Addis
Tax Initiative

ILLICIT GOLD FLOWS AND TAX EVASION IN EIGHT ATI PARTNER COUNTRIES

Cases of Madagascar, Tanzania, Ghana, Liberia, Nigeria, Burkina Faso, Malawi, and Ethiopia

September 2025

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The Addis Tax Initiative (ATI) is a multi-stakeholder partnership consisting of partner countries, developing partners and supporting organisations. It fosters collective action to improve tax systems in light of recognised gaps in development finance and aims to promote fair and effective domestic revenue mobilisation (DRM), policy coherence, and the social contract through partnerships and knowledge building.

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List of abbreviations

AEA: Autorisation d'Exploitation Artisanale
AES: Alliance des États du Sahel
AFDB: African Development Bank
AMEA: Autorisation Minière d'Exploitation Artisanale
ANEEMAS: Agence Nationale d'Encadrement des Exploitations Minières Artisanales et Semi-Mécanisées
ANOR: Agence Nationale de la Filière Or
ASGM: Artisanal and Small-scale Gold Mining
ASM: Artisanal and Small-scale Mining
ATI: Addis Tax Initiative
BCMM: Bureau du Cadastre Minier de Madagascar
BNE: National Bank of Ethiopia
CBL: Central Bank of Liberia
CBN: Central Bank of Nigeria
CENOZO: Centre Ouest-Africain pour le Journalisme d'Investigation
CERDI: Centre d'Etudes et de Recherches sur le Développement International
CFA: Communauté Financière Africaine
CIRDI: Canadian International Resources and Development Institute
COM: Centrale de l'Or à Madagascar
DGPP: Domestic Gold Purchase Program
DRC: Democratic Republic of the Congo
DTSPM: Droits et Taxes Spéciaux sur les Produits Miniers
ECDPM: European Centre for Development Policy Management
EDF: Export Development Fund
EITI: Extractive Industries Transparency Initiative
EPIC: Établissement Public à Caractère Industriel et Commercial
ESA: Eastern and Southern Africa
FATF: Financial Action Task Force
FOB: Free On Board
G4O: Gold For Oil
GI-TOC: Global Initiative Against Transnational Organized Crime
GIZ: Deutsche Gesellschaft für Internationale Zusammenarbeit
GRA: Ghana Revenue Authority
HRW: Human Rights Watch
IFF: Illicit Financial Flows
INSD: Institut de la Statistique et de la Démographie
IPIS: International Peace Information Service
ITC: International Tax Compact
LBMA: London Bullion Market Association
LEITI: Liberia Extractive Industries Transparency Initiative
LGEC: Licensed Gold Exporting Companies
MEEF: Ministry of Environment, Ecology and Forestry
MMA: Minerals and Mining Act
MMSD: Ministry of Mines and Steel Development
MOP: Mining Operations Proclamation
MWEIT: Malawi Extractive Industries Transparency Initiative
NBE: National Bank of Ethiopia

NEITI: Nigeria Extractive Industries Transparency Initiative
NGO: Non-Governmental Organization
NGN: Nigerian Naira
NGPP: National Gold Purchase Programme
NIN: National Identification Number
NMMA: Nigerian Minerals and Mining Act
NMMR: Nigerian Minerals and Mining Regulation
NRGI: Natural Resource Governance Institute
OECD: Organisation for Economic Co-operation and Development
OEC: Observatory of Economic Complexity
PAGMI: Presidential Artisanal Gold Mining Initiative
PESM: Permis d'Exploitation Semi-Mécanisée
PIAC: Public Interest and Accountability Committee
PML: Primary Mining Licence
PMMC: Precious Metals Marketing Company
PREA: Permis Réservé aux Exploitants Artisanaux
RBM: Reserve Bank of Malawi
RFI: Radio France Internationale
SARW: Southern Africa Resource Watch
SMDF: Solid Minerals Development Fund
SONASP: Société Nationale des Substances Précieuses
SSML: Small-Scale Mining Lease
SSM: Small-Scale Mining
TDF: Tigray Defense Forces
TPLF: Tigray People's Liberation Front
TZS: Tanzanian Shilling
UAE: United Arab Emirates
UN: United Nations
UN Comtrade: United Nations Commodity Trade Statistics Database
UNODC: United Nations Office on Drugs and Crime
UNSC: United Nations Security Council
USD: United States Dollar
VAT: Value-Added Tax
VOA: Voice of America
WHT: Withholding Tax
XOF: Western African CFA franc

Executive summary

Legal framework and tax system associated with ASGM

Country	Mining title	Permit duration (years)	Ownership of a mining title		Surface tax	Royalty
			Granting	Renewal		
Burkina Faso	Autorisation d'exploitation artisanale	2	XOF (CFA franc) 1 million	XOF (CFA franc) 1.5 million	XOF (CFA franc) 1.5 million per km^2/year	XOF 100/gram
Ethiopia	Artisanal Mining license	2		No		7%
	Special Small Scale Mining License	10				
	Small Scale Mining Licence	10				
Ghana	Small Scale Mining Licence	5	USD 70 + USD 150	USD 70	GHS 31.5/cadastral unit	0%
Liberia	Class C Mining Licence	1	USD 250	USD 250	USD 5/ha	3%
Madagascar	Kara-bolamena (orpaillage)	1				5%
	Autorisation Minière d'Exploitation Artisanale (AMEA)	0.5				
	Permis Réservé aux Exploitants Artisanaux (PREA)	8	MGA 11,700	MGA 2,600/*carré* MGA 205,000 per site	MGA 12,700 - 95,800/*carré* (depending on how old the permit is)	
Malawi	Small Scale Mining Licence	2	MWK 30,000	MWK 20,000		5%
Nigeria	Small Scale Mining Lease	5	NGN 300,000	NGN 30,000	NGN 260,000/ cadastral unit	3%
Tanzania	Primary Mining Licence	7	TZS 50,000	TZS 100,000	TZS 180,000/ha (2–10 ha), TZS 90,000/ha (<2 ha)	6% (reduced to 4% since 2024 when sold to local refiners)

Revenues losses associated with ASGM

Country	Quantity (tonnes)	Value (USD million)
Burkina Faso	20	3.6
Ethiopia	Unknown	
Ghana	28	0
Liberia	5	16.2
Madagascar	14	75.6
Malawi	Unknown	
Nigeria	16.3	52.8
Tanzania	12	77.76

Key observations

Several key similarities and differences emerge in the governance, structure, and challenges of the artisanal and small-scale gold mining (ASGM) sector across the African countries studied.

In all eight countries analyzed, artisanal and small-scale gold mining (ASGM) plays a central role in the economy, providing livelihoods for hundreds of thousands – and in some cases, millions – of people, and often accounting for a significant share of national gold output. Yet, despite its importance, the sector remains largely informal. In every context, large volumes of gold are either under-declared or smuggled across borders, with illicit flows deeply embedded in the local economies. These patterns are driven by deficient tax framework, lax border controls, poor enforcement capacity, and the influence of powerful transnational smuggling networks.

The policy responses to these shared challenges vary considerably. Ghana, Burkina Faso, Ethiopia, and Tanzania have adopted models of centralized gold purchasing and export in an effort to increase state control and capture more domestic value. This has taken the form of state-run monopolies or dedicated agencies and gold-buying initiatives of central banks. In Ghana, this is further reinforced by the abolition of the 1.5% tax on ASM gold exports, designed to incentivize formalization. In contrast, countries like Malawi and Nigeria have introduced domestic gold purchase schemes in more limited or experimental forms, often constrained by weak institutions and insufficient financing.

While the majority of the gold is still produced informally in almost all countries analysed, some countries have made interesting progress in their ability to control the marketing of the gold. For several years, Tanzania has deployed a wide network of mineral buying centres, which has increased the volume of gold channelled through formal structures. More recently, Burkina Faso, through the creation of SONASP, Ghana with the establishment of the Gold Board (GoldBod), and Ethiopia with some adjustment of its central bank purchasing programme, have increased the quantities of ASGM that is exported legally from their countries. Although these results are promising, it is important to note that ASGM whose export has been declared has not necessarily been produced in compliance with all legal standards and may be linked to human rights violations, environmental degradation, money laundering or financing of armed conflicts. In other cases, such as Nigeria, Liberia, Malawi and Madagascar, although some measures have been taken, the majority of their ASM and semi-mechanised gold are still exported illegally.

Legal frameworks and its implementation differ substantially as well. Madagascar and Ethiopia have developed different mining titles for artisanal and small-scale mining. Ghana and Burkina Faso have created legal distinctions between artisanal and semi-mechanized mining, although enforcement remains inconsistent. Nigeria stands out for applying a single SSML license, which blurs the line between artisanal and small-scale industrial operators, contributing to regulatory ambiguity. Liberia and Malawi offer Class C or similar licenses for artisanal operations, suffer from low levels of uptake and weak enforcement mechanisms.

Fiscal regimes add another layer of divergence. Ghana has opted for a tax-free policy on ASM gold exports as a deliberate incentive for formalization. Conversely, Malawi, Madagascar and Ethiopia continue to apply royalties of at least 5%. Although moderate on paper, they are often seen as excessive when combined with local levies, unofficial fees, and extortion. Tanzania imposes a 6% royalty, but offers tax relief for gold processed domestically. Across most countries, the combination of statutory and informal taxation, coupled with limited visibility of the benefits of compliance, discourages formalization and perpetuates underground trading networks.

Security dynamics further differentiate country contexts. Nigeria, Ethiopia, and Burkina Faso face severe security threats in many of their gold-producing areas, where armed groups have established control and imposed informal taxation on gold flows. These conditions severely limit state access and regulation. By contrast, in Liberia and parts of Ghana, although overt violence is less prevalent, elite capture and entrenched corruption continue to undermine reform efforts. Tanzania stands apart for its relative political stability and stronger administrative reach, which have facilitated more effective implementation of gold market regulation.

Destination of the gold. The majority of the ASM and semi-mechanised gold from the 8 countries ends up in the United Arab Emirates (UAE). The gold is either directly exported (legally or illegally) to the UAE or smuggled to neighbouring countries from which it is mainly exported to the UAE.

