegal high-production mining sites around Bouna, Kong, Korhogo, Boundiali, and Bouaflé.

Over sixty interviews were conducted with multiple stakeholders involved in the ASGM sector, including supply chain actors (miners, local buyers, cooperatives, and exporters), trade associations, local authorities, civil society and international organization representatives, and experts in Ivoirian natural resource management. The study focused exclusively on larger ASGM sites with high production; therefore, the conclusions are not representative of smaller ASGM sites.

1 Context



Abandoned small-scale artisanal gold mine in North-Western Côte d'Ivoire, April 2022

This report, prepared by HIVE, presents the results of research on the risks and opportunities related to illegal artisanal and small-scale gold mining (ASGM)² in Côte d'Ivoire's northern regions.

Specifically, this report analyzes local and transnational systems for managing and financing illegal gold mining in the northern regions of Côte d'Ivoire. This study considers:

- The management of illegal mining sites in terms of their control by customary authorities, the distribution and use of revenues, workforce oversight, on-site security,
- and relations with administrative authorities.
- The main risks posed by illegal supply chains in the northern regions.
- The financing of ASM gold mining and trade, the illicit financial flows this practice generates, and the involvement of criminal groups and/or violent extremist organizations (VEOs) in the sector.
- The vulnerability of mining communities to interference from VEOs.
- Available opportunities to establish responsible ASM gold supply chains.

² The Organization for Economic Co-operation and Development (OECD) defines artisanal and small-scale mining (ASM) as the following:

- Formal or informal mining operations with predominantly simplified forms of exploration, extraction, processing, and transportation.
- ASM is normally low capital intensive and uses high labor-intensive technology.
- ASM includes men and women working on an individual basis, as well as people working in family groups, in partnerships, or in cooperatives or other types of legal associations and enterprises that involve hundreds— or even thousands—of miners. For example, it is common for work groups of four to ten individuals, sometimes in family units, to share tasks at one single point of mineral extraction (e.g., excavating one tunnel). At the organizational level, groups of 30 to 300 miners are common, jointly extracting one mineral deposit (e.g., working in different tunnels) and sometimes sharing processing facilities.

2 Methodology

This report is based on an in-depth review of current literature, a qualitative field study, including semi-structured interviews, and direct observation.

The field study took place in March and May 2022 in the gold aggregation centers of Abidjan and Bouaké. Visits to clandestine mining sites were conducted in Bouna, Kong, Korhogo, Boundiali, and Bouaflé. In total, eleven sites were selected and visited based on their high production. The study's conclusions do not reflect the reality of the smallest gold mining sites. A meeting took place with the Ministry of Mines and Geology in Abidjan.

In March 2023, after the drafting of the report, a restitution and validation workshop took place at the National Border Commission with representatives from various government bodies, including ministries and the National Security Council.

More than sixty interviews were conducted with key actors involved in ASGM. These individuals included supply chain actors (exporters, mining operators, collectors), representatives of professional associations, local authorities, civil society and international organizations, and experts in the field of natural resources in Côte d'Ivoire.

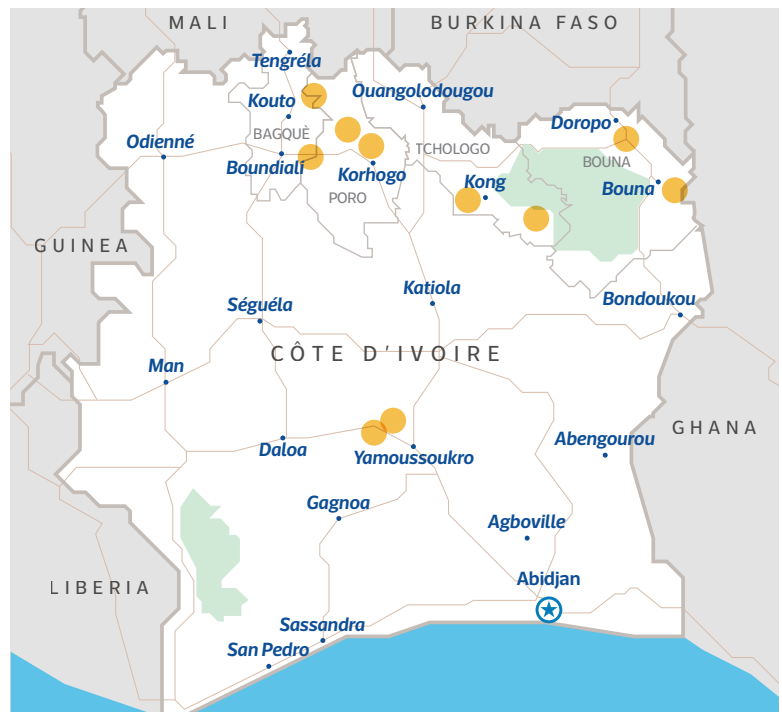
The site selection prioritized high production in areas near the borders of Burkina Faso and Mali. The geographical concentration of border sites was deliberate and justified by the likelihood of possible links, direct or indirect, between ASGM and VEOs, given their proximity to countries where these groups are active in ASGM. The selection was also dependent on negotiations on the ground with site managers; our researchers were denied access on several occasions, sometimes at the last minute.

Given the informality prevailing in the gold mining sector in Côte d'Ivoire and the lack of reliable data on ASGM production and trade, this study estimated annual production for each site by triangulating data from several

well-informed sources (private sector actors, civil society actor, etc.). These data were also compared to direct observations on the gold mining sites visited.

Field data were recorded in the Datastake information management platform, making it possible to standardize information and report on the degree of supply chain compliance with international requirements for responsible mineral sourcing (i.e., the OECD's *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*). The data were organized by mine site and by the actors involved in the supply chain.³

Two main challenges necessitated constant adaptation and reassessment of the research strategy. One was the difficulty of accessing clandestine sites, given the mistrust of mining operators toward the Brigade for the Repression of Mining Code Offenses (*Brigade de Répression des Infractions au Code Minier* or BRICM), an entity mandated to dismantle all illegal sites. The other was the difficulty the team had obtaining reliable data on ASGM and trading, given the informality and secrecy of the sector.



Map 1: Map of visited clandestine gold mining sites (@datastake.io).

³ See annex one for a summary of the supply chain actor assessment.

3 Context of artisanal and small-scale gold mining in Côte d'Ivoire

3.1 Overview of the ASM gold sector in Côte d'Ivoire

As in many countries where ASM gold is mined, in Côte d'Ivoire, the sector is primarily informal. Recent research estimates that around 446 tons of African ASM gold is trafficked annually into Dubai (United Arab Emirates), representing more than \$20 billion.⁴ West Africa contributes significantly to this flow of illicit gold. In Dubai, smuggled artisanal gold is sold in souks or to local refineries. The lax implementation of import and export regulations in Dubai allows gold smugglers to sell large amounts on the global market.⁵

In Côte d'Ivoire, there is no reliable data on the production and export of ASM gold. The president of the National Union of Small Mines and Buyers of Côte d'Ivoire (Groupement des exploitants des petites mines et acheteurs de Côte d'Ivoire or GPMACI) estimates that annual artisanal production could reach thirty to forty tons of gold.⁶ Others interviewed for this study confirmed this estimate.⁷ For the eleven mine sites visited for this study, annual production was estimated at around 10 tons (or 828 kg/month). Thus, these eleven sites represent roughly 30 percent of all ASM gold in Côte d'Ivoire.

Almost all Ivorian ASM gold is undeclared and untaxed, representing an enormous loss in taxable revenue for the national treasury. The gold is smuggled to Dubai via neighboring countries, notably Mali, Burkina Faso,⁸ Togo, or Ghana, taking advantage of porous, unmanned borders. Mali, one of

the largest ASM gold producers in Africa, is also known as a destination and aggregation center for ASM gold from across the subregion, including Côte d'Ivoire.⁹

Industrial gold production in Côte d'Ivoire has almost doubled since 2018, when the Ministry of Mines reported 24.4 tons of production¹⁰ compared to 41.8 tons in 2021. The Extractive Industries Transparency Initiative (EITI) explains this increase by pointing to investments in the production capacity of the Ity–Daapleu mining complex, stronger control measures for mining operations generally, and state-led crackdowns on illegal gold mining sites.¹¹

In Côte d'Ivoire, the large industrial gold mining companies include Perseus Mining,¹² Société des Mines de Tongon (the Tongon Mines Company, operated by Barrick Gold),¹³ and the mines at Ity, Daapleu, and Floleu¹⁴ (operated by Endeavor Mining).¹⁵ This legal production is exported to refineries in Switzerland and South Africa that appear on the London Bullion Market Association's (LBMA) "Good Delivery List."¹⁶

Like elsewhere in Africa, the number of people directly involved in ASGM in Côte d'Ivoire has increased sharply in recent years. In March 2014, the Ivorian prime minister estimated that there was ASGM in twenty-four of the country's thirty-one regions, involving more than 500,000 people.¹⁷

This growth is partly explained by the increasing difficulty for young people to earn money in agriculture or other rural activities, such as raising livestock. For cashew nut grow-

⁴ David Lewis, Ryan McNeill, and Zandi Shabalala, "Gold Worth Billions Smuggled Out of Africa," *Reuters*, April 24, 2019.

⁵ Alan Martin and Bernard Taylor, "All That Glitters Is Not Gold: Dubai, the Congo and the Illicit Trade in Conflict Minerals," *Partenariat Afrique Canada*, May 2014.

⁶ Interview with the president of GPMACI, Abidjan, May 2022.

⁷ Interview with a representative of an international non-governmental organization, Abidjan, May 2022; interview with a representative of a gold export company, Abidjan, May 2022.

⁸ Much of the ASM gold mined and traded in Burkina Faso is smuggled into Togo, where it is sold to large-scale traffickers based in Lomé. This allows Burkinabé traders to buy products to resell in Burkina Faso with the money they receive from the sale of gold.

⁹ Alan Martin and Hélène Helbig de Balzac, "The West African El Dorado: Mapping the Illicit Trade of Gold in Côte d'Ivoire, Mali and Burkina Faso," *Partnership Africa Canada*, Ottawa, Canada, January 2017.

¹⁰ Official website of the Ministry of Mines and Geology of Côte d'Ivoire.

¹¹ "Initiative pour la Transparence dans les Industries Extractives—ITIE Côte d'Ivoire—Rapport ITIE 2019 (Version Projet)" [Extractive Industries Transparency Initiative—EITI Côte d'Ivoire—2019 EITI Report (Draft Version)], EITI, December 2021.

¹² Perseus Mining Côte d'Ivoire holds PE-39, located in northern Côte d'Ivoire on the border with Mali.

¹³ The Tongon Mines Company owns PE-34, located in northern Côte d'Ivoire.

¹⁴ Société des Mines d'Ity holds PE-26, Société des Mines de Daapleu holds PE-49, and Société des Mines de Floleu holds PE-53. These permits are located in western Côte d'Ivoire.

¹⁵ Endeavor Mining, available at the following link: <https://www.endeavourmining.com/our-business/ity-mine>.

¹⁶ LBMA Good Delivery List: <https://www.lbma.org.uk/good-delivery/about-good-delivery>.

¹⁷ Official website of the Government of Côte d'Ivoire, "Rationalisation of Gold Panning in Côte d'Ivoire: The Prime Minister Announces the Firmness of the State in the Face of the Proliferation of a Dangerous Activity," March 5, 2014.

ers, prices have dropped since 2021. The national government set the official purchase price for cashews at FCFA305 per kilo (\$0.49/kg), a loss of 33 percent compared to 2020 (FCFA400 per kilo, or \$0.64/kg).¹⁸

Correspondingly, the appeal of ASM gold has increased in recent years. Since 2000, the world gold market has seen a sharp rise in prices. Before the 2000s, a gram of gold cost around \$30 but in May 2022, the price reached \$61.¹⁹ Considered a financial safe haven, gold increases in value during crises, heightened today by the war in Ukraine. Further, cheap mining equipment is widely available in West Africa (crushers, grinders), thus reducing mechanized mining costs.

While gold mining and trade is mainly based on a pre-financing system (see section six below), the increase in regional criminal activities (including arms trading and drug trafficking) attracts more illicit financing. The recent boom in Ivorian gold mining is also explained by the influx of experienced labor from neighboring countries, attracted by Côte d'Ivoire's milder working conditions: "Côte d'Ivoire is a small paradise for Burkinabé diggers."²⁰

3.2 State management policy and legal framework for gold panning in Côte d'Ivoire

The legal framework for ASGM in Côte d'Ivoire is defined in the 2014 mining code, articles sixty-four to seventy-five.²¹ According to Article 65, artisanal gold mining is subject to an artisanal mining authorization granted by the Ministry of Mines, after consultation with the competent administrative authorities and the urban municipalities or rural communities concerned. Artisanal mining authorizations are reserved for Ivorian citizens or cooperatives with majority Ivorian membership.²²

However, the vagueness of other articles on ASGM (notably Article 70),²³ as well as certain conflicts between the mining code and customary practices governing certain rural communities, incentivizes gold miners to skirt the law and operate secretly. A 2021 study showed that the legal frameworks of the Ivorian

state do not reflect the interests of the citizens exploiting these resources under customary land rights.²⁴ According to customary practice, the land where the ASGM activity takes place belongs either to an owner or to the community. These modes of local management, considered the norm by local populations, are contradicted by the mining code, which implies that any mined land belongs to the state, thereby requiring legal authorization from administrative authorities to operate. Furthermore, this code is largely designed for industrial or semi-industrial mining, not for the realities of small-scale mining. Despite the existence of a legal mechanism to govern the sector, tensions between the code and local practices help explain the rise of illegal ASGM in Côte d'Ivoire.

Faced with the fast growth of illegal ASGM, in 2013, the Ivorian government adopted a three-year program (the Rationalization of Gold Mining from 2014 to 2016) to bring ASGM under government control.²⁵ This meant, in practice, two distinct policies: first, eliminating illegal gold mine sites, which officials disparage given their environmental and community health impact; and second, introducing a policy to reform and formalize the sector.

