

CRAFT

June 18, 2019

CRAFT: Code of Risk mitigation for Artisanal and small-scale mining engaging in Formal Trade

Terms of Reference-revision process

Introduction

The Alliance for Responsible Mining (ARM) and RESOLVE have developed an open-source market entry standard, the Code of Risk-mitigation for ASM engaging in Formal Trade (CRAFT). CRAFT enables ASM gold producers to access formal markets by proactively facilitating due diligence of their supply chains conforming with the OECD Guidance at the earliest possible stage of their development.

With support from the European Partnership for Responsible Minerals (EPRM), ARM and RESOLVE developed CRAFT through a widely participative process that involved stakeholders from all parts of the supply chain; international civil society; intergovernmental organizations; independent experts; and more. Two governance groups were established with the aim to advise and guide the elaboration of this ASM tool: [CRAFT Advisory Group](#) and [CRAFT Technical Committee](#). Additional input was solicited through a [global, public stakeholder consultation process](#) involving over 400 individuals from industry, mining communities, civil society, and governments from over 18 countries spanning 6 continents. Addressing all comments and incorporating suggested improvements resulting from a public [two-month consultation](#) period, the final version 1.0 was compiled and the CRAFT Code was published on July 31st, 2018.

In August 2018 a group of Colombian women mineral selectors made [the first sale of gold under the CRAFT Code](#). This piloting of the CRAFT Code proved that selling to the formal market brings economic benefits as well as a starting point to adopt organizational, environmental and social practices to improve its conditions to the ASM sector.

Objectives for the CRAFT Code's revision

The three main purposes for initiating CRAFT Version 2 are to 1) follow standards setting best practice in support of CRAFT's credibility and legitimacy as a tool, 2) expand the scope of CRAFT to maximize its utility to the artisanal minerals sector and its constituencies, and 3) enable progressive improvement and integrate lessons learned from implementing version 1.

Best practice of Voluntary Sustainability Standard Setting, as promoted by [ISEAL](#), consists of at least two rounds of public consultation. Version 1.0 was published following the first round of consultation, with the expectation that a second round of consultation would take place after organizations around the globe had the opportunity to incorporate CRAFT into their work. The experience from these organizations and their feedback on supplemental additions of value is expected to result in an even more robust CRAFT version 2.0.

ARM and RESOLVE have received abundant feedback expressing high interest in creating CRAFT Schemes in the supply chain of gold and other minerals. ASM is still growing in its contribution to worldwide mineral production, and increasing demand of minerals free from flagged risks pointed out in the OECD Due

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Diligence Guidance, is a major global trend. The CRAFT Code is responsive to the challenges related to this trend, by providing a practical tool for facilitating the sourcing from the ASM under the management of the risks. Version 2 will enable more global application of CRAFT by integrating a purposefully minerals-agnostic and inclusive framework.

Furthermore, the CRAFT Code strongly emphasizes on the concept of constant and continuous improvement; this also applies to the Code itself. The revision process towards version 2.0 is an opportunity to collect the lessons learned from version 1.0 and its first pilot exercises and benchmarking from different stakeholders (ASM miners, upstream and downstream actors and other NGOs or governments), and to identify and address the current needs through the development of a new version.

Intended modifications of the scope & risks to be mitigated

Version 2.0 of the CRAFT Code may evolve into various directions. Notwithstanding, the scope of the CRAFT Code shall remain globally applicable and cover all possible organizational setups of ASM mineral producers.