Beyond tax evasion: maintaining macroeconomic stability trough the central banks

In almost all the countries studied – with the notable exception of Liberia and the special case of Burkina Faso – central banks have gradually taken on an active role in managing gold flows from artisanal mining. This phenomenon is part of a global trend among central banks to increase their purchases of gold mined in their own countries (World Gold Council 2025). The objective of the central banks has mainly taken two forms. Firstly, the domestic purchase of gold, aimed at strengthening national reserves and stabilizing local currencies; Secondly, a mandatory currency repatriation and conversion regime, which allows foreign exchange reserves to be replenished and capital flows to be controlled.

In **Ghana,** the newly created Ghana Gold Board (GoldBod) is the state agency managing gold purchases on behalf of the Bank of Ghana. The formalization strategy is based on close coordination with the Central Bank through the *Domestic Gold Purchase Program*, which requires mining companies to sell 20% of their production to the Bank of Ghana. This measure has significantly increased gold exports, while reducing dependence on foreign currency for imports. It is complemented by the commissioning of a national refinery, strengthening the domestic value chain.

In **Burkina Faso,** the approach is more coercive with the creation of SONASP, a public entity responsible for centralizing artisanal gold. Since the suspension of private exports in February 2024, SONASP has collected more than 11 tons of gold in the first quarter of 2025. This strategy has increased national reserves and consolidated state control over a historically informal sector, while supporting the Alliance of Sahel States (AES)'s sovereign monetary ambitions.

In **Ethiopia,** the National Bank (NBE) combines strict monetary control with a strong incentive policy: premiums above the official price are offered to divert gold from the black market and strengthen reserves. This policy is part of a very rigid currency repatriation and conversion regime, which produce promising effects.

In **Tanzania,** the Bank of Tanzania, the country's central bank, introduced a requirement in 2024 for producers to reserve 20% of their production for the state, to be delivered to refineries in Dodoma and Mwanza. This system makes it possible to better capture artisanal gold, while promoting local processing. The measure has been made possible by a stronger institutional framework and greater state presence in mining areas.

In **Nigeria,** the public gold purchase program (National Gold Purchase Program) remains modest. In 2024, only 70 kg of gold was acquired, mainly to inject liquidity into the rural economy. The Central Bank is beginning to play a structuring role, but the system remains embryonic and struggles to compete with the dominant smuggling networks.

In **Malawi,** the Reserve Bank, the country's central bank, operates through the Export Development Fund (EDF), which has purchased limited quantity of gold to date. This strategy aims to reduce pressure on foreign exchange reserves, although poor logistical and digital coverage still hamper its effectiveness. Mobile counter and rapid analysis projects are underway to improve artisanal gold capture.

In **Madagascar,** the Central Bank suspended exports in 2020 to build a national gold reserve of around 1 tonne, certified to LBMA standards. The new system set up with the Centrale de l'Or (COM) provides for centralized purchasing, mandatory certification prior to export, and a national database, but implementation remains limited by the lack of regional offices and a slow ramp-up of the new system.

In the most committed countries (Ghana, Burkina Faso, Tanzania, Ethiopia), the central bank or public institution responsible for gold collection has succeeded in:

- Strengthening its national gold reserves as a strategic asset in a context of foreign currency volatility.
- Reduce value leakage by capturing artisanal gold that was previously exported illegally.
- Temporarily stabilize the national currencies by influencing official exchange rates or reducing pressure on foreign exchange reserves. Alternatively, prepare for the creation of a national currency, as is the case for Burkina Faso.
- Support a strategy to formalize the artisanal sector and hopefully reduce flows to the informal market. However, it is important to note that **the formalization of the sector is still a significant challenge in these countries. Currently, there is still a high risk that ASGM whose export has been declared has not been produced in compliance with all legal standards and may be linked to human rights violations, environmental degradation, money laundering or financing of armed conflicts.**

In countries with more recent or limited mechanisms (Nigeria, Malawi, Madagascar), the effects are still modest, but the dynamics at work point to a paradigm shift, with artisanal gold no longer seen as a marginal or uncontrollable sector, but as a lever for monetary policy and macroeconomic stabilization.

Methodology

Scope, duration and methodology of the study
The study examined artisanal gold mining in eight African countries between March and August 2025. No fieldwork was planned, but semi-structured interviews were to be conducted remotely with authorities in these countries. SWISSAID has conducted interviews with representatives from seven of the eight countries covered by the report. Despite numerous reminders, some of the authorities' representatives responded late or did not follow up, preventing in-depth interviews from being conducted in all countries. Nevertheless, significant efforts were made to collect, verify, and structure the available data, drawing on official sources, reports from specialized organizations, as well as targeted interviews with experts and authorities in the countries available for our interviews.

Sources and visual references
Part of the study's content is based on data collected by SWISSAID, summarized in the organization's 2024 report, *On the Trail of African Gold* (SWISSAID, 2024). This document constitutes a major reference in regional analysis of gold flows and served as a basis for clearly representing complex and often hidden dynamics. The production, export, and flow destination data are largely based on country data collected for this report. They have been updated to the extent that recent information was publicly available.

Exclusive focus on artisanal and small-scale mining (ASM)
The study focuses exclusively on the artisanal and small-scale mining (ASM) segment. It does not take into account revenue losses or tax evasion associated with industrial mining (LSM) or mid-sized mining. This methodological choice allows for a better focus on the issues specific to the informal sector and the formalization dynamics specific to ASM, but implies that certain economic flows are outside the scope of analysis.

Assumptions used for calculating tax losses
The estimates of tax revenue losses related to ASM are based on a simplified methodology. They do not take into account certain potentially applicable taxes and duties, such as value-added tax (VAT), personal income tax, or corporate tax. The focus is primarily on losses related to the non-collection of royalties, based on an estimate of production volumes that fall outside formal marketing channels. These volumes are based on public estimates, sometimes adjusted based on our own analysis.

This methodological choice reflects the limitations of data access and the difficulties in modelling the entire tax system applicable to the sector. Due to the lack of reliable data on the number of gold miners operating illegally (without a license or gold mining card), and the absence of data on the areas illegally mined by gold miners, it is not possible to calculate revenue losses resulting from the non-collection of permit fees or the surface area tax.

Constraints and limitations of the analysis
The study faced several major methodological challenges. First, the distinction between artisanal and medium-sized mining is often blurred, both in texts and in practice. This ambiguity makes it difficult to precisely categorize stakeholders, particularly in contexts where companies present themselves as artisanal while operating on a semi-mechanized or even industrial scale.

Second, the available data are often imprecise, sometimes even contradictory between institutions in the same country, outdated, or simply non-existent in open sources. Moreover, given the sensitivity of the kind of data used in this study, some institutional representatives have been reluctant to share or discuss it. The data collected is indicative and should not be regarded as exhaustive.

Despite these limitations, this cross-analysis between eight countries with diverse profiles but facing largely similar challenges in terms of artisanal gold mining, gave us the opportunity to go beyond the primary objective of this study – calculating tax losses caused by illicit gold flows – to analyze the reform ambitions of several of these states and the challenges that they entail in the near future.

Tanzania

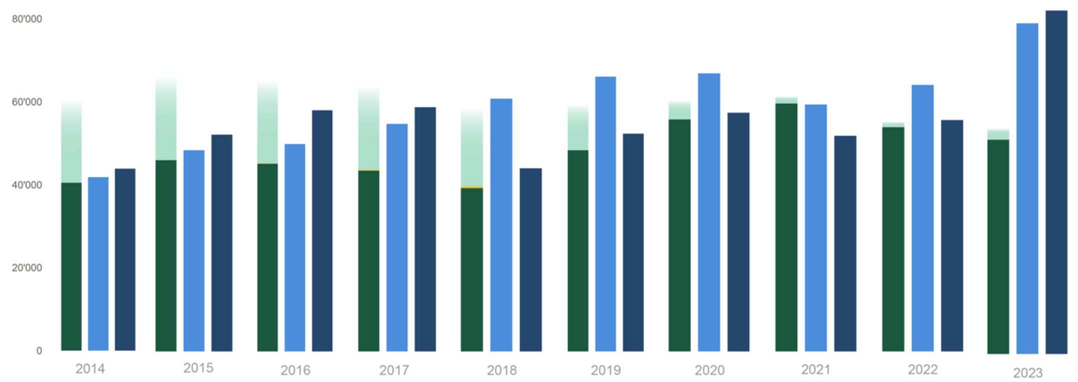
1. Overview of the gold sector in Tanzania

Artisanal gold mining has been going on in Tanzania for several centuries. The industry took off in the late 19th century and was revived in the early 2000s (E&MJ, 2012). In 2024, Tanzania ranked eighth among Africa's gold-producing countries (World Gold Council 2024). In the last ten years, as shown in the graph below, the official production as well as the gold exports have increased in the country. In 2024, gold accounts for around 83% of the country's mining export earnings and nearly 37.4% of total national exports (Tanzania Invest, 2025).

Tanzanian gold is currently mined mostly in the greenstone belts, south, east and west of Lake Victoria, in the Geita, Shinyanga, Mara regions, and Mbeya (Lupa goldfields) regions. Gold mining is present, but on a smaller scale and mainly ASGM, in the Tabora, Singida, Katavi regions, and in the south-east of the country (IIED 2018: 22).

The country boasts large industrial mines operated by companies like AngloGold Ashanti and Barrick Gold, alongside a significant artisanal gold mining sector. Around two thirds of Tanzania's gold is produced by industrial mining and a third by artisanal and small-scale gold mining (ASGM). According to EITI, there are 1.5 million ASM gold miners in the country (EITI, 2022).

Overview of the gold sector in Tanzania



Kilogrammes

- Total declared production (Bank of Tanzania)
- Import (UN Comtrade HS 7108, data reported by countries of origin)
- Estimated non-declared artisanal and small-scale production (report of a parliamentary committee 2013, cited in Reuters, Mining Technology; adjustments made by SWISSAID)
- Export 1 (Ministry of Finance and Planning)
- Export 2 (UN Comtrade HS 7108, data reported by countries of destination)

The importance and expansion of the sector, as well as some multilateral organisations' initiatives, have prompted the Government of Tanzania to initiate major reforms, particularly with regard to ASGM formalisation (Mangasini et al. 2025). The Mining Act of 2010 was amended in 2017, increasing the state's stake in gold projects, raising royalties, introducing a raw mineral export ban, and establishing that all earnings from mining have to be deposited with local financial institutions (Mangasini et al. 2025).