In 2014, the government decided to close 158 illegal sites. A monitoring system was created by the gendarmerie, which systematically stopped work at all new illegal gold sites and dismantled operations.²⁶ Given the mixed results of this approach, the Ministry of Mines and Geology created the BRICM at the end of 2018: "The government has waged a merciless war against illegal ASGM, a true plague that undermines the Ivorian mining sector."²⁷ Since 2019, the brigade has been crisscrossing northern and central Côte d'Ivoire. In collaboration with officers from the Ministry of Waters and Forests, the BRICM identifies illegal sites, destroys them (plugs holes, sets fire to installations), seizes equipment, and arrests all actors involved.

In 2019, 222 illegal sites were destroyed and evacuated. A press release in April 2019 from the Ministry of Mines and Geology claimed "more than a billion FCFA of material seized."²⁸ From

¹⁸ "La Campagne Cajou 2022 S'Ouvre le 4 Février en Côte d'Ivoire Avec un Prix Laissé à FCFA 305" [The 2022 Cashew Season Opens on February 4 in Côte d'Ivoire with a Price Left at FCFA 305], *Commodafrica*, January 27, 2022. Note: This drop in price had a strong effect on small cashew nut producers, with large operators doing well after greatly increasing production volume by 14 percent between 2020 and 2021.

¹⁹ World Gold Council, reference for the world price of gold: <https://www.gold.org/goldhub/data/gold-prices>.

²⁰ Expressed by a Burkinabé digger at a gold panning site near Doropo.

²¹ Republic of Côte d'Ivoire, "Law n°2014-138 of March 24, 2014 on the Mining Code," Article 68.

²² Republic of Côte d'Ivoire, "Law n°2014-138 of March 24, 2014 on the Mining Code," Article 65.

²³ Konan Kouamé Hyacinthe, "Le Code Minier Ivoirien à l'Épreuve de l'Orpaillage Clandestin: Le Cas de Fodio, Pongbè et Zievasso au Nord de la Côte d'Ivoire" [The Ivorian Mining Code Put to the Test by Clandestine Gold Panning: The Case of Fodio, Pongbè and Zievasso in the North of Côte d'Ivoire], *Kafoudal, Revue des Sciences Sociales de l'Université Peleforo Gon Coulibaly de Korhogo*, no. 7 (June 2021): 25.

²⁴ Konan Kouamé Hyacinthe, "The Ivorian Mining Code Put to the Test."

²⁵ Ministry of Industry and Mines of the Republic of Côte d'Ivoire, "ASGM Rationalization Program," October 2013.

²⁶ Ministry of Industry and Mines, "ASGM Rationalization Program."

²⁷ Official website of the Government of Côte d'Ivoire, "School Sites: A Concrete and Sustainable Response to the Development of Small Mines," December 19, 2021.

²⁸ Ministry of Mines and Geology, Press Release, April 9, 2019, <http://mines.gouv.ci/?p=723>.



The BRICM eliminating an ASGM site in the Marahoué Region, February 2021, @ministry of mines and geology, Côte d'Ivoire.

2018 to 2019, the government asserted that it ended the activities of 23,400 illegal ASGM miners. By the end of 2020, a ministry official reported the dismantling of 219 illegal sites and the arrests and trials of 52 people.²⁹ In June 2021, the National Security Council strengthened the BRICM by creating a special group of 560 officers to repress illegal mining, including 460 gendarmes and 100 water and forestry officers.³⁰ By the end of 2021, the National Security Council claimed that 114 illegal gold mining sites had been destroyed, with 96 people arrested across 12 regions, 9,000 shelters destroyed, and large quantities of materials seized.

Despite this aggressive policy, most of the closed sites were soon reactivated due to the lack of legal alternatives to ASGM, often with help from security forces.³¹ Skeptical researchers note that the BRICM only manages the negative optics of the sector, instead of offering real reforms so that illegal miners have legal alternatives.³²

Some mining operators claim that BRICM officers resell seized material: "Often, when they seize the gold or the material, brigade officers resell these to other mining op-

erators to earn cash."³³ Thus, the crackdown on illegal ASM encourages local corruption, with mining operators making arrangements with traditional chiefs and local authorities to be warned about BRICM visits. "The Brigade cannot do its job when local authorities are paid to tell illegal miners that officers are coming."³⁴

As early as 2014, the government began mapping gold mine sites as part of its formalization initiative. Since then, 258 sites have been located, including 158 in the northern and central regions, and 100 in the eastern regions.³⁵ That same year, the government announced an institutional framework to rationalize ASGM, which would train local mining actors and formally structure the value chain.³⁶

Local technical committees were established in northern, central, and eastern regional provinces³⁷ to manage the rationalization process. The committees are chaired by the prefect and include many local administrative officials. Elected officials and representatives from village and community groups are members by right.

In 2018, to better supervise and modernize the sector, the government launched an on-site training (*école-chantier*) project, with trainings on prospecting techniques, environmental management, and mining legislation, overseen by the Mining Development Company of Côte d'Ivoire (*Société pour le Développement Minier de la Côte d'Ivoire* or SODEMI). With this effort, the government aims to divert artisanal miners from illegal sites and create more jobs for young people.³⁸ By December 2021, the government had opened a dozen training sites in different regions, with 330 young miners in training. The official aim is to train 1,000 people per year.³⁹ At present, however, there is no reliable data to assess the performance of this initiative in terms of gainful employment of trained participants.

In a context where suppression remains the preferred policy for dissuading illegal ASGM, the government's formalization approach struggles to demonstrate a positive impact.

²⁹ Ministry of Mines and Geology, "Communication to the Council of Ministers: Balance Sheet as of December 31, 2020 of the Mining Sector (Excluding Oil and Gas Products)," December 31, 2020; at the judicial level, seven trials had already been held with, as a result, FCFA102,100,000 (\$165,754) in fines levied for the benefit of Côte d'Ivoire, plus FCFA735,283,000 (\$1,193,695) in damages for the benefit of the state, as well as thirty people sentenced to prison terms.

³⁰ Government of Côte d'Ivoire, "School Sites."

³¹ Steven Van Bockstael, "Land Grabbing 'From Below'? Illicit Artisanal Gold Mining and Access to Land in Post-Conflict Côte d'Ivoire," *Land Use Policy* 81 (February 2019): 904–914.

³² Titus Sauerwein, "Gold Mining and Development in Côte d'Ivoire: Trajectories, Opportunities and Oversight," *Land Use Policy* 91 (February 2020): 104323

³³ Interview with a mining operator, Bouaké, May 2022.

³⁴ Interview with a cooperative representative, Bouaké, May 2022.

³⁵ Ministry of Industry and Mines of the Republic of Côte d'Ivoire, "Gold Panning Rationalization Program," October 2013.

³⁶ Ministry of Industry and Mines of the Republic of Côte d'Ivoire, Order No. 139/PMICAB of March 31, 2014 Establishing the Institutional Framework of the ASGM Rationalization Project and Determining Its Attributions, Its Organization and Its Operation.

³⁷ Ministry of Industry and Mines, Order No. 139/PMICAB.

³⁸ Official website of the Ministry of Mines and Geology of Côte d'Ivoire, <http://mines.gouv.ci/?cat=15>.

³⁹ Government of Côte d'Ivoire, "School Sites."

4 Local organization of illegal ASGM sites and bribe payments

4.1 Local management of illegal ASGM sites

Management by customary authorities

As in other West African countries, including Mali and Burkina-Faso, customary authorities play key roles in ASGM management.⁴⁰ ASGM is structured locally by a set of customary agreements, accepted by all parties involved. Village chiefs and traditional leaders grant mining operators (MO) the right to prospect and mine a site in exchange for an agreed share of production.

In contexts where customary chiefs determine the actions of local miners, state law enforcement and security officers find it difficult to intervene and enforce official regulation. As a Bouna-based local gold trader reported, “It is complicated to oppose the village chief.”⁴¹

The major operators engaged in illegal mining begin by asserting de facto control over any lands they wish to exploit. Once the MO or their party suspect the presence of gold, they negotiate directly with landowners to obtain permission to prospect and then to dig. The MO then deploys metal detectors and specialists using more traditional methods to determine if there is enough gold to exploit. If the site seems viable for a large operation, the MO or their representative, along with the landowner, visits the village chief for permission to proceed.

To start working a gold site, the MO must negotiate with and pay various stakeholders; none of these transactions are contractual or recorded. There are customary payments to the chiefdom and a lump sum payment to the landowner of the site. These agreements vary by village. In some villages, landowners request a lump sum before ceding the site to the MO; this is the case in the Kong area. In other areas, the landowner demands a premium on the price per gram of gold during the first sale, in addition to being paid for access to the mine site. This premium

Illegal ASGM miners are commonly called « les clandestos » or “illegals”

varies between FCFA500 (\$0.79) and FCFA1000 (\$1.59) per gram. A cooperative representative reported paying between FCFA500,000 (\$793) and FCFA1 million (\$1,585) to a landowner to start mining operations, and similar amounts to the customary chief.⁴²

In addition to paying for site access rights, informal taxes (usually a fixed amount per gram produced) are paid to various community leaders. These include the customary chief, the youth council president, or the president of the women’s group. These informal payments can be quite high if the site is productive. In a site visited near Bouna that produces about 90 kg of gold per month, the customary chief receives FCFA90 million a month (about \$144,000).

Establishment of the gold mining team

Once customary rights are obtained, the MO appoints a team of trusted people to manage the site who are often linked by ethnicity and/or nationality. The teams are usually comprised as follows:

- pit bosses (known and trusted by the MO)
- diggers (recruited by the pit bosses and sometimes by the MO)
- grinders and washers (generally recruited by the MO)



Pits/ Extraction



Crushing Area



Washing Area

⁴⁰ Konan Kouamé Hyacinthe, “The Ivorian Mining Code Put to the Test.”

⁴¹ Interview with a collector/local gold trader, Bouna, March 2022.

⁴² Interview with cooperative representative, Bouaké, May 5, 2022.

- trading post managers (known and trusted by the MO)
All contracts between the mining operators and staff are verbal.

Regarding site security, the MO hires local personnel to guard the site, day and night. The guards are armed with traditional weapons or with 12-gauge shotguns, machetes, knives, and clubs. Dozos, the region's traditional hunters, are believed to be among the ranks of private security hired to protect ASGM sites, but this was not confirmed.

To ensure their personal safety and that of the sites, operators install several "security curtains" (often three) between

neighboring villages and the mining sites. Physical access to the sites is strictly controlled and it is difficult to meet with the MO, who often lives in hiding with bodyguards.

Management by local authorities

The MO also works closely with local authorities, who may help conceal digging activities from official view in return for payment. The MO may pay further bribes to other local authorities in return for information about the planning and movement of the BRICM. The constant threat of discovery and attack by the BRICM triggers its own local economy of bribery to safeguard illegal ASGM activities, personnel, and equipment.

Table 1: Actors and roles at illegal ASGM sites visited

Type	Actor	Description of Roles
Supply chain actors	Mining Operator (MO)	<ul style="list-style-type: none"> - De facto holder of all rights to the sites it operates - To operate, pays a customary right to the chiefdom and an amount to the owner of the land on which the site is located - Pay informal taxes to local authorities, customary authority, land chief, community representatives (young president, etc.) - Pay service providers, including trading post managers and security guards - Buys the gold extracted from its site from the pit bosses and the diggers, with the money borrowed from the lessors, which it will then reimburse by reselling the gold, according to a pre-established agreement (pre-financing system)
Supply chain actors	Pit bosses	<ul style="list-style-type: none"> - MO trusted men - Ensure that diggers do not divert minerals - Are paid against production
Supply chain actors	Diggers / miners	<ul style="list-style-type: none"> - Extract gold from pits - Work as a team of diggers - Generally recruited by the pit boss or the MO - Often of Malian or Burkinabe nationality - Are paid on production by the pit boss.
Service providers	Grinders and washers	<ul style="list-style-type: none"> - Are responsible for crushing and washing the bags of minerals - Work at washing and grinding stations - Often recruited by MO - Are paid according to the service – number of sandbags processed - Many grinders/washers are women.
Service providers	Trading post managers	<ul style="list-style-type: none"> - MO trusted men - Are paid by MO as service providers - Manage the trading post at the site level (place where the first sale of gold takes place between the pit boss / diggers and the MO, represented by the trading post manager) - Gold is weighed at trading post level
Service providers	Security Officers	<ul style="list-style-type: none"> - People trusted by MO (especially the head of security) and often of the same ethnicity as MO - Sometimes this team can be mixed (foreigners and Ivorians) - Secure the sites – are armed (traditional hunting rifles or 12 gauge, machetes, knives and clubs) - Sometimes work in collaboration with dozos - Frequent confusion between security guards and dozos - The head of security can receive up to 1,000 FCFA / gram of mined gold, which he shares with his team

Type	Actor	Description of Roles
Local community actors	Customary Chief	<ul style="list-style-type: none"> - Grants mining operators the right to operate the site - Receives a customary right of exploitation - Receives a premium (in some cases) - Defends the mining operator when there is an administrative or brigade visit (to defend his own interests)
Local community actors	Land/field owner	<ul style="list-style-type: none"> - Receives a lump sum from the MO to exploit his land - Receives a premium (in some cases)
Local community actors	Youth President	<ul style="list-style-type: none"> - Often receives a production premium
Local community actors	Women's President	<ul style="list-style-type: none"> - Often receives a production premium
Local community actors	Local development association	<ul style="list-style-type: none"> - Mainly made up of village leaders - Often receive a premium
State officers	Gendarmerie	<ul style="list-style-type: none"> - In some cases, arrive at the sites and extract money from the actors. - In some cases, receive a premium on production - In some cases, the recovery of their quotas is coordinated in advance with MO's henchmen.
State officers	Local authorities	<ul style="list-style-type: none"> - Local officers receive money from the operators, in exchange, they intervene in favor of MO when the brigade intervenes (bribes, etc.)
Enforcement officers	BRICM	<ul style="list-style-type: none"> - Brigade for the Repression of Offenses against the Mining Code - Created by the Ivorian Government in October 2018 - Its role, in collaboration with officers from Water and Forestry, is to identify illegal sites, destroy them (fill the pits), seize equipment, and incarcerate the illegal actors.
Enforcement officers	Water and Forestry Officers	<ul style="list-style-type: none"> - Oversee and monitor their cantonment area in collaboration with brigade officers

A boost to local economies

While working on site, miners reside in small, rudimentary camps of wooden huts, although some live in surrounding villages. In most cases, miners access the site by motorbike, while others arrive on foot or by bicycle. Food and drink at the site are purchased from vendors from neighboring villages. The presence of an ASGM site tends to boost business in neighboring villages (food sales, restaurants, shops, etc.). Commodity prices for miners are generally exaggerated. One local seller reported that a plastic sachet of water normally sells for FCFA25 but costs FCFA200 for miners; a 20-litre jerrycan costs FCFA2,000.⁴³

The demography of an illegal ASGM site

Landowners are mostly Ivorians, while the mining operators paying for access to those lands are often foreigners (Burkinabé and Malian). The MO nationalities at six out of

eleven visited gold mining sites were Malian or Burkinabé. The financiers of these illegal sites generally shared the same nationality as the MO. The illegal gold trade is based on a system of pre-financing built on trust and relationships, and shared nationality is a key factor (see section six).