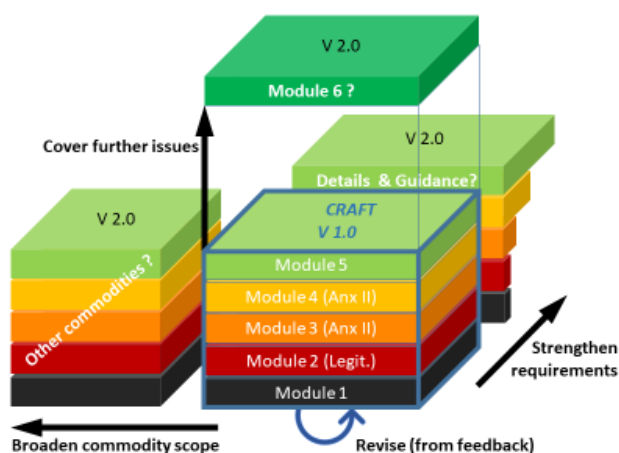
Any modification of the CRAFT Code will remain **Open Source** under the chosen Creative Commons license CC BY-SA 4.0.

The following aspects to be addressed represent initial suggestions from the CRAFT maintenance team of ARM. It will be the task of the governing bodies “CRAFT Advisory Group” and “CRAFT Standard Committee” to agree on code development priorities and to develop version 2.0 to be subsequently approved and enacted by the Board of ARM in its role of standard maintainer.

- ➔ Reorganize and expand module 5 to segregate and supplement mineral-specific criteria.
- ➔ The core criteria of the standard are the basis for the CRAFT Code. Module 1 to 4 – those directly tied to OECD DDG Annex II - will remain the heart of the Code and the revision will continue to prioritize that conformance. Lessons learnt from pilot implementations of CRAFT 1.0 shall be incorporated by improving and fine-tuning the requirements and criteria already established in Modules 1 to 5.
- ➔ The current focus on High Risks (OECD DDG Annex II risks, and the other non-Annex II high risks captured in Module 5) may be expanded by elaborating additional criteria for Medium Risks (Module 6) and – if demand exists – even Low risks (Module 7). In the long term it is envisaged that CRAFT Code will become a relevant strategy and tool to close the gap with best practice standards, including new criteria.
- ➔ Lessons learnt on improvements strategies that really work are expected to provide orientation on completing the code’s section on performance indicators for ASM Mineral Producers conformant with the Code.
- ➔ It remains a priority to implement a CRAFT Scheme platform for data collection, quality control and monitoring, in order to ensure interoperability of CRAFT Schemes.

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Options for development of CRAFT version 2.0



The revision of the CRAFT Code may also be complemented with some national interpretations (with a special care to remain consistent with OECD Annex II) to reflect local situations. National interpretation will enable more actors to comply with requirements of the CRAFT Code, but should also make them see and highlight the relevance to specific requirements.

Risks and unintended consequences

Possible risks and unintended consequences shall be identified and addressed during the CRAFT Code revision process. For that purpose, in parallel to standard development, ARM and other sourcing initiatives will pilot draft versions with ASM Mineral Producers.

It is further envisaged that risks will be minimized and mitigated through an inclusive and balanced composition of the Standard Committee, ensuring active participation of representatives of upstream producers (ASM miners), downstream supply chain operators, and independent civil society experts.

Standard revision process and timeline

The Standard revision process will follow the Standard settings procedures of ARM (version 3.0, published at <http://www.responsiblemines.org/en/our-work/standards-and-certification/standards-governance/>). These procedures are aligned with ISEAL's Code of Good Practice for Setting Social and Environmental Standards.

Start of Revision	Committee work	Consultation process	Launch of CRAFT V2.0
May – Aug 2019	Sep – Dec 2019	Jan – Mar 2020	Mar – May 2020

The specific details of these Terms of Reference, particularly scope and characteristics of the standard are subject to changes as deemed appropriate by the **CRAFT Code Standard Committee** and the **CRAFT Code Advisory Group**.

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Contact

Comments or suggestions regarding these Terms of Reference may be by email to ARM (standards@responsiblemines.org) or RESOLVE (tkennedy@resolv.org). Stakeholders are invited to submit feedback or suggested prioritization of the proposals listed in “Intended Modifications” above.

The Standards team appreciate your comments before July 31st, 2019.

To sign up to receive updates on the CRAFT, including notifications about the public consultation, please [register here](#).