On the institutional front, the government established the Mining Commission (MC) in 2017 to regulate and monitor mining operations in the country. This commission is responsible for issuing licenses, supervising artisanal and industrial mining activities, and collecting royalty and inspection fees (The Mining Commission). To strengthen control over informal production and marketing networks within the country, in 2019, the mineral markets and buying centres were established, with the ultimate goal of capturing artisanal production (by bringing sellers closer to buyers), combating smuggling, and facilitating taxation at the source (TEITI 2021: 24).

2. Legal framework for licensing and regulating ASGM

In Tanzania, the mining sector is governed by the Mining Act of 2010, which was amended in 2017 (The Mining Commission). According to this text, several mining titles can be obtained from the Tanzanian Mining Commission for artisanal mining. **Primary Mining Licences (PMLs)** are reserved for Tanzanian citizens (individuals or companies) for artisanal mining on a maximum surface area of 10 hectares, employing machinery or technology with an initial investment capital not exceeding USD 5 million (art. 4). PMLs are granted for a renewable period of 7 years (art. 55). They are the most common type of license. Depending on the year, they account for between 80 and 95% of licenses issued by the Mining Commission. In 2024, 6227 PMLs were granted (Mining Business Africa 2025).

Mining Licences (MLs) are for semi-industrial or industrial projects covering up to 10 km², requiring an environmental impact assessment. In 2024, only 25 MLs were granted (Mining Business Africa 2025).

Other types of licenses include those for large and medium-scale mining (**Mining Licences** and **Special Mining Licences**), gold processing (**Processing Licences**, **Refining Licences**, and **Smelting Licences**) and gold marketing. In the latter category, **Dealer Licenses** (DLs) authorize buying and selling, and **Broker Licenses** (BLs) authorize gold intermediation. These licenses are required to operate in the mineral markets. In 2024, 548 DLs and 1,290 BLs were issued (Mining Business Africa 2025).

3. Gold production

In FY 2023-2024, 50.4 tonnes of gold have been officially produced in Tanzania (The Mining Commission, n.d.). In terms of type of gold, 29 tonnes of gold have been produced by large-scale mines, 4.1 tonnes by medium-scale mines and 17.3 tonnes by small-scale mines (Response from the Mining Commission, August 2025). According to the Mining Commission's annual reports, the formalization efforts undertaken by the Tanzanian authorities appear to be boosting official artisanal gold production. In FY 2018-2019, 12% of officially produced gold was of artisanal origin (Mining Commission, 2019), rising to 29% in FY 2019-2020 (Mining Commission, 2020) and 38% in FY 2021-2022, namely 20 tonnes (Mining Commission, 2022). This increase is explained by the establishment of mineral markets in different parts of the country (Mining Commission, 2020). These estimates do not take into account the volumes of artisanal gold sold illegally, which are very likely declining, but nevertheless persist, as shown by seizures of gold at the border that was meant to be smuggled out of the country (The Citizen, 2024). The Mining Commission has no current estimates of the total amount of gold mined annually by unlicensed ASM miners (Response from the Mining Commission, August 2025).

Incidents involving ASM miners invading and occupying mining sites have been reported in Tanzania. Mining sites have long been affected by violence and repression (Bloomberg, 2013; RAID, 2020; Al Jazeera, 2022; Human Rights Watch, 2024).

4. Gold trade

The Tanzanian gold trade is characterised by both declared and undeclared exports. Despite some notable reporting inaccuracies on the Tanzanian side, which made it difficult to determine final figures and conduct precise mirror analyses, it can be said that countries such as India, South Africa, Switzerland, and the United Arab Emirates (UAE) feature among known and stable destination countries for Tanzanian gold.

A part of this gold has not been declared at the Tanzanian customs (UN Comtrade, 2025). In particular, the UAE imported substantial quantities of illegal gold, both produced in Tanzania and presumably smuggled into the country from neighbouring Democratic Republic of the Congo (DRC) (GI-TOC, 2021). The opening of the mineral trading centres in 2019, mineral markets (numbering 43 today) and buying centers (109), has most probably had a positive impact on the formalisation of the sector and the fight against smuggling (Ministry of Minerals, 2025). This can be seen from the notable increase in quantities of ASM gold declared at the production level, on the one hand, and the volumes of Tanzanian gold declared as export to the UAE (UN Comtrade, 2025). Nevertheless, the role of neighbouring Uganda remains unclear and that country might be involved as well in the smuggling of gold out of Tanzania from 2018-2019 onwards (The Independent, 2021).

The Mining Commission recognizes that it is still possible that a significant part of ASGM production is smuggled abroad. It explains that this occurs “despite the establishment of not only a mineral market but also a Task Force for combating mineral smuggling. Although smuggled gold seems to be attributed to unlicensed artisanal miners, licensed miners and dealers are frequently involved due to pre-financing arrangements”. To explain why these illegal gold exports continue, the Mining Commission states that “controls rely heavily on paperwork and physical verification instead of advanced technology on metal detections, due to limited internet access and other environment factors at many artisanal mining sites” (Response from the Mining Commission, August 2025).

In October 2024, Tanzania imposed an obligation on all mineral rights holders and licensed dealers to sell at least 20% of their gold directly to the Bank of Tanzania (BoT), the country’s central bank, or to two state-designated refineries, the aim being to enable the BoT to build up its gold stocks (TMD, 2024). The BoT buys gold at the international market price (Bank of Tanzania, 2024).

In fact, in 2024, the authorities claim to have exported 58 tonnes of gold, i.e. almost the entire annual production (Import Globals, 2025). From 2025 onwards, however, the flow of exported gold is likely to decrease, as the BoT purchases more and more refined gold. To date, the Bank is said to have purchased 5 tonnes of gold (East African, 2025), after a delay linked to the pre-financing agreements between certain operators and their trading partners and the absence of accredited domestic refineries (Bank of Tanzania, 2024).

There are indications that local elites might be involved in gold smuggling networks and that some state officials might play a key role in enabling this type of traffic (Enact, 2021). In 2019, suspects were arrested while attempting to smuggle 324 kg of gold out of the country (Xinhua, 2019).

5. Tax regime and estimated tax losses

Tax regime

Country	Mining title	Permit duration (years)	Ownership of a mining title		Surface tax	Royalty
			Granting	Renewal		
Tanzania	Primary Mining Licence	7	TZS 50,000	TZS 100,000	TZS 180,000/ha (2–10 ha), TZS 90,000/ha (<2 ha)	6% (reduced to 4% since 2024 when sold to local refiners)

The tax system for gold in Tanzania is based on several levers:

- **Mining title**: the granting of a Primary Mining Licence (PML) is subject to a fee of TZS 50,000, with a renewal fee of TZS 100,000 every seven years.
- **Surface tax**: An annual surface royalty applies depending on the size of the site: TZS 180,000/ha for areas between 2 and 10 hectares, and TZS 90,000/ha for sites under 2 hectares. Based on an estimated 40,000 ha of exploited surface area, this would amount to a theoretical annual revenue of USD 2.02 million.
- **Royalty**: With the 2017 revision of the Mining Act, a 6% royalty applied to all gold production, including from ASM, and was directly withheld at the point of sale in mineral markets. An additional 1% inspection fee was collected on behalf of local authorities (Ministry of Minerals). However, since 2024, the government has introduced strong tax incentives for gold sold to approved local refining centres: the royalty has been reduced to 4%, the inspection fee has been waived, and the value-added tax (VAT) has been eliminated on sales to the BoT, while the 1% inspection fee has also been abolished for locally refined gold (Bank of Tanzania, 2024).

Estimated tax losses

Although artisanal gold production was historically linked to high levels of smuggling, regulatory measures taken recently appear to have drastically reduced illicit flows. While earlier analyses estimated that one third of national gold output came from ASM, official data for 2021/2022 shows that 38% of Tanzania's gold came from ASM, suggesting improved formalisation. In 2023, illicit gold flows have been estimated by SWISSAID at 12 tonnes per year (based on the trade gap with the UAE), with a gross value of approximately USD 1,29 billion (based on an average gold price of USD 108,000/kg, World Gold Council, June 2025).

- **Royalty:** based on the 6% withholding tax and an estimated 12 tonnes of gold exported illegally, the revenue losses due to the non-payment of royalties correspond to USD 77.76 million.

- **Inspection fee:** the inspection fee represents USD 2.65 million.

6. Factors explaining illicit gold flows

Despite the progress made, several factors explain the persistence of informal gold mining.

Gold miners consider taxation to stand in the way of competitiveness. The overall financial burden is heavy for operators, especially as there are several forms of taxation as well as additional, hidden costs. On the one hand, local authorities impose various taxes and administrative charges at district or village level. On the other hand, informal levies were frequently demanded by local committees or community groups that control access to mining sites or certain infrastructure, at least until 2019 (IPIS, 2019). Added to this are customary payments to traditional chiefs or landowners, which are often perceived as user fees or contributions to the community. This multiplicity of levies creates a cumulative burden that weighs heavily on smallholders, who have limited financial resources. This situation discourages many of them from registering with the mining authorities. Thus, a large part of the business remains informal.

This environment makes tax avoidance strategies more attractive. Under-reporting of mined volumes seems to persist, facilitated by the absence of effective control mechanisms at mining sites (IPIS, 2019). Furthermore, it is common for gold sales prices declared to the authorities to be lower than international market prices. This enables buyers or exporters to pay less royalty on the gross value of the gold (IPIS, 2019).

Powerful smuggling networks, often made up of foreigners with substantial financial resources, remain attractive to a large number of gold miners. Their ability to pre-finance gold miners' operations remains a powerful lever in keeping these actors in informal networks (The Chanzo, 2025). With no financing capacity backed by commercial banks or the state, gold miners remain dependent on these networks to finance their operations, which sometimes require substantial resources (machinery, equipment). In particular, Chinese investors form partnerships with local PML holders or independently set up mining, milling and processing operations, even though foreigners are not allowed to hold licenses (Ore Pulse, 2024).