Most miners are also from Burkina Faso or Mali. They claim they are attracted to ASGM in Côte d'Ivoire because working conditions are better and the gold is better quality than in their home countries. In Mali and Burkina Faso, for example, pits can reach depths of up to 100 meters while in Côte d'Ivoire, pits are usually around 15 meters. This makes the work of mining much easier and more profitable. A Burkinabé gold miner working at several sites near Bouna reported that the soil in Côte d'Ivoire is much easier to dig than in Burkina Faso, where it is normal to dig to depths of 100 to 150 meters before finding a vein.⁴⁴ An Ivorian mining operator specified that gold

⁴³ Interview with a community actor from the Kong area, March 2022.

⁴⁴ Interview with a gold miner in the Bouna area, March 2022.

veins in Côte d'Ivoire can be found at around 5 to 6 meters. This observation was noted in an earlier study in 2014.⁴⁵ Although young Ivoirians are drawn to the quick money of gold mining, they lack expertise and experience, and dislike the difficult working conditions. Young Ivoirians tend to manage the trading post or work as security guards, crushers, or washers. They may also work alone, trying to find gold with metal detectors. When solo searchers find a small quantity of gold, they sell to the trading post at the mining site. If they find larger quantities, they will sell to an urban trading center, where prices are higher.

Women working on gold sites are mainly grinders and washers, and may be Ivoirian, Burkinabé, or Malian.

4.2 Revenue distribution

While the scale of artisanal gold mining varies in Côte d'Ivoire, the operations involve many miners, small traders, and service providers (crushers, washers, security guards, etc.). The operations, albeit informal and illegal, represent a crucial means of subsistence for these actors and their wider community.

For ASM gold, the supply chain between the mine site and the point of export often involves several transaction points where the gold is sold to local traders, commonly referred to as “collectors.” This gold is aggregated as it moves closer to points of export, which may be in Côte d'Ivoire or neighboring countries such as Mali or Togo.

In the context of ASM gold, miners are generally paid 60 to 80 percent⁴⁶ of the world price of refined gold.⁴⁷ This percentage varies according to the remoteness of the mine site, safety along the transport route, and distance from the aggregation center. The more difficult a mining site is to access, or if the site has a higher degree of insecurity or isolation, the lower the percentage that is granted to diggers, since the costs of security and transport will be higher in those cases.

Distribution of Gold Revenues from Large, Illegal ASGM Sites

For the first point of sale, the pit boss and the digging

team sell their gold to the trading post (comptoir) located at the mine site. The current selling price for 1 gram of gold varies between FCFA15,000 (\$24.5) and FCFA22,000 (\$36)⁴⁸ for an estimated and fixed content of 22 carats.⁴⁹ At this first trading post, the manager weighs the gold using an electronic scale, but the purity and composition of the gold is not verified at this level. With the money from this sale, the pit boss first pays the costs associated with the extraction process (materials and personnel: mercury, scrubbers, grinders, and crushers) before sharing the rest with the digging team. Generally, this remainder is split evenly between the pit boss and the team of diggers. In cases where the MO hires the crushers, they are paid directly by the MO.

The MO who buys gold from his site through the on-site trading post will then sell to his financier (lender), who may reside in larger aggregation centers such as Bouaflé, Bouaké, Korhogo, or Doropo. The sale price at this level currently varies between FCFA22,000 (\$36) and FCFA28,000 (\$45.80) per gram, depending on the international gold price. This price is also based on a fixed grade of 22 carats. From his remaining margin, the MO pays all other extraction costs—the trading post manager and security officers, the informal taxes and bribes to various state officers, and community actors, including village chiefs and youth group presidents. In total, the MO must pay between FCFA2,400 and FCFA2,800 per gram to community actors, and between FCFA1,000 and FCFA1,500 per gram to state officers.

The prices per gram vary depending on production: the higher the yield, the greater the share that local actors will demand from the MO. News of increased production at a site spreads quickly to local communities, and the MO cannot escape escalating demands for higher fees and bribes. On top of this are “circumstantial” bribes to local authorities, who warn the MO when BRICM officers are approaching.

All actors involved in extraction at the visited sites were paid in cash every two weeks. There was no payment in “bags of minerals,” as is the practice in other ASGM producing countries (i.e., Democratic Republic of the Congo).

⁴⁵ Alan Martin and Hélène Helbig de Balzac, “The West African El Dorado.”

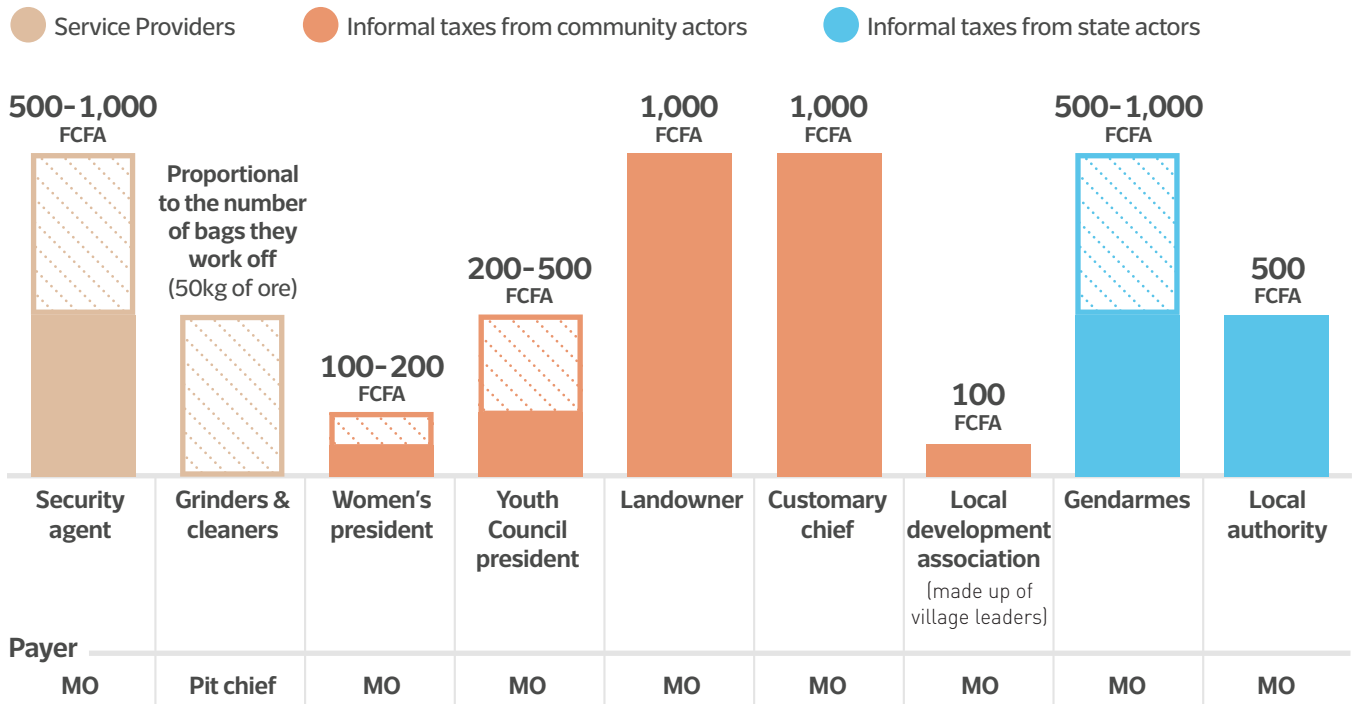
⁴⁶ Revenue from ASGM is distributed in a more specific way compared to revenue generated from other minerals. For example, for diamonds, gemstones, and other valuable minerals that can be mined using artisanal methods, around 5 percent of the final value of the ore is allocated to artisanal miners. For this type of ore, most of the income is, in fact, generated through added value (cutting, polishing, etc.), which is most often performed abroad and, therefore, does not generally concern artisanal miners.

⁴⁷ The idea that there is a consistent international price is a bit misleading, as there are several international markets with slightly different prices for 99.99 percent pure gold.

⁴⁸ Interview with an MO, Bouaké, May 2022; interview with a gold buyer, Abidjan, May 2022.

⁴⁹ Twenty-two carats represent an alloy of 91.65 percent pure gold and an 8.35 percent combination of other metals, such as silver and copper, <https://www.lbma.org.uk/wonders-of-gold/items/purity-of-gold>.

Chart 1: revenue distribution system per gram of gold produced at the site (in FCFA/gram)



The financier who smuggles gold into neighboring countries sells it to major traders in his network, notably based in Bamako (Mali), Bobo-Dioulasso (Burkina Faso), or Lomé (Togo). In this case, the sale price reflects the international gold price and the grade.

Profit margins

The MO generally aims to make a profit, after expenses, of at least FCFA5,000 (\$8) per gram.⁵⁰ For highly productive sites, this margin can be significant. For one illegal site in the Bagoué Region, visited as part of this study, for an estimated production of around 120 kg of gold per month, the MO could generate a profit margin of FCFA600 million per month (about \$980,000),⁵¹ if he managed to control and sell the entire production.

In addition to MOs, other “collectors” buy gold at the site level. Artisanal miners are often tempted to sell their gold to collectors, as they may offer a higher price than the MOs, but the security guards who work for the MOs try to deter this practice. After successfully purchasing gold on site, these collectors will resell to larger buyers at an aggregation center. This study confirms the amount of FCFA500 (\$0.82) per gram as the profit margin for this type of trader.⁵²

A major collector in Bouaké explained that he buys 1 gram at FCFA26,000 (\$41) from small collectors and resells at FCFA28,000 (\$44), bringing in a margin of FCFA2,000/gram (\$3.17/gram). He needs at least 3 to 4 kg of gold to offset the risks of smuggling the product into neighboring countries. Otherwise, he prefers to resell in Bouaké, as smuggling isn't profitable with quantities below 3 kg.⁵³

⁵⁰ Interviews with cooperative representatives, Bouaké, May 2022, interview with trade association representative, Abidjan, May 2022.

⁵¹ The calculation takes into account a margin of 5,000 FCFA / gram.

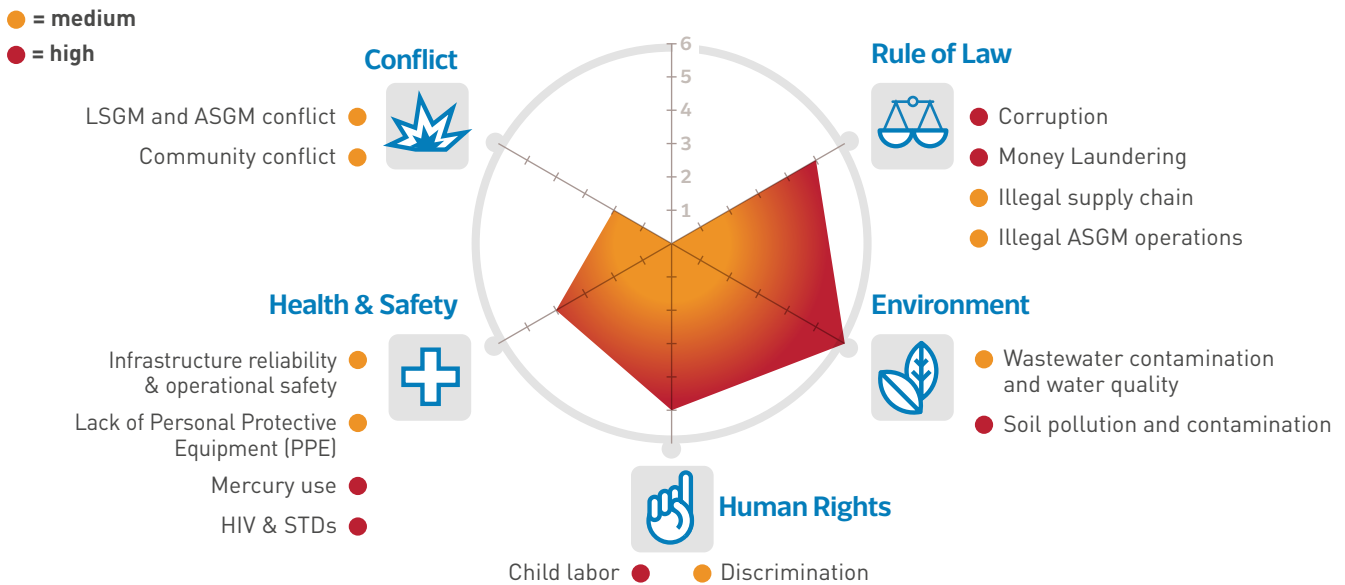
⁵² Martin A. and Helbig de Balzac H. (2017), 'The West African El Dorado: Mapping the Illicit Trade of Gold in Côte d'Ivoire, Mali and Burkina Faso', Partnership Africa Canada, Ottawa, Canada, January 2017.

⁵³ Interview with a collector, Bouaké, May 2022.

5 Key risks in illegal ASGM

Several key risks were identified in illegal gold mining sites.

Chart 2: Key risks in illegal ASGM



5.1 Legality related risk

There are demonstrable risks associated with illegality, including corruption, money laundering, and the questionable legal status of the actors involved in the supply chains.

Corruption

As mentioned above, the payment of informal taxes and bribes to local authorities and community actors for access and protection is widespread. Yet, even MOs inclined toward a more legal approach reported paying multiple bribes to administrative authorities to advance their applications for artisanal mining licenses. One mining cooperative representative reported paying more than FCFA40 million (\$65,300) in additional, unauthorized fees (bribes) to local administrative authorities to obtain a mining license, a process that dragged on for nearly four years.⁵⁴

Money Laundering

While ASGM is based on informal networks of trust-based financing outside of official institutions, this opacity is born

out of necessity. According to mining operators interviewed for this study, cash-based advance payments are the only way to finance artisanal extraction and the sale of the minerals produced. One gold export company executive explained that when he sought loans from various banks to support his activities, he received no favorable responses.⁵⁵

Upstream, ASM gold supply chain actors are generally unable to obtain credit from banks, which view them as too high risk. “ASM gold is bound to be associated with bad practices,” as banks tend to link ASM gold with money laundering.⁵⁶ This phenomenon is not specific to Côte d’Ivoire and is seen in many countries where ASGM is practiced.

In this context of dependence on opaque financing, the risk of gold being used to launder money from illegal activities is high. “Money laundering” is understood to be related to the following risks: finances of unidentified origin, gold transactions conducted in cash, and undocumented cash transactions.⁵⁷

⁵⁴ Interview with cooperative representative, Bouaké, May 2022.

⁵⁵ Interview with a representative of a gold exporting company, Abidjan, May 2022.

⁵⁶ Sofala Partners & BetterChain (2019), « The barriers to financial access for the responsible minerals trade in the Great Lakes Region », Public-Private Alliance for Responsible Minerals Trade, April 2019.

⁵⁷ Reference to the standard established by the Financial Action Task Force, <https://www.fatf-gafi.org>.

Legality of ASM Gold Supply Chain Actors

Many supply chain actors (miners, mining operators, collectors) work illegally, meaning they are not legally authorized to work in Côte d'Ivoire, they are not registered with the authorities, and they do not pay taxes.

Many have no official identity papers, such as passports or national identification cards. For these reasons, all indicators related to the risks of legality are high at the visited sites.

Table 3: Summary of risk levels for legality sub-categories.⁵⁸

Risk Sub Category	Risk Level	Risk Components		
Illegality of the sector	High	Threat: 3	Impact: 4	Vulnerability: 5
Illegal mining operations	High	Threat: 4	Impact: 4	Vulnerability: 4
Illegal supply chain actors	High	Threat: 4	Impact: 4	Vulnerability: 4
Contradictory claims	Medium	Threat: 2	Impact: 2	Vulnerability: 4
Missing evidence	High	Threat: 4	Impact: 4	Vulnerability: 4
Money laundering	High	Threat: 4	Impact: 4	Vulnerability: 5
Issue with payments to government	High	Threat: 5	Impact: 4	Vulnerability: 3
Extortion / Illegal taxation	High	Threat: 4	Impact: 4	Vulnerability: 5
Presence and interference of public or private security forces	High	Threat: 2	Impact: 4	Vulnerability: 5
Illegal control	Medium	Threat: 1	Impact: 4	Vulnerability: 4
Illegal trade	High	Threat: 4	Impact: 4	Vulnerability: 5
Corruption, bribery and facilitation	High	Threat: 4	Impact: 4	Vulnerability: 4
Supply chain contamination	High	Threat: 5	Impact: 4	Vulnerability: 4

5.2 Prioritization of industrial exploitation, to the detriment of ASM gold players

Currently, Ivorian mining law⁵⁹ does not allow any legal cohabitation between industrial exploitation and ASM gold. Nationally, more than half of all gold mine sites are thought to operate illegally on official mining concessions that were issued research permits.⁶⁰

Like many other countries with an ASM gold sector, Ivorian authorities seem to regard ASGM as inconsequential compared to large-scale mining (LSM), the latter being easier to manage. Governments are more inclined to deal with industrial actors because these companies declare their

⁵⁸ The risk component "vulnerability" indicates the level of risk awareness of the stakeholders, and their ability to put measures in place to control risk. In a risk management strategy, it is necessary to act on the vulnerability component.

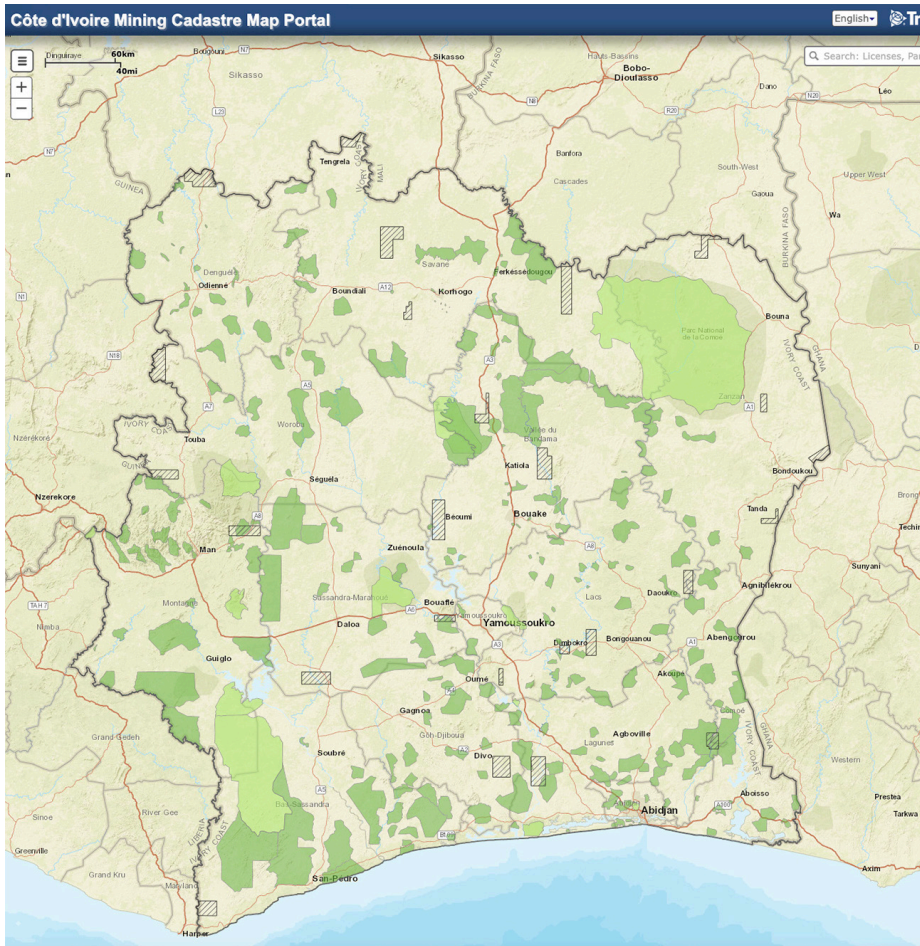
⁵⁹ Republic of Côte d'Ivoire, "Law n°2014-138 of March 24, 2014 on the Mining Code," Article 68.

⁶⁰ Interview with the president of GPMACI, Abidjan, May 2022.

production, pay timely and substantial taxes, and are easy to communicate with, unlike ASM actors, who are smaller and more disparate. Ivorian government policies discourage ASM gold extraction, instead prioritizing a favorable invest-

were issued for artisanal mining areas. This means that ASM actors lack access to geologically viable sites.⁶¹ In 2020, the Ivorian Ministry of Mines reported issuing twenty-three valid exploitation permits (all minerals combined), twelve of which were for industrial gold.⁶²

Map 2: Artisanal mining areas in Côte d'Ivoire.⁶³



ment climate for large-scale industrial gold projects that are thought to generate greater tax and development revenues.

Nearly 200 concessions have already been granted for exploration or industrial exploitation, but only about twenty-five

to the host nation is negligible.

Besides the risks stemming from illegality, the informality of the ASM sector also leads to significant socio-economic, health, and environmental impacts.

Of the eleven illegal gold mine sites visited for this study, two were issued gold exploitation permits (PE), including PE-34 held by the Société des Mines de Tongon. Three gold mine sites were issued research permits (PR) for gold, including PR-862 held by Mako Côte d'Ivoire and PR-335 held by Ampella Mining Côte d'Ivoire. Another site visited near Boundiali, adjacent to PR-153, is owned by Barrick Gold Côte d'Ivoire SARL.

None of the sites visited for this research were legally permitted artisanal mining areas. Most ASM gold activity, therefore, takes place on land that is permitted to other parties, raising the risk of eviction by security forces at the behest of concessionaires.

This situation increases competition between ASM and LSM in a context where ASM actors are already struggling to generate meager revenues. In almost all developing countries where LSM and ASM operations co-exist, relations are tense and often lead to conflict. ASM operators perceive their interests as subordinate to larger actors with greater resources—foreign companies, whose benefit

⁶¹ Mining Cadastre of Côte d'Ivoire, <https://portals.landfolio.com/CoteDivoire/en/>.

⁶² Official website of the Ministry of Mines and Geology of Côte d'Ivoire, <http://mines.gouv.ci/?cat=15>.

⁶³ Mining Cadastre of Côte d'Ivoire, <https://portals.landfolio.com/CoteDivoire/en/>.

5.3 Environmental, health, and social risks

Environmental risk

Environmental risks are high in the ASGM sector in Côte d'Ivoire, mainly linked to the intensive use of mercury and cyanide. This study confirms the significant use of these toxic products in the ASGM process, mainly during amalgamation.⁶⁴ At most visited sites, mercury and cyanide use was common mainly due to their accessibility, ease of use, low cost, and the resulting speed of amalgamation.⁶⁵

Around Bouna, however, mercury was reportedly hard to find. Gold miners operating at sites in this area had developed a technique to recover used mercury, reducing its negative impact on the environment and human health.

Without a recovery technique or alternate procedure, mercury is released into the ground and any water around the mine site. Mercury that is discharged during the amalgamation process

is harmful to the environment, contaminating groundwater and soil. Livestock, fisheries, and farming are all immediately affected. In July 2021, fishermen and residents in Bouaflé decried the pollution of Lake Kossou, thought to be linked to the use of mercury by illegal gold miners operating on the lake with dredgers. "We face real health threats in Bouaflé, because fish is one of the most widely consumed natural resources in our department," claimed a spokesperson at an organized protest.⁶⁶

Removing mercury from a contaminated environment is nearly impossible technologically and prohibitively expensive.

The mercury found in West Africa and in Côte d'Ivoire is linked to increased illegal smuggling of ASM gold in recent years. Most of the mercury entering the Economic Community of West African States (ECOWAS) region is undeclared. Sources believe that this

Table 4: Summary of risk levels for environmental sub-categories.⁶⁷

Risk Sub Category	Risk Level	Risk Components		
Misalignment between conservation goals and community priorities	High	Threat: 4	Impact: 4	Vulnerability: 4
Post-mining reclamation and sustainable land use	Very High	Threat: 5	Impact: 4	Vulnerability: 5
Ecosystem degradation	Very High	Threat: 5	Impact: 4	Vulnerability: 5
Forest health and sustainability	Very High	Threat: 5	Impact: 4	Vulnerability: 5
Wastewater contamination and water quality	High	Threat: 5	Impact: 4	Vulnerability: 4
Soil pollution and contamination	High	Threat: 5	Impact: 4	Vulnerability: 4
Air pollution	Low	Threat: 1	Impact: 1	Vulnerability: 5
Landslides	Medium	Threat: 2	Impact: 4	Vulnerability: 2
Water flooding	Medium	Threat: 2	Impact: 4	Vulnerability: 2
Earthquake	Low	Threat: 1	Impact: 1	Vulnerability: 5

⁶⁴ Amalgamation is a process that uses mercury to recover gold from mineralized sand.

⁶⁵ United Nations Industrial Development Organization (UNIDO), "Curbing Illicit Mercury and Gold Flows in West Africa: Options for a Regional Approach," November 2018.

⁶⁶ Nobert Sehi, "Des Pêcheurs Marchent à Bouaflé pour Protester Contre l'Orpaillage Clandestin sur le Lac de Kossou" [Fishermen March in Bouaflé to Protest Clandestine Gold Panning on Lake Kossou], *Agence Ivoirienne de Presse*, July 7 2021.

⁶⁷ Impacts related to the intensive use of mercury and cyanide are reflected in the risk subcategories of ecosystem degradation, forest health and sustainability, wastewater contamination and water quality, and soil pollution and contamination.

mercury is illegally imported into Lomé, then transited through Ghana before reaching neighboring ECOWAS countries such as Côte d'Ivoire.⁶⁸ In the absence of an effective ECOWAS policy, such trafficking continues unimpeded.

According to Ivorian mining law, the use of explosive substances and chemicals such as mercury and cyanide in artisanal mining is prohibited.⁶⁹ In October 2019, Côte d'Ivoire ratified the Minamata Convention to protect human health and the environment from the harmful effects of mercury.⁷⁰ Among its main provisions, the Minamata Convention outlines enforcement measures to control mercury emissions into the atmosphere, groundwater, and soil through stricter oversight of the ASGM sector.

With no specific mercury alternative, it is difficult for the Ivorian state to implement these restrictions and deliver on its Minamata Convention obligations.