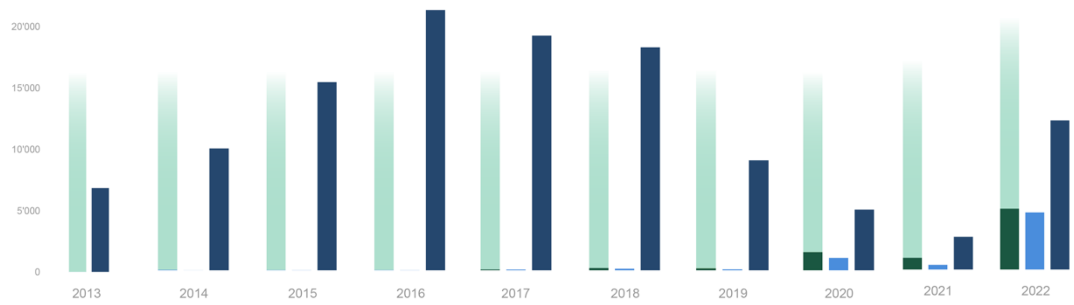
The fact that PML brings together two very different levels of operation, namely artisanal and semi-mechanized, under a single license can create difficulties in adapting the rules to the reality of practices. The needs and risks associated with a small-scale, manual operation are not the same as those of a semi-industrial operation using motorized equipment (Mdee, 2015). Furthermore, actors with sufficient capital can circumvent the stricter requirements of industrial permits by operating under cover of PMLs, while using semi-industrial technologies. It is difficult for the tax authorities to apply scales adapted to very heterogeneous extraction volumes under the same regime. Furthermore, assistance, training or credit programs for artisanal miners run the risk of benefiting semi-mechanized operators if no technical or financial criteria are applied to distinguish them.

Nigeria

1. Overview of the gold sector in Nigeria

Nigeria is a medium-scale mining producer in the African context. Artisanal forms of gold panning date back to pre-colonial times, and its geological potential is well established, but the sector remains largely underdeveloped, partly because the country is still largely dependent on oil revenues. Despite its vast mineral wealth, the sector contributes minimally to the nation's GDP, accounting for 0.75% as of 2023, a percentage that has been rising steadily since 2019 (0.26%) (NEITI, 2023). As we can see in the graph below, the total (formal and informal) production of gold in Nigeria is estimated to be about 20 tonnes per year.

Overview of the gold sector in Nigeria



Kilogrammes

- Total declared production (Ministry of Mines and Steel Development)
- Import (UN Comtrade HS 7108, data reported by Nigeria)
- Estimated non-declared artisanal and small-scale production (Federal Ministry of Environment 2021)
- Export 1 (Ministry of Mines and Steel Development)
- Export 2 (UN Comtrade HS 7108, data reported by countries of destination)

Source: SWISSAID, 2024

Until recently, all the gold extracted came from artisanal and small-scale mining (ASM). Artisanal gold mining is concentrated in the northwest and central regions of the country: Zamfara, Kebbi, Kaduna, Niger, Katsina, Kogi and Osun (NEITI, 2020). Five of these regions are affected by multifaceted insecurity (banditry, vigilantism and jihadism) which directly affects the state's ability to control production (interview with a Nigerian mining expert). It is estimated that over 260,000 miners are directly involved in ASGM in Nigeria, including 50% in Zamfara State alone (FME 2021: 21). Officials from the Nigeria Revenue Service asserted that they do not have any recent comprehensive data (Interview with a Nigeria Revenue Service agent, August 2025). Nigeria first industrial mine, the Segilola Gold Project owned by Thor Explorations Ltd., started its commercial production in 2021 (SWISSAID, 2024).

In recent years, Nigerian authorities have embarked on a series of reforms of the mining sector. The former President, Muhammadu Buhari, was behind four major initiatives. In 2019, he launched the Presidential Artisanal Gold Mining Initiative (PAGMI), aimed at formalizing artisanal gold mining in Nigeria, not only by registering and formalizing the status of artisanal miners, but also by inserting them further into the formal market within the country's legal and economic framework (The State House). According to official figures, PAGMI has enabled the formalization of 20,000 artisanal and small-scale miners and has also strengthened the state's capacity to monitor the gold sites through the use of software technical solutions and to track artisanal gold miners through National Identification Number (NIN) (interview with a Nigeria Revenue Service agent, August 2025). Authorities would like to develop geo-tagging mining sites and traceability systems to track gold from mine to market (Interview with a Nigeria Revenue Service agent, August 2025).

At the same time, President Buhari set up the Solid Minerals Development Fund (SMDF), a sovereign wealth fund, to catalyse private investment in the Nigerian mining sector, especially in the artisanal sector. In particular, this fund is designed to devote more resources to artisanal miners, which could be understood as a way to free them from a relationship of financial dependence on private, often foreign, investors, and to enable them to move away from artisanal and towards semi-mechanized, or even industrial mining.

Another fund, the Nigerian Artisanal and Small-Scale Miners (ASM) Financing Support Fund, was created in 2017 and initially endowed with NGN 5 billion. The fund offers loans at an annual interest rate of 5%, with amounts ranging from NGN 100,000 to 10 million for artisanal miners, and up to NGN 100 million for small-scale operators (Business News, 2017).

Finally, in 2020, Buhari launched the National Gold Purchase Programme (NGPP), with the stated aim of promoting local marketing and repatriating revenues from the gold trade (Ministry of Information, 2017). It has set up a centralized buying system with the creation of 400 buying centres (Daily Trust, 2020).

The scope of these initiatives is difficult to assess at this stage and much is still needed to formalise the sector, but signs of minor improvement have been registered by local experts on the field (SWISSAID, 2024).

2. Legal framework for licensing and regulating ASGM

The Nigerian mining sector is governed by the Nigerian Minerals and Mining Act of 2007 (NMMA), and the Nigerian Minerals and Mining Regulation (NMMR) of 2011. Only one type of license is granted, the so-called **Small-Scale Mining Lease (SSML**), which is granted to Nigerian citizens or companies on an area of up to 3 km², for a maximum of 5 years and is renewable. It can be obtained by an individual or by a group of artisans in a cooperative (art. 230, NMMR). It is intended for semi-mechanized operations. This accounts for the vast majority of licenses issued.

Since April 2023, the Nigerian Minerals and Mining Bill 2023, which will replace the 2007 Mining Act, has been under discussion in Parliament (KPMG, 2023). At this stage, it is difficult to know more about its content, apart from the fact that it would move some responsibilities from the federal government to the state governments, particularly with regard to the granting of licenses, through a new Minerals and Mining Commission that would centralize functions currently separated between different agencies (Oxford Business Group, 2024). There are also plans to strengthen community governance of the mining sector by reinforcing the role of local communities in decision-making (FNMHC, 2024). The new law should also offer tax benefits to operators who conduct local processing (Reuters, 2024).

3. Gold production

According to SWISSAID, actual annual gold production in Nigeria is around 20 tonnes, of which only a small proportion is declared (SWISSAID, 2024). According to the Federal Ministry of Environment (FME), Nigerian ASM produces around 16.3 tonnes of gold per year, an estimate extrapolated from field data across the country (FME, 2021: 70). By comparison, reported production rarely exceeded a few dozen kilos in the 2010s (SWISSAID, 2024). Since 2022, the commissioning of the first industrial mine, Segilola, has substantially increased official production. Every year since 2022, Thor Explorations Ltd. the company operating the mine, has reported having extracted between 3 and 2.6 tonnes of gold (Thor Explorations, 2025). These volumes represent the bulk of official gold production volumes, which reached 2.9 tonnes in 2022 and 2.7 tonnes in 2023 (NEITI, 2023: 93).

The authorities have deployed considerable resources to regain control of production in the country and to significantly reduce the volume of informal gold production (interview with a Nigeria Revenue Service agent, August 2025). Nevertheless, the government's ban on artisanal gold mining in Zamfara State and throughout the region, and the deployment of soldiers to enforce this ban since April 2019, have proved insufficient to eradicate illegal mining activities (SWISSAID interviews with sources in Zamfara and Kebbi). All the reforms undertaken since 2017, and described above, do not seem to have produced any major effect on the formalization of the sector. By way of example, the authorities report in 2021 that during a recent field survey, not a single artisanal license holder had been able to access credit from the aforementioned 5 billion fund (FME 2021: 71).

It remains to be seen what impact the new authorities' efforts will have. At the end of 2024, the Minister of Solid Minerals Development announced that 250 new cooperatives of artisanal miners (not just gold miners) had been created (Punch, 2024). At the same time, the new authorities seem intent on stepping up the fight against illegal mining, with the establishment of a mining police force of 2,570 marshals dedicated to protecting mining assets and dismantling illegal mining syndicates, with apparent successes (Vanguard, 2025).

4. Gold trade

The bulk of the gold produced in Nigeria is exported illegally and therefore does not appear in official Nigerian statistics. Over the last few years, exports rose slightly as industrial production increased; in 2023, 3.2 tonnes of gold was officially exported (UN Comtrade). Switzerland seems to be the only destination country for industrial gold produced in Nigeria.

The discrepancies between Nigeria's declared exports and destination countries' declared imports, in particular the United Arab Emirates (UAE), broadly confirm these trends and, above all, the fact that most of the gold trade escapes Nigerian authorities' control. Between 2013 and 2022, a total of 113.7 tonnes of gold have been illegally exported, almost exclusively to the UAE (SWISSAID, 2024).

While the UAE is the final destination, gold also transit through Niger and to a lesser extent through Togo and Benin. In these three countries, taxation is lower than in Nigeria, at between 0 and 1% royalty, which explains why Nigerian gold transits through these countries before reaching the UAE (SWISSAID, 2024).

In Nigeria, the purchase of minerals is subject to a license (art. 94 Nigerian Minerals and Mining Act, 2007). Minerals extracted under a small-scale mining lease must be sold to a licensed mineral supply center (art. 95 du Nigerian Minerals and Mining Act, 2007). But the authorities now also seem interested in adding value to artisanal gold mined locally. The National Gold Purchase Programme (NGPP), which exists since 2020 and aims to centralize gold purchases by the Central Bank, remained inactive for a long time. After 12.5 kg in 2020, no more gold was purchased for several years.