Health and Safety Risks

Besides these devastating impacts on the environment, mercury can be catastrophic for the health of mine workers and the surrounding communities. According to the World Health Organization, the uncontrolled use of mercury is one of the greatest public health concerns.⁷¹ Mercury poisoning poses grave threats to pregnant women and children, leading to birth

defects and neurocognitive development problems in children and young adults.

Apart from the intensive use of mercury, ASGM poses other risks to worker health and safety due to the difficult working conditions, including a lack of adequate protective equipment, poor safety in mine shafts, no oxygen pumps in the shafts, and landslides. At all the visited sites, the health and safety risks to workers were considerable.

Social Risks

Human rights violation risks are also present at gold mine sites, mainly the risk of child labor. Often, with no alternatives for childcare, mothers bring their children with them to the mining sites, where they sometimes engage in work. Children are mainly found at washing or crushing stations, and this practice is still active throughout the sector.⁷²

Another human rights dimension noted during the study was the risk of discrimination based on ethnicity and nationality.⁷³ In a context where MOs tend to hire men they trust to manage the site, and given that this trust is mainly based on ethnicity or nationality, hiring practices can be discriminatory. At a Bouaflé area site run by a Burkinabé MO, discrimination against anyone who was not Burkinabé or recommended by a Burkinabé was observed.

Table 5: Summary of risk levels for occupational health and safety subcategories.

🏠 Legality 👤 Human Rights 🔪 Conflict & Security 🌿 Environment & Natural Resources 🏠 Health & Safety 👥 Community & Society						
Risk Sub Category	Risk Level	Risk Components				
Infrastructure reliability and operational safety	🟡 Medium	Threat: 3	Impact: 3	Vulnerability: 2		
Machines reliability and operational safety	🟢 Low	Threat: 2	Impact: 2	Vulnerability: 2		
Explosives and blasting	🟢 Low	Threat: 2	Impact: 1	Vulnerability: 2		
Mercury use and production	🔴 High	Threat: 5	Impact: 3	Vulnerability: 4		
Exposure to hazardous, harmful or toxic substances	🔴 High	Threat: 5	Impact: 4	Vulnerability: 4		
Exposure to radioactivity	🟡 Low	Threat: 1	Impact: 1	Vulnerability: 5		
Personal Protective Equipment (PPE)	🔴 High	Threat: 5	Impact: 2	Vulnerability: 4		

⁶⁸ UNIDO, "Curbing Illicit Mercury."

⁶⁹ Republic of Côte d'Ivoire, "Law No. 2014-138," Article 68.

⁷⁰ Minamata Convention on Mercury, parties and signatories: <https://www.mercuryconvention.org/en/parties/overview>.

⁷¹ Paulin Maurice Toupane, "La Ruée vers l'Or Appauvrit les Communautés Minières au Sénégal" [The Gold Rush Impoverishes Mining Communities in Senegal], Institute for Security Studies (ISS), February 23, 2022.

⁷² Alan Martin and Hélène Helbig de Balzac, "The West African El Dorado."

Prostitution was widely observed at multiple sites, with girls coming in from neighboring countries, creating a high risk for sexually transmitted diseases, including HIV/AIDS, and sexual exploitation.

Risk of Conflict

The risk of conflict remains in Côte d'Ivoire, but to a different extent than in the Sahel (Mali or Burkina Faso) or in East Africa (Democratic Republic of the Congo). In these countries, armed, non-state groups are active, illegally controlling gold sites that generate significant revenue. In Côte d'Ivoire, the risk of conflict is linked to the complex cohabitation between ASGM and LSM operations, as well as to a history of inter- and intra-community conflicts.

Concerning ASM gold and LSM cohabitation, a particular risk exists at one of the visited sites in the Korhogo area, which is on the PE-34 exploitation permit of the Société des Mines de Tongon. Mining companies that conduct research and exploitation operations face enormous difficulties linked to illegal ASGM, which encroaches on their perimeters. The absence of legal

provisions that would allow for the coexistence of these two types of exploitation on a mining concession pushes operators to find alternative common ground, but these solutions are not viable in the long term.⁷⁴

At the social and community level, as in the land sector, the risk of intra-community conflicts is linked to a number of different factors. The unequal distribution of income generated by ASM gold can lead to frustration among young people, even with customary authorities, who generate significant income from informal taxation. Young people have also accused village chiefs of selling their community's resources at low prices, and individuals and families have disputed the ownership of land where a mining site is located.

Finally, the risk of inter-community conflict may be linked to pressure surrounding land availability and access to resources, or even the perception that neighboring countries, such as Mali or Burkina Faso, are the primary beneficiaries of the Ivorian ASM gold sector. Thus, although not directly observed during this research, the risk of intra- and inter-community conflict is real in the ASM gold sector.

Table 6: Summary of risk levels for different human rights.

Risk Sub Category	Risk Level	Risk Components
Torture	Very Low	Threat: 1 Impact: 1 Vulnerability: 2
Cruel, inhumane, degrading treatment	Very Low	Threat: 1 Impact: 1 Vulnerability: 2
Abusive disciplinary practices	Very Low	Threat: 1 Impact: 1 Vulnerability: 2
Discrimination	Medium	Threat: 5 Impact: 2 Vulnerability: 2
Forced labour	Very Low	Threat: 1 Impact: 1 Vulnerability: 2
Child labour	Medium	Threat: 2 Impact: 3 Vulnerability: 3
Sexual exploitation	Medium	Threat: 2 Impact: 2 Vulnerability: 4
Human trafficking	Very Low	Threat: 1 Impact: 1 Vulnerability: 2

⁷³ The International Labor Organization defines discrimination as “any distinction, exclusion or preference based on race, color, sex, religion, political opinion, nationality or social origin (among other characteristics), which has the effect of nullifying or prejudicing equality of opportunity and treatment in employment or occupation.”

⁷⁴ Titus Sauerwein, “Gold Mining and Development in Côte d'Ivoire.”

6 Relations Between ASM Gold and Illicit Financial Flows

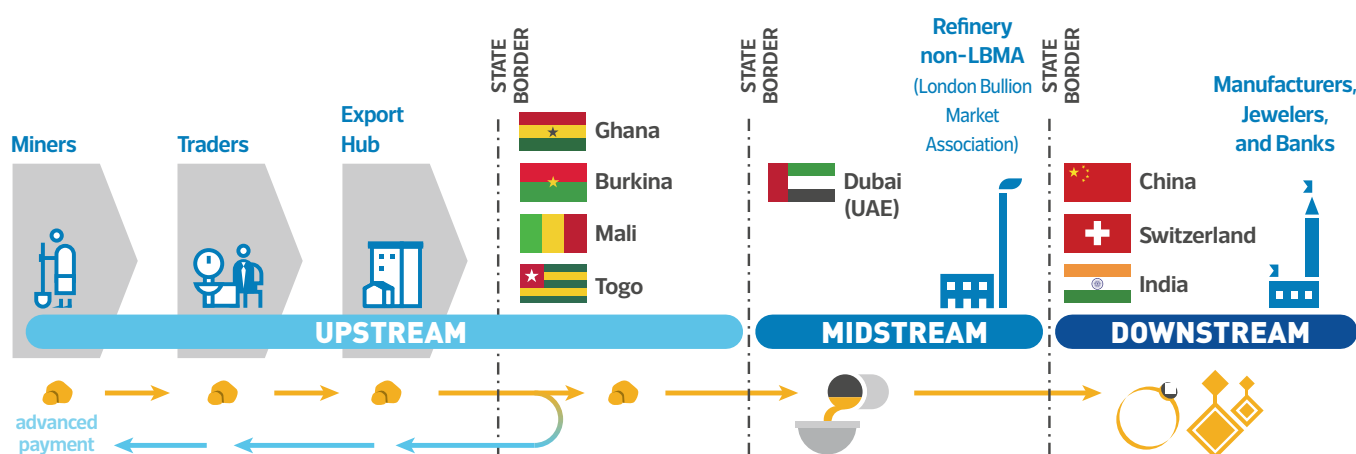
Incentives to Export Illegally

ASM gold production in Côte d'Ivoire tends to be informal, its supply chains operating in a parallel, unofficial economy. As already described, the majority of Ivorian ASM gold is smuggled to neighboring countries (Mali, Burkina Faso, Ghana, Togo) before being exported, often illegally or under-declared, to the United Arab Emirates (UAE), mainly Dubai.

For years, Dubai has been a hub for gold from Africa and other artisanal gold-producing areas. The tax regime, free of import

and export taxes, as well as of corporate taxes, has made the UAE very attractive for commodity traders. Additionally, documentation requirements for hand-carried gold imports are minimal. It is also legal to settle mineral-related transactions (some worth millions of dollars) in cash, rather than through official banking channels.⁷⁵ Therefore, it is relatively easy for traffickers to launder contraband gold through the international supply chain by transporting gold by hand to Dubai on commercial flights.

Diagram 1: Simplified map of the ASM gold supply chain from Côte d'Ivoire.



Côte d'Ivoire's annual ASM gold production is estimated to be between 30 and 40 tons⁷⁶ and valued at approximately \$1.6 billion⁷⁷. In 2021, various sources reported that only 140 kg⁷⁸ of ASM gold was exported legally,⁷⁹ or less than 0.5 percent of the total that was legally routed to destination markets (mainly Dubai).

Several factors encourage ASGM operators to operate illegally. These include an unattractive tax system and a pre-financing system (a cash advance offered to suppliers by buyers in

exchange for future product) that relies on opaque financial sources. Weak state control and a climate of impunity also contribute to this phenomenon: "Gold smuggling has a bright future, when traffickers can act with impunity."⁸⁰

Unattractive Taxation on Legal Exports

According to some traders, the issue of taxation, and specifically the high export tax on ASM gold, is a key hurdle to operating legally.⁸¹ Traders prefer to smuggle product out or to sell locally (as already described). The Ivorian government estab-

⁷⁵ Alan Martin and Bernard Taylor, "All That Glitters is Not Gold."

⁷⁶ Interview with the president of GPMACI, Abidjan, May 2022.

⁷⁷ The mentioned value is for 30 tons of gold, calculated based on a gold value of 22 carats (the value found most often in Côte d'Ivoire) for the world price on June 8, 2022. Reference for the world price (1 kg of 22 carat gold = \$54,490.99), <http://goldpricez.com>.

⁷⁸ An ASM gold export company reported legally exporting two lots of gold in 2021: 755 g in September and 1.115 kg in November; interview with a gold export company representative, Abidjan, May 2022.

⁷⁹ Interview with a local trade association representative, Abidjan, May 2022.

⁸⁰ Interview with an international non-governmental organization representative, Abidjan, May 2022.

⁸¹ Interview with representative of local trade association and representative of gold exporting company, Abidjan, May 2022.

lished a “flexible” export tax for gold based on daily gold prices. The minimum tax is 3 percent when the price per ounce⁸² is equal to or less than \$1,000, reaching 6 percent when the price per ounce is equal to or greater than \$2,001.⁸³ With a current price per ounce of \$1,847.50, the tax is 5 percent.⁸⁴ Since September 2009, the world price for an ounce has been above \$1,000, meaning the Ivorian export tax has been above 3 percent ever since.⁸⁵ The higher the tax, the less incentive there is for traders to export their gold legally.

The president of GPMACI believes that this tax should not reflect global gold prices, which clearly dissuades ASM operators from declaring their product. In addition, this tax structure makes exporting gold from Côte d’Ivoire less competitive than from neighboring countries.⁸⁶

In Mali and Burkina Faso, the gold export tax is set at the fixed rate of 3 percent.⁸⁷ In Mali, the tax only applies to the first 50 kg of gold exported (per export batch), with the remaining

weight not subject to any tax.⁸⁸ Thus, if a trader exports 250 kg, the majority (200 kg) of the lot would be zero-rated. These fiscal conditions, combined with permissive airport and customs officials’ attitudes toward illicit gold, contribute to Mali’s position as a major hub for the aggregation and trafficking of gold in the region. For operators of small Ivorian gold mines, it is less risky and more cost-effective to cross into Mali and fly the gold out of Bamako than to risk smuggling it out through Abidjan’s international airport.

The Need for Economies of Scale

On the other hand, ASM gold involves relatively low margins at each link in the supply chain because miners tend to receive around 60 percent to 80 percent⁸⁹ of the price per gram of gold. Since the supply chain usually involves multiple actors and aggregation points from production to export, each actor’s margin is tight. This makes economies of scale essential to increasing profitability, and explains the higher profit margins for the actors described in section four, given the large quantities of gold they produce for market.



Source: *FratMat*, September 2020.

A typical ASM exporter or trafficker normally expects a stable margin of 4 percent to 5 percent per gram, which is common in many African ASM gold producing countries. Thus, in a context where the risks of smuggling are relatively low for traffickers (porous borders, a climate of impunity), it is logical to seek higher margins through trafficking and avoid tax payments. Gold miners and traders need capital to support their mining and trading activities. Generally, lacking access to formal financing (e.g., bank loans and credit), the ASM gold sector is based on a pre-financing system, built on trust and relationships. When an operator or collector is pre-financed by an

⁸² One ounce of gold equals 31.1034768 grams, reference: <https://www.lbma.org.uk/wonders-of-gold/items/the-troy-ounce>.

⁸³ Fluctuation of the export tax according to the world price of gold:

- price per ounce equal to or less than \$1,000: 3 percent tax
- price per ounce between \$1,001 and \$1,300: 3.5 percent tax
- price per ounce between \$1,301 and \$1,600: 4 percent tax
- price per ounce between \$1,601 and \$2,000: 5 percent tax
- price per ounce equal to or greater than \$2,001: 6 percent tax

⁸⁴ The price per ounce is based on the price for pure gold (99.9 percent); reference for the price on June 8, 2022: <http://goldpricez.com/us/ounce>.

⁸⁵ See the evolution of the world price of gold: <http://goldpricez.com/charts/usd#yc3>.

⁸⁶ Interview with the president of GPMACI, Abidjan, May 2022.

⁸⁷ Alan Martin and Hélène Helbig de Balzac, “The West African El Dorado.”

⁸⁸ Terah U. De Jong and Hélène Helbig de Balzac, “Artisanal and Small-Scale Gold Mining (ASGM) Assessment Final Report,” Mali Sub-National Governance Project, Tetra Tech, November 2019.

⁸⁹ This percentage generally depends on several factors, including the level of security on the access roads to the site, the accessibility of the mining site, and the distance between the site and the nearest aggregation center.

actor downstream in the chain, he has the moral obligation to resell his gold to that financier, whose operations are typically opaque. Because of these ties, the MO or collector has little leeway to operate legally.

The scope of international gold trafficking networks

Most of the gold mined from the visited sites is smuggled into neighboring countries. Once extracted from the site, the MO sells it to the financier, who is usually in an aggregation center. There are several aggregation centers (major ASM gold trading centers) in Côte d’Ivoire, including Bouna, Doropo, Korhogo, Bouaflé, and Bouaké. Here, gold is usually aggregated and smelted into small artisanal ingots⁹⁰ before being smuggled to neighboring countries to be sold.

When the MO is also a large trader, he or someone in his network might smuggle the gold bars. This is the case for MOs of large gold mine sites in the Bouaflé and Korhogo areas. For large quantities of gold, traders have an economic interest in traveling to Lomé, a growing site for gold trading, or even moving to Dubai. Currently, a large portion of the Ivoirian gold that passes through Burkina Faso is resold in Lomé.⁹¹ These illegal circuits between Côte d’Ivoire and Burkina Faso date back to the 2002 conflict era.⁹²

The choice to smuggle gold into a particular country depends on several factors but is often linked to the nationality of the MO and/or his financier. For example, it was generally observed that if the MO is Malian, the gold will often be exported to Mali via the Zégouago border post (north of Korhogo). If the MO is Burkinabé, the gold will be sent to Burkina Faso via Doropo and the Kodiénou border post.

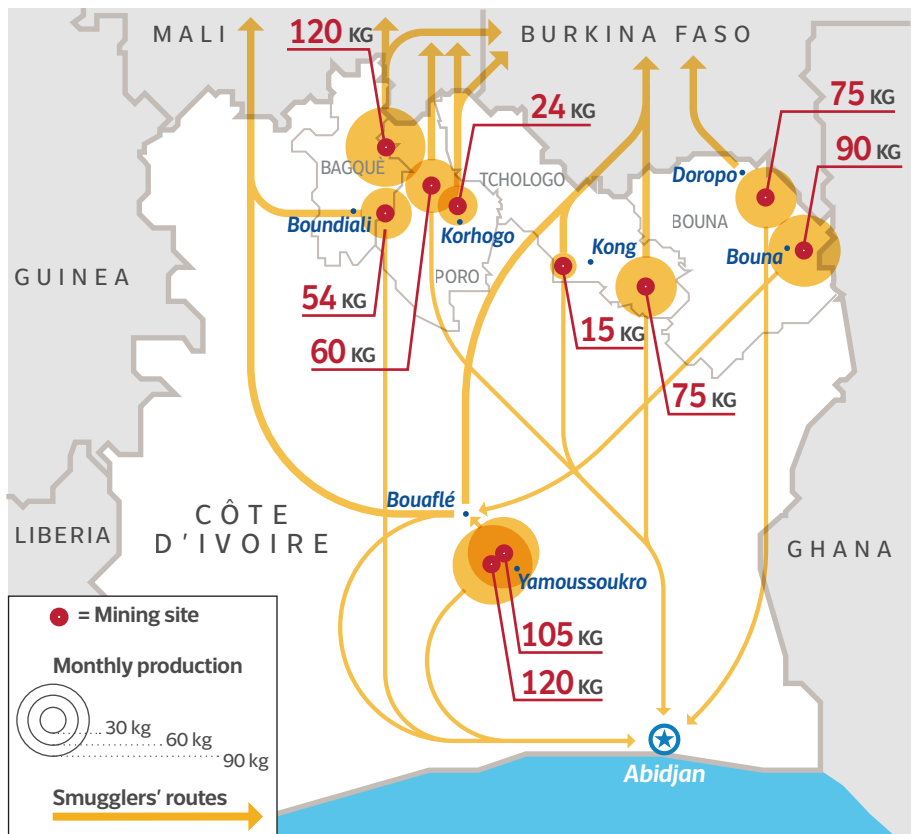
If the MO is Ivoirian, the destination of the gold depends on the location of the mine site; gold extracted in the Bouna area, close to the Burkina border, is

often exported to Burkina Faso. This was reported at two sites managed by Ivoirian MOs in the Bouna area. At other highly productive sites in the Bouna area, MOs stated that their gold first transits the Bouaflé commercial center before being transported to Burkina Faso.⁹³ The big financiers of these sites, called “Burkinabé associates,” are based in Bouaflé. They prefer to aggregate gold from sites they support locally and to verify the quality immediately, before smuggling it onward to Burkina Faso.

Depending on the MO’s network of buyers or financiers, a small amount of product may be sent to Abidjan. This is the case for a site visited in the Kong area.

However, gold smuggling networks are often highly interconnected. Large gold traders can participate in several different networks simultaneously, regardless of borders. The choice to sell in one location or another is primarily motivated by the need to maximize profits.

Map 1: illegal gold mining and main export routes.



⁹⁰ Photo reference FratMat, September 2020: <https://www.fratmat.info/article/208173/%C3%89conMOie/projet--or-juste---la-cote-divoire-connaît-sa-1ere-chaine-dapprovisionnement-dor-artisanal-responsable>.

⁹¹ Interview with a trade association representative, Abidjan, May 2022.

⁹² Alan Martin and Hélène Helbig de Balzac, “The West African El Dorado.”

⁹³ Interview with representatives of illegal gold mining sites in the Bouna area, March 2022.

7 Links Between ASGM and Violent Extremism

7.1 Context on the Threat of Violent Extremism in Côte d'Ivoire

The risk of the further spread of jihadism in the Gulf of Guinea haunts the countries of West Africa. In recent years, VEOs active across the Sahel have declared their intent to destabilize littoral countries.⁹⁴ Extending their reach into this part of West Africa could be a tactic to disperse VEO influence and increase pressure on fragile border areas.⁹⁵ Furthermore, a foothold in the northern regions of these coastal countries would allow jihadi groups to establish supply points closer to their prime targets, large coastal cities.⁹⁶

The rapid recent expansion of VEOs in Burkina Faso has intensified these concerns.⁹⁷ Burkina Faso is a key link between Sahelian and littoral countries, including Côte d'Ivoire. Burkina Faso also has historical, political, and economic relations with Côte d'Ivoire, facilitating an open door to the Gulf of Guinea. But Burkina Faso is not the only possible entry point for these groups and their efforts to increase their influence in West Africa. Relevant incidents have also occurred on the Mali-Ivoirian border.⁹⁸

Recent attacks in Côte d'Ivoire demonstrate that there is a terrorist threat in the country, especially in northern border regions. Since 2020, several attacks have occurred along the Burkina border. Four years after the terrorist attack in Grand-Bassam on March 13, 2016 (claiming twenty-two victims), two armed attacks occurred in Kafolo, in northern Côte d'Ivoire, on June 11, 2020,⁹⁹ leading to the death of eighteen Ivoirian soldiers. On March 29, 2021, attacks again occurred in Kafolo and in the neighboring village of Kolobougou, killing six people. Three months later, on June 12, 2021,¹⁰⁰ two soldiers and an Ivoirian gendarme were killed in Téhini¹⁰¹ when their vehicle hit an improvised explosive device (IED).¹⁰²

Ivoirian authorities attribute these unclaimed attacks to a group linked to the Katiba Macina, an affiliate of the Jama'a Nusrat ul-Islam wa al-Muslimin (JNIM)¹⁰³ active in central Mali and along the border with Burkina Faso.

For William Assanvo, a senior researcher at the Institute for Security Studies, there are reasons for concern: "These attacks seem to reflect the will and the capacity of extremist groups to carry their armed struggle onto Ivoirian territory."¹⁰⁴

Violent extremist organizations can also take advantage of certain vulnerabilities among local communities in Côte d'Ivoire. These armed groups tend to "exploit all the vulnerabilities and flaws in the social fabric of places they seek to establish themselves, be they socio-economic vulnerabilities, security vulnerabilities, or fragile political order or weak governance."¹⁰⁵ They are experienced at exploiting local grievances to rally residents in their favor.¹⁰⁶

7.2 No Empirical Evidence of Active VEO Presence at Visited Gold Mining Sites

During visits to gold mining sites, no direct presence of violent extremist organizations was observed. Nevertheless, this study highlights that mining sites can be an attractive source of income for these groups. Northern Côte d'Ivoire offers a favorable climate for the recruitment of young people by VEOs, particularly in the illegal ASGM sector.

In the Kong region, the Kafolo attacks point to the likely presence of actors linked to violent extremism. Nevertheless, at

⁹⁴ "West Africa Facing the Risk of Jihadist Contagion," Briefing no. 149/AFRICA, International Crisis Group (ICG), December 20, 2019; Pierre D'Herbès, "Quels Enjeux Sécuritaires Autour de la Contrebande en Côte d'Ivoire?" [What Security Challenges Are there Around Smuggling in Côte d'Ivoire?], *Conflits Revue de Géopolitique*, July 16, 2021.

⁹⁵ ICG, "West Africa Facing Jihadist Contagion."

⁹⁶ ICG, "West Africa Facing Jihadist Contagion."

⁹⁷ ICG, "West Africa Facing Jihadist Contagion."

⁹⁸ ICG, "West Africa Facing Jihadist Contagion."

⁹⁹ Interview with representatives of illegal gold mining sites in the Bouna area, March 2022.

¹⁰⁰ "Understanding the Resurgence of Terrorist Attacks," DW Direct TV, Côte d'Ivoire, June 16, 2021.

¹⁰¹ Téhini is located near Doropo, in the Boukani Region.

¹⁰² Global Initiative, "Northern Côte d'Ivoire: New Jihadist Threats, Old Criminal Networks," *Observatory of Illicit Economies in West Africa*, Risk Bulletin Issue 1, September 2021.

¹⁰³ "Should We Be Worried about These Attacks in Northern Côte d'Ivoire?" DW Direct TV, June 16, 2021.

¹⁰⁴ William Assanvo, "Terrorism in Côte d'Ivoire Is No Longer Just an External Threat," Institute for Security Studies, June 15, 2021.

¹⁰⁵ William Assanvo, "Terrorism in Côte d'Ivoire."

¹⁰⁶ David Lewis and Ryan McNeill, "How Jihadists Struck Gold in Africa's Sahel, A Reuters Special Report," *Reuters*, November 22, 2019.

the moment, there are no external signs indicating the physical presence or any trace of VEOs in daily activities. One natural resources expert believes that VEOs are present in isolated areas of northern Côte d'Ivoire and will approach young people on an individual basis. For the moment, however, this practice has not been reported in the ASGM sector.¹⁰⁷

In view of the evidence of links between ASM gold and violent extremism in Mali, Burkina Faso, and Niger, regional analysts have tended to postulate the same connections in the Ivorian context. This leads to assumptions that VEOs are present and active at Ivorian gold mining sites. Without empirical evidence, however, these conclusions remain hypothetical.

In the context of this study, given the limited number of gold mine sites visited and the limited amount of time spent at each site, we cannot extrapolate a general claim that VEOs are absent from all ASGM sites. Yet, the lack of empirical evidence



should remind analysts and policymakers to exercise caution and scientific rigor when analyzing and measuring supposed connections between ASM gold and violent extremism.

7.3 Risk Factors Related to the Involvement of Violent Extremist Organizations in the ASM Gold Sector in Côte d'Ivoire

Despite the absence of evidence indicating the active presence of VEOs at the eleven visited sites, the threat of infiltration by such groups within the Ivorian ASGM value chain (extraction and/or trade) is real.

The table below presents the main risk factors associated with the involvement of VEOs in the ASM gold sector in the Sahel and applies them to the Ivorian context. This helps define an appropriate level of risk for the subject of this study.

Chart 3: Risks related to violent extremism

VEOs possible goals	Connected Risks	Observed in Côte d'Ivoire			
		low	medium	high	
 GOLD MINES TO GAIN RESOURCES	Direct and indirect control of gold mines	█			
	Gold mines as target for attacks	█			
	Security of gold mines	█			
	Kidnapping	█	█		
	Gold mines for the supply of explosive devices (IEDs) and a place for training on the use of IEDs	█			▼
 GOLD MINES TO RECRUIT MEMBERS	Precarity of ASGM miners	█			▼
	Frustration against the State	█	█	█	▼
 GOLD TRADE TO GAIN REVENUE	Tax evasion	█			▼
	Money laundering	█	█	█	▼
	Protection money	█			

¹⁰⁷ Interview with an international non-governmental organization representative, Abidjan, May 2022.

7.3.1 Gold Mining Sites as Resources for Violent Extremist Organizations

7.3.1.1 Direct and/or Indirect Control of Gold Mining Sites

■ PRACTICES IDENTIFIED IN THE SAHEL

ASGM attracts extremist groups due to the revenue potential. Widely documented in Sahel countries is an increase in the direct control of gold mining sites, access roads, and mineral evacuation, as well as practices of illegal taxation, by certain violent extremist and other armed groups.¹⁰⁸ In 2019, the International Crisis Group (ICG) reported such practices in the Kidal Region (Mali), a bastion of the Coordination of Azawad Movements (CMA). It has also been observed that VEOs collect zakat (a religious tax) from artisanal mining populations.¹⁰⁹

In addition to increased local financing from income generated by gold, control of mining sites offers a direct revenue source for the fighters themselves.

■ LEVEL OF RISK IDENTIFIED IN CÔTE D'IVOIRE

Given the number of incidents involving extremist groups in recent years at the Burkina border,¹¹⁰ gold mining sites in the Doropo area could be susceptible to this type of illegal control. Gold mining sites in areas previously subject to terrorist attack, as Téhini and Kong, are also at risk.