It was not until 2024 that a new transaction took place: over 70 kilograms of gold, extracted by artisanal miners and refined locally to international standards, were sold to the Central Bank of Nigeria (Daily Post, 2024). This refining was carried out on an experimental basis by the SMDF and can only involve small quantities. The refining capacity in Nigeria is currently limited; a major refinery project in Ogun State, which was inaugurated in 2018, was abandoned in 2021 (Daily Trust, 2021). The authorities' stated intention to make the granting of licenses conditional on companies processing their ore locally, no doubt hoping to create a knock-on effect in favor of new local processing units, illustrates this ambition (Reuters, 2024).

A report on illegal mining and rural banditry in North-West Nigeria states that gold has become one of the most routinely smuggled commodities in Nigeria, traded on the international market through neighbouring Niger and Togo to Dubai in the United Arab Emirates (Enact, 2020b: 4, see also Enact, 2020a). Nigerian gold smuggling activities to the UAE are well acknowledged by Nigerian authorities, with the Federal government of Nigeria negotiating a bilateral agreement with its Emirati counterpart to "track [this] huge illegal movement of gold from Nigeria to Dubai" (CBN, 2021: 85, see also Vanguard, 2021). Gold smuggling is often done using private jets (The Street Journal, 2021), which suggests that this traffic potentially involves individuals belonging to the country's economic or political elites. The traffic is also sustained by corruption of politically connected individuals who collaborate with foreign nationals and corporations to sell gold and routinely smuggle it (Enact, 2020a). Criminal syndicates and organized crime groups also seem to be involved in smuggling operations, often funding criminal activities or banditry in Northern Nigeria (The Conversation, 2025), but smuggling is also linked to money laundering and the financing of terrorism, which drew the attention of the UNODC and the Financial Action Task Force (Marble Partners, LP).

5. Tax regime and estimated tax losses

Tax regime

Country	Mining title	Permit duration (years)	Ownership of a mining title		Surface tax	Royalty
			Granting	Renewal		
Nigeria	Small Scale Mining Lease	5	NGN 300,000	NGN 30,000	NGN 260,000/ cadastral unit	3%

The tax system for gold in Nigeria is based on several levers:

- **Mining title**: the granting of a Small Scale Mining Lease (SSML) is subject to the payment of a fee of USD 196 (renewal of USD 19.6), and an annual tax of NGN 260,000 (USD 170) (Minerals and Mining Regulations, 2011). Based on the 669 SSMLs issued in 2024, this represents an amount of USD 141,000. In 2024, 52 licenses were renewed (MCO, 2025).
- **Surface tax**: Article 10 of the 2011 Minerals and Mining Regulations provides for an annual service fee of NGN 260,000 (USD 170) per cadastral unit. As of August 2024, 2,851 SSMLs were active. Assuming an average of 2 km² per SSML (equivalent to 32 cadastral units), this amounts to 91,232 cadastral units, yielding a theoretical surface tax revenue of approximately USD 15.5 million annually. This figure may be underestimated, as some artisanal miners operate without a valid SSML.

Estimated tax losses:

- **Royalty:** Based on official data from the Federal Ministry of Environment, 16.3 tonnes of ASM gold are produced annually (FME 2021: 70), with a total gross value of approximately USD 1.76 billion (based on an average gold price of USD 108,000/kg, World Gold Council, June 2025). Given that almost all this gold is exported illegally, and applying the statutory 3% royalty, this implies potential losses of USD 52.8 million per year.

6. Factors explaining illicit gold flows

Tax distortions and incentives to smuggling
One of the main obstacles to the formalization of the gold sector in Nigeria lies in the significant tax disparities between the country and its neighbours, as already highlighted. This disparity makes the Nigerian domestic market uncompetitive and encourages local actors to prefer informal outlets for the precious metal. This dynamic is largely facilitated by the porous nature of borders within ECOWAS, the absence of effective customs controls and widespread corruption, which facilitate smuggling to neighbouring countries, where the gold can then be exported to the international market with greater profitability (Guardian, 2018).

Inadequate tax system and informal pressure
The Nigerian tax system does not take into account the economic, social and technical realities of the artisanal gold sector. Artisanal gold mining is subject to multiple formal and informal levies that weigh heavily on producers (This Day, 2021). In addition to taxes imposed by public authorities, gold miners must make informal payments to customary chiefs, certain state agents or locally operating armed groups. These multiple fiscal pressures, combined with a climate of uncertainty and suspicion towards institutions, strongly dissuade producers from entering the formal framework, which they perceive as costly, unprofitable and potentially dangerous (This Day, 2021). Most miners will remain in the informal economy unless a public awareness campaign on the benefits of formalisation is organised, coupled with the development of tangible incentives such as access to financing, safer mining practices and infrastructure (interview with a Nigeria Revenue Service agent, August 2025).

Weight and sophistication of smuggling networks
Nigeria's informal gold sector is dominated by well-established, often transnational, smuggling networks, which play a decisive role in capturing production (ISS, 2024). These networks, sometimes linked to influential personalities, take charge of the entire logistics chain: collection, transport, security and sales on the international market. They have considerable financial resources at their disposal, and are able to advance funds to producers in exchange for exclusive sales rights. In some cases, notably in the 2010s, gold was flown abroad on private flights, illustrating the sophistication of these circuits. The existence of these well-oiled networks represents an attractive alternative to the official market, which is perceived as slow, opaque and restrictive.

Presence of foreign actors
This last question echoes the role of foreign actors, mainly Chinese, in illegal gold mining (ISS, 2024). These operators have substantial resources, both in terms of capital and equipment, which enable them to play a key role in pre-financing. They are generally active in the north-western and central regions of the country, areas that are rich in gold but poorly controlled by the state. This weak institutional presence facilitates clandestine operations, to the extent that there is evidence of collusion between certain foreign actors, local elites and, above all, local armed groups, further increasing the opacity and illegality of mining activity in these regions (ISS, 2024).

Insecurity in gold-producing areas

Nigeria's main gold-producing regions, notably the northwest and central regions, are marked by a particularly deteriorated security situation. The proliferation of armed groups, chronic insecurity and the absence of the state in certain areas stand in the way of any attempt at implementing regulation. In this climate of instability, artisanal and semi-mechanized mining operations often develop outside the legal framework. Recent studies have highlighted the close links between some of these operations, armed groups and representatives of local authorities (The Conversation, 2025, Enact, 2023). This configuration contributes to making the sector both opaque, vulnerable to illegal exploitation, and impervious to any formalization policy (Interview with a Nigeria Revenue Service agent, August 2025).

Structural deficiencies and a weak institutional framework

Last but not least, Nigeria suffers from a lack of infrastructure suited to the gold industry. Despite some successes reached by the PAGMI program, official collection centres are too few and far between, while no electronic gold traceability system is currently in place. These structural shortcomings prevent the implementation of a traceable, transparent, state-supervised value chain, and fuel a parallel system where informality remains the norm. FIRS and allied agencies may also lack adequate specialized expertise in mining-sector audits, transfer pricing in commodities, or trade-based money laundering involving gold (interview with a Nigeria Revenue Service agent, August 2025).

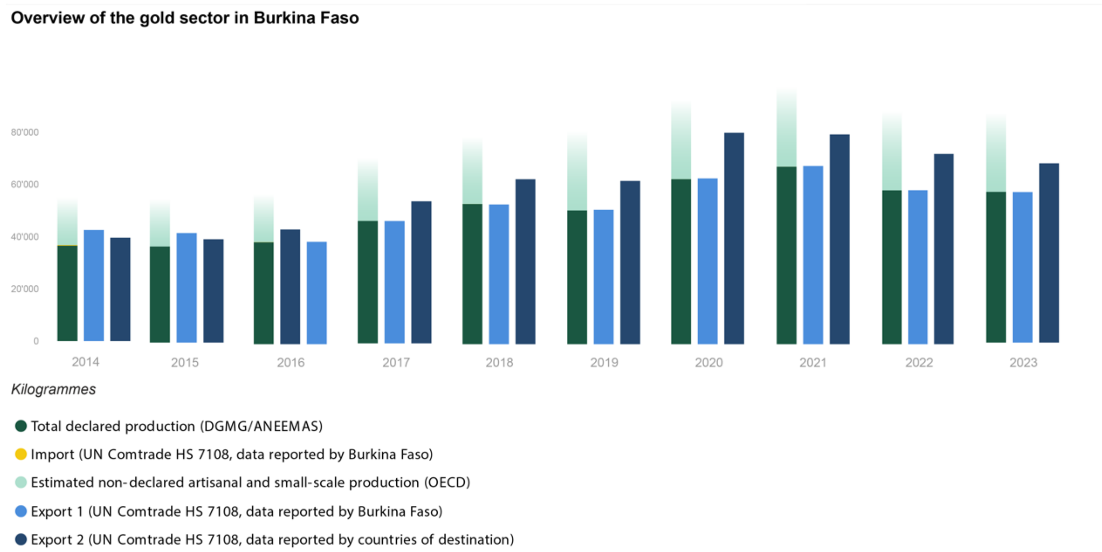
Enhanced Inter-Agency Coordination

The legal framework governing the trade and export of gold is fragmented, creating gaps (interview with a Nigeria Revenue Service agent, August 2025). Seamless cooperation is required between the FIRS, EFCC, Nigeria Customs Service, NFIU, the Federal Ministry of Mines and Steel Development, and the Central Bank. A Joint Illicit Gold Task Force should be established to track, audit and intercept suspicious gold exports and associated financial flows (interview with a Nigeria Revenue Service agent, August 2025).

Burkina Faso

1. Overview of the gold sector in Burkina Faso

Burkina Faso is a major gold-producing country. In recent years, the country ranked third or fourth among African gold-producing nations. The rise in world gold prices since 2005 attracted major foreign investment in mining exploration, which culminated in the opening of several industrial mines (e.g. Youga, Essakane, Boungou). In the last ten years, as shown in the graph below, Burkina Faso's total gold production (formal and informal) and gold exports have increased. In 2024, 61.5 tonnes of gold have been officially produced (Mines Actu, 2025) and gold accounted for more than 80% of Burkina Faso's export earnings (Mines Actu, 2025).



Source: SWISSAID, 2024 (updated)

The artisanal sector is extremely dynamic, but predominantly informal. Artisanal gold panning, which predates large-scale mining by a long way, has multiplied since 2010: it employs between 1 and 1.2 million people directly, or nearly 10% of the working population (EITI, 2021: 112).