7.3.1.2 Gold Mining Sites as Targets of Attacks

■ PRACTICES IDENTIFIED IN THE SAHEL

In recent years, VEOs have increased attacks at or near gold mining sites in Burkina Faso. These attacks have spread from northern and eastern Burkina Faso to gold sites near the southern border with Côte d'Ivoire.¹¹¹ In February 2022, the United Nations High Commissioner for Refugees reported that since May 2021, around 7,000 Burkinabé refugees have arrived in northwestern Côte d'Ivoire (Tougbo), fleeing jihadist attacks in their village.¹¹²

■ LEVEL OF RISK IDENTIFIED IN CÔTE D'IVOIRE

The risk of incursion by VEOs into gold mining sites, observed elsewhere in the Sahel, also exists in Côte d'Ivoire, but the

risk is mitigated. To date, no documented attack associated with VEOs has involved a gold mining site in Côte d'Ivoire.

There is a palpable sense that the Ivorian state is stronger and more present than in Burkina Faso and Mali. Recent military deployments to northern Côte d'Ivoire help reassure the population and could be a deterrent against insurgents. Since the 2021 attacks, the Ivorian military presence is much more visible. The state has set up several military camps in the provinces of Kong and Téhini, including major military bases in Tougbo and Kafolo, and established checkpoints in neighboring villages. Security sector reform efforts, pursued since 2017, appear to have helped the government focus on a strategy and tactics for an effective response to the risks of jihadist expansion.¹¹³

Finally, this study also found that the more sophisticated and organized the gold mine site, the lower the risk of incursion by armed groups. The visited sites were indeed large and highly productive, sometimes with three layers of defense to control access (see section 4.1). For such lucrative sites, the greater risk is that the MOs will find economic reasons to ally themselves with VEOs. The risk of direct attack by such groups is comparatively low (see section 7.3.3.2).

7.3.1.3 Security at Gold Sites by Violent Extremist Organizations

■ PRACTICES IDENTIFIED IN THE SAHEL

The protection of gold mining sites by VEO elements is another revenue stream available to these groups across the Sahel.

In Soum province in Burkina Faso, researchers have claimed that jihadists are paid by ASGM miners to provide security at digging sites. In the area of Kidal in Mali, the CMA also secures certain mining sites.¹¹⁴

■ LEVEL OF RISK IDENTIFIED IN CÔTE D'IVOIRE

In Côte d'Ivoire today, the main method of securing sites involves recruiting local security agents, which may include Dozos (see section 4.1). The risk of outsourcing on-site security to VEOs or their sympathizers appears low in Côte d'Ivoire. No instances were found in this study.

¹⁰⁸ David Lewis and Ryan McNeill, "How Jihadists Struck Gold."

¹⁰⁹ "Taking Back the Gold Rush in the Central Sahel," Crisis Group Africa Report No. 282, ICG, November 13, 2019.

¹¹⁰ See ACLED data: <https://acleddata.com/#/dashboard>.

¹¹¹ David Lewis and Ryan McNeill, "How Jihadists Struck Gold."

¹¹² United Nations News, "Côte d'Ivoire: Plus de 7,000 Réfugiés du Burkina Faso Suite aux Attaques de Groupes Djihadistes" [Ivory Coast: More than 7,000 Refugees from Burkina Faso Following Attacks by Jihadist Groups], February 4, 2022.

¹¹³ William Assanvo, "Terrorism in Côte d'Ivoire."

¹¹⁴ ICG, "Taking Back the Gold Rush."

7.3.1.4 Gold Mining Sites and Improvised Explosive Devices

■ PRACTICES IDENTIFIED IN THE SAHEL

In central Mali and parts of Burkina Faso, VEOs appear to have identified gold mining sites as sources for the materials used to make IEDs.¹¹⁵ Multiple elements that are used to manufacture pyrotechnic devices, the basis of IEDs, can be found at ASM gold sites. These include ammonium nitrate, ignition systems, detonation triggers, and delayed explosive devices.¹¹⁶

These sites also serve as training grounds for developing expertise in handmade explosives.

■ LEVEL OF RISK IDENTIFIED IN CÔTE D'IVOIRE

The use of explosive devices was observed at some gold mining sites in Côte d'Ivoire. Where the rock substrate is very hard, preventing diggers from following the gold veins, dynamite is used to open the blockage.

Gold mining sites are, therefore, training sites for manufacturing and using these devices. In 2019, the ICG reported that members of the Katiba Khalid Ben Walid, a southern branch of Ansar Eddine, reported receiving training on explosives at one of Côte d'Ivoire's northern artisanal gold mines near the Malian border. Our study could not confirm this allegation.

The use of explosive devices at illegal gold mining sites could potentially attract VEOs in need of detonators or combustible materials for use in IEDs.¹¹⁷

7.3.1.5 Kidnapping

■ PRACTICES IDENTIFIED IN THE SAHEL

Attacks on industrial mining sites by VEOs, as well as the kidnapping of foreigners linked to industrial mining interests, is another potential source of revenue. In January 2020, the son of an Indian owner of the Inata mine in Burkina Faso (the Balaji Group) was released after being kidnapped in September 2018, probably following a ransom payment.¹¹⁸ Attacks against the national employees of large foreign industrial companies are also frequent in the region.¹¹⁹

By targeting foreign mining investors, their convoys, and their workforce, or by attacking access roads to industrial

sites, extremist groups are trying to force them out of the region. In countries where the mining sector represents a significant share of tax revenue, the withdrawal of these economic actors could negatively impact GDP and public budgets and spending, particularly where military spending is very high, such as in Côte d'Ivoire.

■ LEVEL OF RISK IDENTIFIED IN CÔTE D'IVOIRE

While these activities have not been observed in Côte d'Ivoire, the risk of attacks on extraction sites and kidnappings exists for certain large gold sites near the Malian border. The gold mining permits PE-39 and PE-34, held by Perseus Mining and Société des Mines de Tongon, are situated along the Malian border and susceptible to such risks.

7.3.2 Gold Mining Sites as Places for Recruitment by Violent Extremist Organizations

This section highlights the vulnerability of ASGM miners (especially young miners) to recruitment by VEOs. In general, the conditions identified for recruitment are the classic factors of socio-economic vulnerability (poverty, lack of education, family situation), and frustration with the state over its prosecution of illegal ASGM and preference for foreign mining conglomerates.

7.3.2.1 Socio-Economic Vulnerability of ASGM Miners

■ EVIDENCE FROM THE SAHEL

Poverty, combined with frustration with the national government, could heighten the risk of recruitment by VEOs in the Sahel. However, there is no empirical evidence for dire poverty or state-directed frustration as causal factors.

■ LEVEL OF RISK IDENTIFIED IN CÔTE D'IVOIRE

The populations in and around the mining sites visited for this study were acutely aware of their destitution. Apart from the cashew sector, which is less profitable for subsistence farmers, there are few other income-generating livelihoods in the northern part of the country. Accordingly, ASGM is viewed as a godsend by residents. "With gold, you can make more money quickly," claimed a young miner from Bouna.¹²⁰

¹¹⁵ ICG, "Taking Back the Gold Rush."

¹¹⁶ Interview with a Sahel military expert, Brussels, August 2022.

¹¹⁷ ICG, "West Africa Facing Jihadist Contagion."

¹¹⁸ David Lewis et al., "Son of Burkina Faso Gold Miner Owner Released After Year-Long Captivity," *Reuters*, January 20, 2020.

¹¹⁹ See a recent attack against the potential employees of the industrial company Endeavor, active in Côte d'Ivoire, <https://www.voanews.com/a/militants-kill-6-in-attack-on-convoy-from-burkina-faso-gold-mine/6719327.html>.

¹²⁰ Interview with a gold miner, Bouna area, March 2022.

Yet, the high degree of informality in the sector comes with physical dangers and exploitation, especially for small-scale miners facing potential eviction by the BRICM, whose incomes are already sporadic. This precariousness is aggravated by the widespread corruption that pervades ASGM, with the consequences borne by ASGM miners.

7.3.2.2 Frustration with State Repression

■ PRACTICES IDENTIFIED IN THE SAHEL

In the Sahel, the risk of recruitment of ASGM miners by VEOs has been linked to miner frustrations with the state's repression of illegal ASM. Feelings of injustice among ASGM miners, therefore, becomes a factor that favors VEO recruitment.

In Soum province in Burkina Faso, researchers reported a rapprochement between local communities and jihadists in 2019, following seizures of gold mining equipment and anti-terrorist operations by government forces. A similar rapprochement was observed in 2018 in eastern Burkina Faso, where the government's closure of artisanal mining sites led to gold miners turning to jihadists, who helped them reopen certain mines, including a major site in Kabonga.¹²¹

Local communities, including ASGM miners, tend to ally with VEOs, seeking justice for perceived mistreatment and neglect by the national government. In a context where inter-community conflict over resource access is recurrent, and where diverse armed militias are active, VEOs can be viewed by local populations as capable of restoring law and order. Also in Soum province, gold miners supported jihadists against the Koglweogo (a civilian self-defense militia), who had seized a gold mine site.¹²²

In neighboring countries, ASGM miners will occasionally support VEOs for pragmatic reasons, rather than for religious beliefs or shared ideology.

■ LEVEL OF RISK IDENTIFIED IN CÔTE D'IVOIRE

In the Sahel, state repression of the ASGM sector is sporadic and connected to the fight against terrorist financial activities. In Côte d'Ivoire, state repression of illegal ASGM is more systematic, mandated by a clear government policy. The intensity

of this eradication campaign could pose a risk for VEO recruitment in the Ivorian context.

Within the framework of this study, ASGM miner frustration toward BRICM was common: "It is uniformed personnel that bother us here, often."¹²³

ASGM miners tend to perceive the government as a predator imposing restrictive regulations and taxes, actions that are hostile to the interests of ASM actors. The Ivorian government is also viewed as privileging foreign industrial investment at the expense of ASM activity and its direct benefit to local communities (see section 5.2). According to some ASGM miners, the destruction of mining sites is an attack by the state against jobless youth.¹²⁴ One gold miner trade union representative claimed that the state's strategy of eradicating ASGM is disastrous at the social level.¹²⁵

Thus, while jihadists tend to exploit community vulnerability and frustration, the state's policy of eradicating illegal ASGM exacerbates this vulnerability and local feelings of victimhood.

7.3.3 The Transnational Gold Trade as a Revenue Stream for Violent Extremist Organizations

7.3.3.1 Tax Evasion

In countries with high ASM gold production and weak governance, such as countries in the Sahel region, gold is frequently used by economic operators and criminal actors for tax evasion purposes.

In the Ivorian context, some interlocutors reported that Ivorian companies or operators could buy illegal gold in Côte d'Ivoire with undeclared West African CFA francs.¹²⁶ In this way, undeclared currency is converted into a highly fungible asset.

The gold is then exported to Dubai, often undeclared or under-declared in quantity. A trader might, for example, declare 500 g but really be exporting 20 kg; the customs officers at the airport do not always weigh the declared gold. Once in Dubai, the gold is converted into foreign currencies (US dollars or euros), which allows Ivorian companies and operators to buy

¹²¹ ICG, "Taking Back the Gold Rush."

¹²² ICG, "Taking Back the Gold Rush."

¹²³ Interview with a gold miner at the Gbadjoudou 1 site in the Bouna area, March 2022.

¹²⁴ Vincent Duhem, "Côte d'Ivoire: The Gold Rush," *Jeune Afrique*, January 28, 2021.

¹²⁵ Interview with a GPMACI representative, Abidjan, May 2022.

¹²⁶ Interview with a gold export company representative, Abidjan, May 2022; interview with a trade association representative, Abidjan, May 2022

various goods (such as cars or computer equipment) that they take back to Côte d'Ivoire.¹²⁷

This method of using gold as a financial instrument allows companies and operators to under-report their business income and pay less in taxes at the national level. This practice also allows them to avoid certain customs, foreign exchange, and money transfer fees, as well as evade regulations concerning the repatriation of foreign currency. In short, these economic actors are operating a gold-based money laundering circle.

In other Sahel countries, this method of tax evasion using money laundering has also been observed with actors involved in organized crime.

In Côte d'Ivoire, the risk of VEOs benefiting from indirect revenues generated from tax evasion through the use of gold is currently low and dependent on two factors. First, organized crime actors in Côte d'Ivoire must use gold to avoid paying tax on profits generated through legal activities. Second, there must be established links between criminal organizations and VEOs (see section six).

7.3.3.2. Money Laundering

Laundering Ill-Gotten Gains

For several years, analysts have noted the growing presence of organized crime groups in countries bordering Côte d'Ivoire, alongside VEOs.¹²⁸ Countries such as Mali and Burkina Faso have become major hubs for regional organized crime networks trafficking narcotics, people, fuel, and cigarettes.¹²⁹ Recently, Mali has become an important transit area for cocaine shipments from Latin America to Europe and the Middle East.¹³⁰ These transnational criminal organizations generate a great deal of money through these illicit activities, which needs to be laundered—something ASM gold is useful for.

Similarly, gold allows VEOs active in the region (including JNIM)¹³¹ to launder illicit revenues (e.g., kidnapping ransoms

and cattle rustling).¹³² In Burkina Faso, Niger, and Mali's central region, VEOs are involved in large-scale livestock theft; the livestock are then trafficked to neighboring countries, including Côte d'Ivoire.¹³³ Regarding ransoms, it is estimated that between 2003 and 2013, VEOs in the Sahel generated nearly EUR160 million from kidnappings.¹³⁴ Al-Qaeda in the Islamic Maghreb (AQIM) alone generated nearly \$70 million between 2006 and 2011.¹³⁵

The Importance of Gold in Money Laundering

ASM gold is more than mere mineral commodity—it's also a financial instrument, vital to money laundering and tax evasion worldwide. Gold can be illegally exported in small, high-value batches and then used to purchase convertible international currencies, such as US dollars and euros, at overseas outlets, primarily in Dubai.