The state has attempted to structure this sub-sector via the creation of the Agence nationale d'encadrement des exploitations minières artisanales et semi-mécanisées (ANEEMAS) in 2015, but the results have been limited. Among other things, this was due to a climate of insecurity that hampered ANEEMAS's ambitions to formalize the sector (interview with a mining expert in Burkina Faso). Insecurity has led to the closure of small-scale gold mining sites in various regions, which has also limited the state's capacity to manage these sites (EITI, 2024).

In 2023, a far-reaching institutional reorganization was launched with the creation of the Société nationale des substances précieuses (SONASP), endowed with a monopoly on the export of artisanal and semi-mechanized gold (Mines Actu, 2025), and the ambition to better capture the economic value of this activity. At the same time, a national refinery with a capacity of 150 tonnes/year is scheduled to be operational in Ouagadougou by the end of 2025, with the aim of limiting the export of raw gold and capturing more foreign currency (Jeune Afrique 2025).

2. Legal framework for licensing and regulating ASGM

Mining activity, whether industrial or artisanal, is governed by the new Mining code, adopted by the Burkina Faso's Transitional Legislative Assembly (ALT) on 18 July 2024 and promulgated as the Act n° 016-2024. This mining code specifies several levels of activity within small-scale mining (art. 3): *"small-scale mining, semi-mechanized mining, mining of mine and quarry heaps and dumps, and artisanal mining"* (Assemblée nationale, 2024).

Informal gold miners make up the majority of actors in the artisanal sector. Their activities are tolerated and sometimes de facto organized by legal titleholders (AEA or PESM), who subcontract the sites to them. These gold miners have no official mining rights, generally have no legal status, and make no contribution to tax revenues.

According to the mining code, the use of a minimum of mechanization (crusher, grinder, gravimetric concentrator) and electrical power requires an artisanal mining authorization (*autorisation d'exploitation artisanale*, AEA), valid for two years and renewable for two-year periods. The holder of an AEA, who can only be a cooperative of artisanal miners, can only sell its gold to an approved *comptoir* or buying counter (Decree 2025-0255). This title allows manual gold mining over a maximum area of 1 km². It requires payment of an environmental fee, a tax ID and a favorable technical opinion. However, the issuance of AEAs has fallen sharply since the fall of the Compaoré regime, which has contributed to the growing informalization of the sector.

Prior authorization is required to market gold. For individuals, this authorization takes the form of a gold and other precious substances mining artisan's card issued by the public organization for the purchase and sale of gold and other mineral substances (Mining Code, art. 238). Although Burkina Faso recorded as many as 67 private gold-buying *comptoirs* in 2016, only around ten declare regular volumes (ECDPM, 2020). The others are often suspected of being involved in money laundering or illegal gold exports. Since 2023, SONASP aims to centralize these operations via a state monopoly on the purchase of artisanal gold.

3. Gold production

Burkina Faso is a major producer of industrial and artisanal gold. The vast majority of the gold officially produced comes from industrial mines while artisanal and small-scale gold mines operate mainly informally. SWISSAID estimates that between 80 and 90 tonnes of gold have been produced in the country over the past few years (SWISSAID, 2024).

The latest available data indicate an industrial gold production of 53.38 tonnes in 2024 (Mines Actu, 2025). The main large-scale mines are Essakane (IAMGOLD), Hounde (Endeavour Mining), Sanbrado (West African Resources) and Bissa (Nordgold) (EITI, 2025: 61).

In comparison, official production of artisanal gold is low. Between 2014 and 2023, it fluctuated between 0.1 and 0.5 tonnes (Conseil national de la statistique) before reaching 8.1 tonnes in 2024 (Mines Actu, 2025). This change was mainly due to the announcement by the Minister of Mines in February 2024 of the suspension of export authorizations for gold and other precious substances produced by artisanal and semi-mechanized miners, in an effort to clean up the sector and improve the organization of gold marketing via SONASP (RFI, 2024). SONASP manages mutualized gold ore processing centers aimed at better controlling artisanal and small-scale gold mining (ASGM). The first of these centers was inaugurated in March 2024.

While there has been an increase in declared ASGM production in 2024, the majority of this type of gold is still produced informally in Burkina Faso. Estimates of total annual ASGM production published in the last ten years range between 9.5 and 49.6 tonnes (SWISSAID, 2024). The only official estimate of the volume of informal ASGM production stems from a 2017 survey conducted by Institut de la statistique et de la démographie (INSD). According to INSD, a total of 9.46 tonnes were produced nationwide, and the top two gold-producing regions were the North and South-West (INSD, 2017: 1). A report by the parliamentary commission of inquiry mentions a volume of 15–30 tonnes (Assemblée Nationale, 2016: 62, 69). The average of all available estimates suggests that informal ASGM produces 20 tonnes a year.

Volumes of semi-mechanized gold mining are currently virtually non-existent. This anomaly may be explained by the fact that semi-mechanized operators operate under artisanal permits to get around a less advantageous tax regime.

4. Gold trade

A part of Burkina Faso's gold is legally exported while another part is smuggled. Legally exported gold consists mainly of industrial gold exported to Switzerland and, to a lesser extent, ASM gold exported mostly to the United Arab Emirates (UN Comtrade, 2025). Significant quantities of ASM gold are smuggled out of the country, mostly through neighbouring countries. In 2024, SWISSAID estimates that it represented at least 20 tonnes of gold.

For a long time, ASGM trading relied on official comptoirs. However, they only captured 30% of ASGM production, with the remainder coming from the informal sector (EITI, 2025: 28). The vast majority of ASGM is smuggled out of the country, mainly to Togo and Mali, and to a lesser extent to Niger, Ghana, Benin and Côte d'Ivoire (Ministère de l'énergie, des mines et des carrières, 2023: 32; SWISSAID, 2024). The case of Togo, a key transit hub that produces insignificant quantity of gold, can be explained by its very advantageous tax system compared to Burkina Faso. Togo's gold exports were down for a time (no doubt due to the disappearance of Lomé-based trading companies) but have now picked up again. The UAE declared having imported from Togo 20 tonnes in 2022 and 42 tonnes in 2023 (UN Comtrade, 2025).

As previously mentioned, Burkina Faso seems to have entered a new era in 2024, with 8 tonnes of ASM gold declared at the production level. Following the suspension of exports in 2024, producers and collectors were forced to sell through SONASP, which explains the considerable increase in declared exports. SONASP has a monopoly on buying gold from approved *comptoirs*, processing gold and exporting it or issuing special export authorizations to companies.

It remains to be seen whether these officially declared quantities of gold are exceptional or will normalize over time. Two factors must be taken into account to explain this success. Firstly, the new regime of President Traoré, who came to power through a coup d'état in September 2022, has imposed an authoritarian system of governance, which has a dissuasive effect on potential offenders, especially as the country's borders are more rigorously controlled by the security forces. This is evidenced by a record seizure of 28 kg of gold in Bittou, at the border with Togo, in December 2024 (Sidwaya, 2024). Secondly, in line with the new authorities' firm stance, it has become very risky for gold miners to sell their gold to unregistered actors, or to seek to export it fraudulently out of the country. This exposes offenders to accusations of financing terrorism or attempts to destabilize the regime (e.g. financing a coup d'état). This fear is widespread throughout the country, prompting gold miners to turn to official channels to avoid any problems, even if this solution is less profitable.

For the time being, the 8 tonnes of gold that have been declared as production in 2024 have not been exported. SONASP kept them to constitute a "national gold reserve" (interview with a mining expert in

Burkina Faso). This reserve is fed not only by the purchase of gold, but also by the various methods listed in Decree 2025-0414 of April 8, 2025: seizures and confiscations of gold, payment in gold of dividends due to the state or of fines, in particular (Decree 2025-0414). In addition, according to article 5 of the decree, the state may exercise a pre-emptive right on any gold production.

The expected advantages of the national gold reserve for the state are that it should offer a physical guarantee for public loans and prepare for the launch of the Alliance of Sahel States (AES)'s currency (interview with a mining expert in Burkina Faso).

Artisanal and small-scale gold mining in Burkina Faso are at the heart of several types of criminal activity. In 2023, EITI Burkina Faso conducted a study which found that the majority of cases of fraud documented and dealt with by the justice system involved illegal possession and transport of gold (without a valid license) for nearly half of the offences, regulatory offences (lack of regulation), the concealment of gold declared as another mineral substance, cases of undeclared exports, cases of money laundering (using the hawala system), and cases of currency trafficking exchanged for gold purchased above the international price (EITI, 2024). The region most affected by this crime is the South-West, which accounts for 81% of the cases recorded.

Since the outbreak of the security crisis in 2016, artisanal and small-scale mines have become a recruitment ground and source of funding for terrorist groups, which has led the authorities to close certain sites in the Sahel, East and Boucle du Mouhoun regions (Jeune Afrique, 2023; EITI, 2024).

5. Tax regime and estimated tax losses

Tax regime

Country	Mining title	Permit duration (years)	Ownership of a mining title		Surface tax	Annual fee	Royalty
			Granting	Renewal			
Burkina Faso	AEA (Autorisation d'exploitation artisanale)	2 (art. 144 Loi n° 016-2024)	XOF (CFA francs) 1 million	XOF (CFA francs) 1.5 million	XOF (CFA francs) 1.5 million per km²/year	XOF (CFA francs) 2 million	100 XOF/gram

The tax system for gold in Burkina Faso is based on several levers:

- **Mining title** : The cost of permits (excluding exploration permits), i.e. XOF (CFA francs) 1 million (USD 1,793) for AEA.
- **Surface tax**: Surface taxes are set at XOF 1.5 million per km² per year for AEAs (Autorisation d'exploitation artisanale) and PESMs (Permis d'exploitation semi-mécanisée) as per art. 16 of decree 2025-0331. A portion of these taxes is allocated to the "Fonds de réhabilitation des sites d'exploitation". Given approximately 700 gold panning sites, each averaging 10 hectares (0.1 km²), the total surface area is 70 km². This generates potential revenue of USD 220,000 per year for artisanal mining.