The intrinsic characteristics of gold—highly valued, portable, easily exchanged worldwide—and the inherent characteristics of the gold market facilitate this money laundering process. Across the Sahel, illicit gold is attractive to criminals and criminal organizations who use it to store and transfer wealth, evade taxes, launder money, and finance other criminal activities, among other things.

Almost all of Côte d'Ivoire's ASM gold is undeclared, untaxed, and routed mainly to Dubai through bordering countries. This illicit financial flow is essential to transnational organized crime groups and VEOs as a means of money laundering. Furthermore, in African ASM gold-producing countries, money launderers tend to pay a high price for illegal gold, sometimes higher than the global price.¹³⁶ Indeed, any losses on gold transactions are offset by the almost priceless value of legitimizing funds generated from criminal or terrorist activity.

The Hawala System

At the local level, money launderers using gold transferred through Dubai often use the hawala system, a parallel, trust-

¹²⁷ Interview with a trade association representative, Abidjan, May 2022; interview with a gold exporter, Abidjan, May 2022.

¹²⁸ Serigne Bamba Gaye, *Connections Between Jihadist Groups and Smuggling and Illegal Trafficking Rings in the Sahel*, Friedrich-Ebert-Stiftung Peace and Security, Centre of Competence Sub-Saharan Africa (Dakar: 2018).

¹²⁹ William Assanvo et al., "Violent Extremism, Organised Crime and Local Conflicts in Liptako-Gourma," West Africa Report, Institute for Security Studies, December 10, 2019.

¹³⁰ ICG, "Narcotrafic, Violence et Politique au Nord du Mali" [Drug Trafficking, Violence and Politics in Northern Mali], Report no. 267/Africa, December 13, 2018; United Nations Office on Drugs and Crime, "Transnational Organized Crime in West Africa: A Threat Assessment," February 2013.

¹³¹ Jama'a Nusrat ul-Islam wa al-Muslimin.

¹³² William Assanvo et al., "Violent Extremism, Organized Crime and Local Conflicts."

¹³³ William Assanvo et al., "Violent Extremism, Organized Crime and Local Conflicts."

¹³⁴ Djallil Lounnas, "The Links Between Jihadi Organizations and Illegal Trafficking in the Sahel," Menara Working Paper No. 25, November 2018.

¹³⁵ Erin Foster-Bowser and Angelia Sanders, "Security Threats in the Sahel and Beyond: AQIM, Boko Haram and al Shabaab," Civil-Military Fusion Centre, April 2012.

¹³⁶ Sofala Partners and BetterChain, "The Barriers to Financial Access."

based money transfer system. The system transfers money from one place to another through a network of brokers without the need for travel. Hawala brokers offer more competitive exchange rates than the official banking system and with much lower commissions.¹³⁷ Hawala thus allows traders working with gold to avoid bank commissions and money transfer fees.

Since payment through the hawala system is informal and difficult to trace or detect, it facilitates tax evasion and money laundering, since financial transfers are not officially documented (all transactions are “off the books”). This opacity and discretion make the system particularly attractive to criminals.¹³⁸ Several operators who were interviewed for this study confirmed the use of hawala in the gold trade linked to Côte d’Ivoire.¹³⁹

However, this study was not able to determine the extent of this opaque money transfer system in Côte d’Ivoire.

Interaction Between Violent Extremist Groups and Gold Smugglers

In the Sahel and elsewhere, ASM gold as a financial instrument allows actors linked to organized crime to launder the profits of their illicit activities, which indirectly benefits VEOs generating income from the protection money paid by these criminal networks (see section 7.3.3.3).

Gold traffickers selling illicit product to criminal organizations as part of their money laundering process contribute

to the financing of terrorism indirectly, even if the gold traffickers (who may not be engaged in other illicit activities) are not explicitly associated with criminal groups or VEOs. Gold traffickers tend to be middlemen working both sides—they sell illegal gold, thereby laundering the money they generate from other illegal activities. There is the possibility that traffickers collude to keep gold sale prices for miners low, a practice that would benefit traders and VEOs alike.

There is, therefore, a risk that large gold traders in Côte d’Ivoire could see financial reasons for collaborating with VEOs or groups involved in organized crime.

7.3.3.3 Protection Money

There are other ad hoc and opportunistic relations between organized crime and VEOs. These associations are occurring more frequently in the Sahel (Mali, Niger, Burkina Faso), where transactional relationships are on the rise, including payments made by criminals (traffickers, for example) to VEOs to secure transit for sensitive goods such as drugs or weapons.¹⁴⁰ This is referred to as “protection money.”¹⁴¹

During this study, evidence of links between criminal organizations and VEOs was not identified in Côte d’Ivoire. Nevertheless, certain structural conditions for possible collaboration between organized crime and VEOs active along the Ivorian border are present, given the numerous trafficking activities that take place on both sides of Côte d’Ivoire’s northern border.

¹³⁷ ICG, “Taking Back the Gold Rush.”

¹³⁸ ICG, “Taking Back the Gold Rush.”

¹³⁹ Interview with a gold miner at the Gbadjoudou 1 site in the Bouna area, March 2022.

¹⁴⁰ Vincent Duhem, “Côte d’Ivoire: The Gold Rush,” *Jeune Afrique*, January 28, 2021.

¹⁴¹ Interview with a GPMACI representative, Abidjan, May 2022.

8 Conclusions and Recommendations to Support Responsible Gold Supply Chains

This study highlights the financial significance of ASGM in the local economies of northern Côte d'Ivoire, and its potential to generate significant tax revenue for the government. The level of ASM gold production is estimated to nearly match that of industrial production.

Despite the complexity and opacity of the sector, there are options to promote ASGM as a viable, income-generating activity for a vulnerable and at-risk population. "The State must organize this sector and bring these young ASGM miners out of hiding."¹⁴² In general, it is recommended that public authorities avoid overly coercive, punitive approaches that aim to eradicate, not reform, ASGM. A framework of dialog and negotiation would be welcomed by actors currently managing illegal ASM gold sites.

Also, despite a lack of empirical evidence but from comparing sector realities across the Sahel, this study highlights several risk factors associated with VEO involvement in Ivoirian ASGM and trading. To eliminate these threats, it is critical to formalize the ASM gold sector.

Formalization is a complex process, bringing miners and traders into legitimate economies. Experiences in other countries show that initiatives to direct illicit gold into legal supply chains and limit money laundering linked to ASM gold require incentives to motivate ASM actors. Legal coercion, site destruction, or other existential threats are not conducive to reform.¹⁴³ Identifying effective and persuasive incentives to reform ASGM should be seen as a key component of broader administrative efforts to reduce the threat of violent extremism in northern Côte d'Ivoire. This is related to ongoing efforts to strengthen community management of natural resources, improve local governance processes, and strengthen relations between the central government (including the security forces) and local communities.

Concretely, this process can be supported in the following ways:

Strengthening the capacities of ASGM miners

- Train ASGM miners on the following themes, which will bring the sector closer to established standards and foster its formalization: working conditions, worker

health and safety, environmental protections (reduction of mercury/alternatives), human rights (child labor, sexual exploitation), and legality.

- Evaluate the impact of the government-supervised on-site training program managed by SODEMI on prospecting techniques, environmental management, and mining legislation to determine how this approach can help formalize the sector.
- Raise stakeholder awareness of the national mining law, improving understanding of the 2014 mining code among operators, cooperatives, collectors, exporters, etc., including procedures to obtain mining permits, and the rules for environmental compliance (including the mercury ban). To reduce corruption by state officers in the field, a procedures manual should also be drafted and shared widely, detailing requisite taxes and fees.

Support reform of the regulatory framework for ASGM in Côte d'Ivoire

- Simplify and accelerate administrative procedures to permit legal ASGM. For mining and export-related activities, establish a one-stop shop system to receive and approve applications for prospecting and extraction permits, licenses, etc. This model would be less dependent on multiple ministries and more centralized.
- Legalize cohabitation between LSM and ASM activities. Lessons and models from other countries may be relevant in this context. In the Democratic Republic of the Congo, for example, mining cooperatives have established memorandums of understanding with exploration permit holders, allowing the cooperatives to operate in specific concession areas for a pre-determined period in return for a fee. This solution allows the mining company to control the terms of ASGM miner cohabitation and manage the risks. The company also avoids ceding any part of its title, which would directly impact the value of its holdings and potentially deter investors.
- Accelerate the designation of areas reserved for artisanal and semi-mechanized mining activities. These areas should be predefined by the state, independent of specific permitting requests from mining operators. The aim is to identify areas with long-term production capacity that will require geological expertise from relevant public institutions.

¹⁴² Interview with the secretary general of the National Islamic Council, Abidjan, May 2022.

¹⁴³ Shawn Blore, "Capacity Building for a Responsible Minerals Trade (CBRMT)," Reported prepared by Tetra Tech for USAID, May 2015.

Strengthen transparency along the supply chains

- Reinforcing supply chain compliance with international standards of transparency and risk management also makes it possible to adhere to the regulations that are already in force. This is especially relevant for European buyers, who are required to demonstrate due diligence, thereby reassuring potential investors in the sector.
- To ensure that ASM gold is not diverted to money laundering activities, a transparent system for collecting information and monitoring gold supply chains is required, as stipulated by OECD guidance (promote a continuous monitoring of supply chains).¹⁴⁴
- Strengthen the capacity of local actors to undertake proactive risk management due diligence efforts in human rights, corruption and bribery, conflict, and legality along their supply chains.
- Support access to official markets, ensuring that business relations are profitable for upstream actors.
- Consider existing systems of local site management, and how gold is moved to market by legal actors.

Support a joint management model at the point of extraction

- To reconcile all stakeholder interests and initiate the move toward legality, create a formal system of joint management that involves community leaders (customary chief, land chief, women and youth representatives), state officers, supply chain actors, and mine titleholders (where there is illegal ASGM on land permitted for research or extraction). Given the current involvement of customary chiefs and the revenues they derive from that involvement, the management model should reinforce the accountability of customary chiefs to the community.
- Along with this joint management model, a transparent revenue redistribution system should be developed locally. Its structure, management, and membership should be decided through local consultations and built on consensus among key actors, with special attention given to maintaining social cohesion. Distribution models may be designed on a case-by-case basis, rather

than a standard system for the whole country.

For this last point, inspiration can be drawn from what was developed for the diamond sector in Côte d'Ivoire. In the 1980s, the government developed an innovative co-management model for the artisanal diamond sector in Séguéla. Through the state-owned company SO-DEMI, co-management agreements were signed with village leaders, who organized into cooperative groups and later into companies. Some of these community management systems mandated a 12 percent deduction from local diamond revenues to fund community development initiatives. Joint revenue management involving landowners and government can promote revenue sharing, legal compliance, and local development.¹⁴⁵

The Property Rights and Artisanal Diamond Development (PRADD II) project, funded by USAID from 2013 to 2018, built on this experience, while recognizing the need for a gradual and flexible approach to formalization. The challenge is to bridge the gap between proponents of a legalistic interpretation of formalization, and those who defend customary land tenure as the most beneficial for local, often impoverished, communities. Nevertheless, the PRADD II final project report underlines that to effectively apply this joint management model in ASGM, strong political commitment is essential to formalizing and legalizing the sector.¹⁴⁶

Facilitate access to transparent financing for ASGM miners

- ASGM requires significant upfront funding to launch and sustain production activities and to finance trade. Currently, ASGM is based on an opaque, parallel financing system that is often linked to money laundering practices.
- Official financial institutions need training to better identify and manage the risks that are linked to ASGM actors, currently considered high-risk customers. By strengthening expertise through a greater understanding of the risks specific to this sector, banks can better identify and offer appropriate financial products.

¹⁴⁴ OECD, "FAQ: S'Approvisionner en or auprès de Mineurs Artisanaux et à Petite-Échelle" [FAQ: Sourcing Gold from Artisanal and Small-Scale Miners], OECD Publishing, 2016, 8.

¹⁴⁵ Tetra Tech, "Property Rights and Artisanal Diamond Development II—PRADD II, Final Report 2013–2018," December 2018.

¹⁴⁶ Tetra Tech, "Property Rights and Artisanal Diamond Development," 32.

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10 Annexes

Annex 1: Summary of supply chain actor assessment.

Counterparty Assessment ● ● ● ●


Counterparty Review
-
[View Details](#)

Documentation Review
0%
[View Details](#)

Risk Readiness
-
[View Details](#)

Challenges
6
[View Details](#)

Subject Details Self-assessment Unavailable



Primary Location: Kong / Tchologo / Savanes
Legal Form: Sole proprietorship

Supply Chain Details

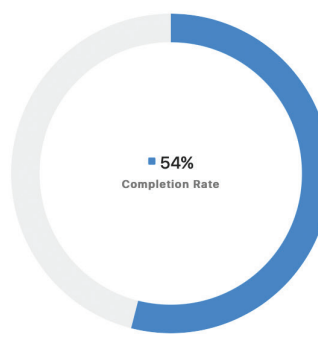
- ◆ Mine Sites: 1
- ⚙ Suppliers: 0
- 👤 Customers: 0

Position in the Supply Chain
 Mining operator In-country trader

Products
 Gold

Due Diligence Systems
 Unavailable

Information Availability

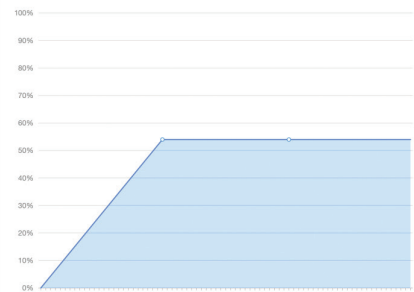


54%
Completion Rate

Progress per Section

Identification	48%
Beneficiaries / Shareholders	71%
Key Personnel	45%
Location	85%
Products	80%
Activity	78%
Suppliers	30%
Buyers	0%
Scrutiny	50%
AML / CFT	66%
Financial Information	9%
Organisation Policies	100%
Documentation	100%
Contact Information	50%
Appraisal	33%

Progress over Time







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