- **Royalty**: AEAs: Holders must pay a proportional gold royalty of XOF 100 per gram, collected by the *comptoirs* and paid to SONASP (art. 19 of decree 2025-0331). This royalty was reduced from previous rates due to complaints from miners about excessive levies and impositions on the revenue from exports that is repatriated to the country by the Central Bank.
- **Annual fee:** AEA holders must also pay an annual fixed fee of XOF 2 million (art. 12 of Decree 2025-0331).

Estimated tax losses

- **Mining title**: Based on 2023 data, 7 AEA permits were issued, corresponding to a production of 0.42 tonnes (EITI, 2025). Extrapolating to 20 tonnes per year suggests a potential for 40 times more permits. Given the cost of the AEA permit (XOF 1 million or USD 1,793), this could generate USD 71,700.
- **Royalty**: The analysis of tax losses in Burkina Faso is complex due to the lack of precise data on undeclared mining activities. Assuming a non-declared production of 20 tonnes per year at an average price of USD 108,000 per kg (World Gold Council, June 2025), the gross value of this gold on the international market is approximately USD 2.16 billion. For gold mined under AEAs, the loss is estimated at USD 3.6 million.
- **Revenue from gold miner cards**: With an estimated one million miners paying XOF 5,000 (USD 15) per card, the potential revenue is USD 8.9 million per year.

6. Factors explaining illicit gold flows

Despite the increase in official artisanal gold production in 2024, several factors are likely to continue to encourage the informalization of the sector.

Taxation continues to appear dissuasive compared with what is practiced in the sub-region, especially for semi-mechanized gold, and there may be a risk of gold miners seeking to sell to Ghana, where taxation is now zero.

Growing insecurity in the country is preventing the authorities from taking control of sites in many regions, which encourages the development of informal networks and even the seizure of certain gold mining sites by armed terrorist groups. This is particularly the case in the Sahel and Eastern regions. These groups levy taxes, impose rules and benefit from gold revenues.

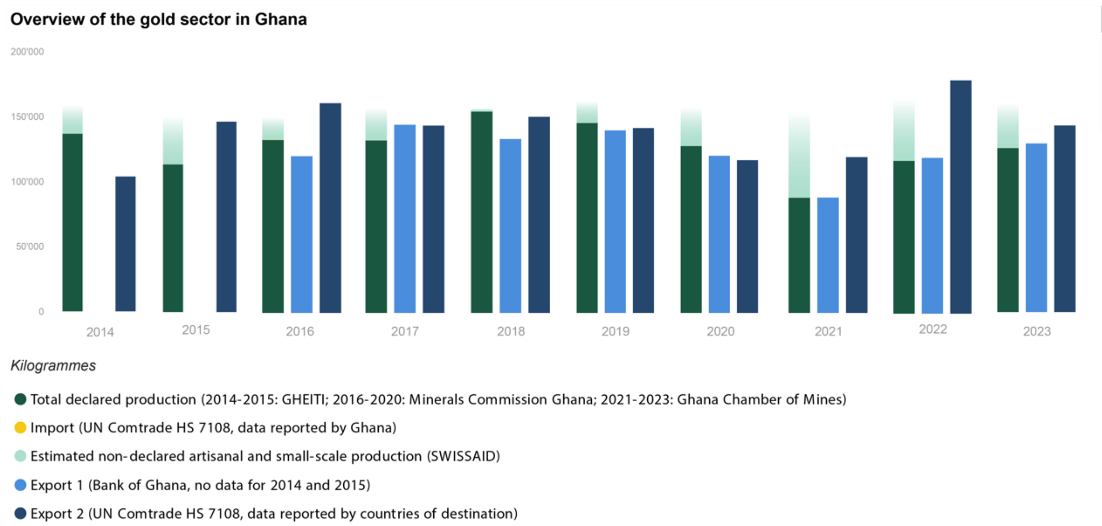
The role played by corruption, as in all other countries, is real and difficult to measure accurately. Cases of extortion by agents of the security forces, under-reporting of quantities actually produced and the stranglehold of certain political and economic elites on the mines were recently documented (EITI, 2025). Some of these practices will persist, while others may be curtailed by the current authoritarian governance.

The gold sector in Burkina Faso seems to be affected by money laundering. There are testimonials of situations where buyers of different nationalities were buying gold at an up to 50% higher price than the local market price (interview with a Burkinabè official, June 2025).

Ghana

1. Overview of the gold sector in Ghana

Ghana is one of Africa's oldest gold-producing countries. Under the Ashanti Empire, gold already played a central role in the regional economy and trade, which earned the country its nickname of *Gold Coast* under British rule (Hilson, 2002). Today, despite the rise of the industrial sector, artisanal and small-scale gold mining (ASGM) remains a crucial activity for hundreds of thousands of people, many of whom operate on an informal or illegal basis and are referred to locally as *galamsey*. ASGM is present in nine of the 16 regions of Ghana: Ahafo, Ashanti, Bono, Western, Eastern, Central, Savannah, Upper East and Western North (Takyi et al. 2021). Since 2023, Ghana has been Africa's leading gold producer, largely thanks to the strong growth of ASGM. Gold accounted for 57% of the country's total export earnings in 2024 (African Business, 2025).



Source: SWISSAID, 2025 (updated)

Ghana has carried out major reforms in recent years. The Minerals and Mining Act (Act 703, 2006), which still governs mining activities in the country, is currently being reformed. This represents the most extensive reform of the country's mining laws in two decades (Discovery Alert 2025).

In March 2025, the government announced that all artisanal and small-scale mining (ASM) licenses issued after December 7, 2024 would be revoked. The measure was aimed at combating fraudulent practices in the allocation of mining titles. At the same time, a moratorium on the allocation of new licenses was declared (Ghana Web 2025).

In March 2025, the government also created the Ghana Gold Board (GoldBod), a public authority responsible for buying, testing, certifying and exporting gold from small-scale mining (GoldBod, 2025). This measure was aimed at reducing smuggling and centralizing gold flows. Since May 1, 2025, only GoldBod is authorized to purchase and export ASM gold. All previous export licenses have been cancelled, and foreign companies involved in buying or exporting ASM gold have been ordered to leave the market by April 30, 2025 (Reuters, 2025). The government is aiming for a total disintermediation of the ASM market, with GoldBod as the single collection point, given that foreigners (notably Chinese) played a major role in informal ASM, pre-financing the activities of local gold miners (GI-TOC, 2025).

2. Legal framework for licensing and regulating ASGM

Mining in Ghana is governed by the Minerals and Mining Act (MMA) (Act 703, 2006), its amendments (Minerals and Mining Amendment Acts: 2010, 2015, 2019) and several Minerals and Mining Regulations (2012, 2018, 2020). Sections 81 to 99 of the MMA are devoted to the Small Scale Mining Licence (SSML). Small-scale mining requires the granting of a license with a maximum duration of five years, renewable for a period determined by the Minister of Mines (sect. 85). Small-scale mining may involve both individuals and companies (sect. 83).

The granting of a mining right is subject to payment of a fixed fee (Applicant Fee) (sect. 22). The holder of a mineral right pays two annual royalties (Annual Ground Rent, sect. 23; Annual Mineral Right Fee, sect. 24). The holder of a mining license, including small-scale mining, is subject to the payment of a mining royalty (sect. 25).

The purchase and sale of minerals is subject to obtaining a license (sect. 104). The GoldBod is the "sole authority with the power to license all persons engaged in gold trading and other related businesses in Ghana, such as aggregation, buying, smelting, refining, transportation, jewelry production and fabrication, among others" (GoldBod, 2025).

3. Gold production

Declared ASGM production in Ghana reached 34.7 tonnes in 2023 (Ghana Chamber of Mines, 2025), but this official figure only partially reflects the reality, as ASGM remains largely informal. SWISSAID has made estimates based on official censuses of production volumes in several regions, extrapolating them to the national level, based on an estimated 1.1 million active gold miners. Total ASGM production is then estimated at 68.8 tonnes (SWISSAID, 2025). Subtracting the 34.7 tonnes officially declared, this leaves around 34 tonnes that are undeclared – and largely produced by *galamsey*.

The authorities have attempted to combat the *galamsey* by imposing a ban on ASGM in 2017, setting up Community Mining Schemes in 2019, which were intended to formalize their activities by mobilizing community actors, and developing a repressive approach with Operation Vanguard, conducted from 2017 to 2021 (OECD, 2020: 19, Reuters, 2019). These approaches have failed to put an end to illicit gold mining. The main reasons for the limits of formalization include: a lack of coordination between regulators and traditional authorities on the issue of access to land and land management (Gatune and Besada, 2020: 16), traditional chiefs and local authorities violating the law by granting and controlling access to gold (Adehokey et. al 2025), the lack of capacity of regulatory bodies (Gatune and Besada, 2020: 17), and endemic corruption (ISODEC, 2025) (see also SWISSAID, 2025).

4. Gold trade

The evolution of official ASM gold exports in recent years reflects the tax regime applied by the authorities. The collapse in reported ASM gold production and exports between 2019 and 2021 stems from the introduction in 2019 by the Ghana Revenue Authority (GRA) of a 3% "withholding tax" on exports of processed ASM gold from Ghana (Gold Street Business 2019). This tax acted as an incentive for ASM gold producers not to sell to Licensed Gold Exporting Companies (LGEC) and for LGECs not to declare part of their exports. Production and exports have not fallen, but gold smuggling out of Ghana has increased. In response to the plunge in declared ASM gold exports, the GRA lowered the tax to 1.5 percent (GRA annual report, 2023) on January 1, 2022, triggering an increase in declared exports. The GRA itself acknowledges in a 2023 report the impact of the tax change on declared volumes, and so the reduction in withholding tax (WHT). In 2020, GHS 162 million were deducted at source, compared with just GHS 28 million in 2021. Again, when the tax was reduced to 1.5% in 2022, GHS 233.9 million were deducted (GRA report, 2023).

Since 2021, The Bank of Ghana (BoG) has played a central role as purchaser of gold mined in Ghana. In July 2021, BoG launched its Domestic Gold Purchase Program (DGPP), with the aim of increasing foreign exchange reserves and boosting gold holdings in the foreign exchange reserve portfolio (BoG, 2024). From 8.8 tonnes in May 2023, the Central Bank's reserves rose to 32.1 tonnes in May 2025 (Modern Ghana, 2025). In addition, the authorities announced that they had purchased USD 2.3 billion worth of gold from small-scale gold miners (Modern Ghana, 2025), thereby considerably increasing foreign currency reserves.

In 2022, this BoG program was extended to oil with the Gold for Oil (G4O) initiative, which consisted in purchasing petroleum products using gold purchased by the Central Bank, "either as part of a barter arrangement, or sold against foreign currency which is used to pay the oil supplier" (BoG, 2024). This program was intended to alleviate the shortage of foreign currency, exacerbated by the rapid depreciation of the cedi and rising fuel prices (up to GHS 23 per liter for diesel). However, in March 2025, the Bank of Ghana officially terminated the G4O program, citing significant financial losses, due to the depreciation of the cedi, and the lack of transparency of the program as the main reason for this decision (My Joy Online, 2025).

For a long time, marketing in Ghana relied directly on the Precious Metals Marketing Company (PMMC) and on operators with export licenses issued by the PMMC (SWISSAID, 2025). However, licensed exporters were allowed to buy gold from unlicensed miners (Ahene-Codjoe et al., 2022; Human Rights Watch, 2015), which undermined the formalization of the sector.

With the creation of the GoldBod, Ghana's gold export system is now centralized, with a single agency responsible for the purchase, analysis and export of gold from the ASM sector. The GoldBod acts both as an exporter and as an intermediary for Central Bank purchases. This streamlining of the regulatory framework, coupled with the abolition of the WHT, could encourage artisanal and small-scale miners to sell their gold through the official channel. The initial results are very encouraging: in the first half of 2025, 51.5 tonnes of ASM gold worth USD 5 billion has been exported from Ghana (The High Street Journal, 2025). However, these figures raised concern about the possibly irresponsible sourcing of this gold and the lack of traceability. Denis Gyeyir, the Natural Resource Governance Institute (NRGI)'s country manager, fears that this gold-backed reserve strategy could inadvertently incentivize illegal mining, if not carefully scrutinized (The High Street Journal, 2025).

Data from UN Comtrade show that the main destination countries for Ghana's gold exports between 2015 and 2023 are Switzerland, the United Arab Emirates, India and South Africa (UN Comtrade, 2025). Huge volumes of yellow metal have been shipped from Ghana to these four countries every year, but in proportions that have changed over the years. However, an important part of this gold has been exported illegally. Between 2019 and 2023, SWISSAID calculated that 229 tonnes of gold worth USD 11.4 billion has been smuggled out of Ghana, mainly to the United Arab Emirates. In 2023 alone, the volume was 28 tonnes (SWISSAID, 2025).

5. Tax regime and estimated tax losses

Tax regime

Country	Mining title	Permit duration (years)	Ownership of a mining title		Surface tax	Royalty
			Granting	Renewal		
Ghana	Small Scale Mining Licence	5	USD 70 + USD 150	USD 70	GHS 31.5/cadastral unit	0%

The tax system for gold in Ghana is based on several levers:

- **Mining title**: the granting of a small-scale mining license is subject to the payment of an application form (USD 70) and processing fees (USD 150) (Mineral and Mining Regulation 2012)
- **Surface tax**: the surface royalty rate is GHS 31.5 per cadastral unit (Mineral and Mining Regulation 2018)
- **Royalty**: SSML holders must pay a withholding tax (WHT), which replaces royalty, and which has been significantly reduced in recent years. The 2010 MMA amendment reduced this tax to 5%. It was then reduced to 3% in 2019, then 1.5% in 2022. It was finally abolished in the 2025 Finance Act.

Estimated tax losses

Calculating tax losses in Ghana is particularly challenging. The exact number of ASM miner operating without a license is unknown, with estimate ranging from 200,000 to 1,000,000, or even up to 85 percent of the total miner population (OECD, 2020: 27; The Conversation, 2021; Mining Weekly, 2018; HRW, 2015: 16-7). For this analysis, we considered an average of 600,000 miners. SWISSAID estimates that 28 tonnes of gold, worth USD 1.75 billion,[1] has been smuggled out of Ghana in 2023 (SWISSAID, 2025).

- **Royalty**: in 2023, based on the 1.5% withholding tax and an estimated 28 tonnes of gold (worth USD 1.75 billion) exported illegally, the revenue losses due to the non-payment of royalties corresponded to USD 26.25 million. Since the abolition of the tax in 2025, no direct revenue losses can be attributed to gold smuggling. By abolishing this withholding tax, Ghana has opted to forego USD 110.2 million[2]. In return, the idea is to attract the informal producers of around 34 tonnes to the formal market, with a view to commercializing this quantity worth around USD 3.7 billion[3], and to enable the repatriation of foreign currency, which has hitherto been very limited.

6. Ongoing challenges

Given the recent reforms undertaken in Ghana, this section focuses more on the challenges facing the country.

Traceability limits and digitalization loopholes

Although Ghana has launched several initiatives to digitize the management of the mining sector – notably through the Ghana.gov portal for royalty payments and the MCAS mapping system for mining titles – the implementation of these tools remains incomplete. Many operators still do not have the skills or equipment to use these platforms, particularly in rural areas, despite the GoldBod's ongoing efforts (SWISSAID

[1] Calculated based on the average gold price in 2023 (62,389 USD/kg, World Gold Council).
[2] This represents the 1.5% (withholding tax) of the value of 68 tonnes of gold (based on the total ASM gold production in Ghana in 2023 (SWISSAID, 2025). The value has been calculated based on the average gold price of USD 108,000/kg (World Gold Council, June 2025)
[3] Calculated based on the average gold price of USD 108,000/kg (World Gold Council, June 2025)

interview with a mining expert in Ghana). In addition, the upstream traceability system (from extraction to export) has not yet been fully implemented, due to the required infrastructure and technology, as well as the industry-wide onboarding and interconnection with stakeholders, including transporters, buyers, and customs authorities. The GoldBod is expecting the system to become operational by 2026 (Ghana Guardian, 2025). This lack of real-time traceability means that gold can still be brought out of the official circuit easily, even from declared mines.

GoldBod's competitive edge

Despite the authorities having simplified the procedures, the official GoldBod circuit could be perceived by operators as heavy, with long registration, verification and payment times. This can deter some of them, in need of immediate cash, so the GoldBod will have to conduct an awareness campaign to reassure ASM operators. In contrast, informal collectors offer direct cash payments at competitive rates, without complex procedures, and even more so in foreign currencies when the GoldBod buys gold in cedi. The difference in responsiveness between the formal and informal circuits encourages recourse to the black market, especially among small-scale producers.

Meeting the financing needs of gold miners

The eviction of foreigners from the gold sector has had the effect of reducing the financing available for gold operations. Small-scale gold miners generally had their operations pre-financed by foreign actors. Some observers, including some small-scale gold miners, have expressed doubts about the GoldBod's ability to fill the funding gap caused by this decision by the authorities, as about the low rate prices offered by the GoldBod to buy gold to gold miners (My Joy Online, 2025). Otherwise, there would be a risk of foreign actors, or even organized crime networks, returning in disguise (SWISSAID, 2025).

Oversight over GoldBod

Several concerns have been raised about the credibility of the GoldBod and the responsible character of its gold sourcing (Graphic, 2025, The High Street Journal, 2025). Without a mechanism of oversight and external checks, there is a risk that this institution fuels illegal mining. Bright Simons, vice president of the IMANI think tank, expressed doubts about a single organization having so many functions: regulation, business development, sectoral transformation and trading (My Joy Online, 2025). Denis Gyeyir from NRGI raised the same issue by criticizing GoldBod for being at the same time a player and a regulator. He proposed the establishment of a Public Interest and Accountability Committee (PIAC) body to provide independent scrutiny of this institution (The High Street Journal, 2025).

Resisting the politicization of the gold sector

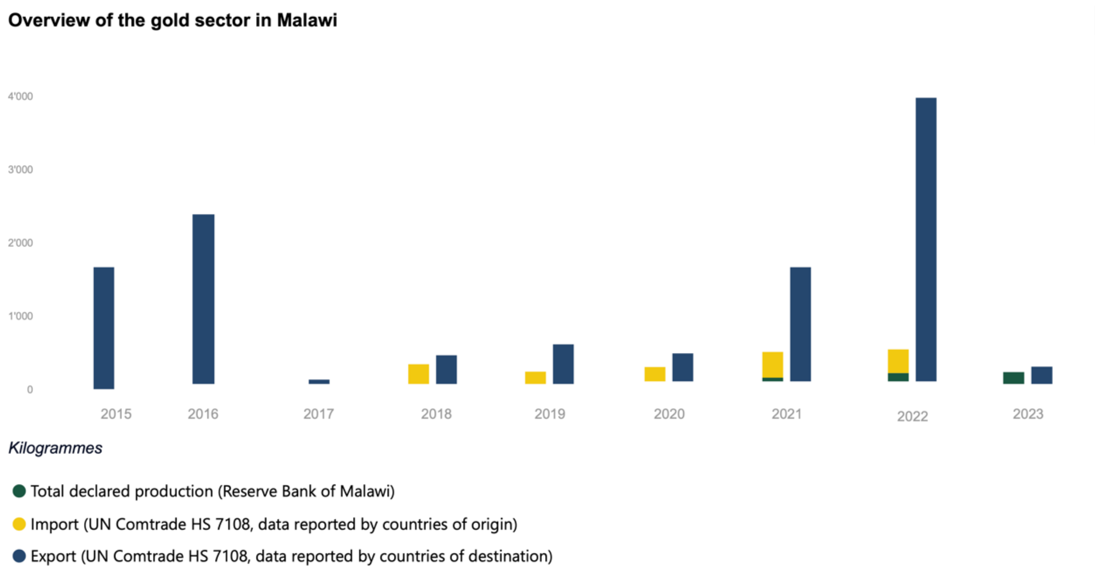
Under the previous regime, accusations of collusion between the gold industry and political actors from the ruling party undermined the governance of the sector (interview with a foreign diplomat). Alexander Afenyo-Markins, the Minority Leader in Parliament, warns that the GoldBod could become a tool for enriching illegal miners and politically-connected individual (Graphic, 2025). From this point of view, the appointment of the ruling party's spokesman as head of GoldBod has raised questions and fears of favoritism in the awarding of licenses or contracts (Graphic, 2025).

Malawi

1. Overview of the gold sector in Malawi

The gold sector in Malawi is essentially artisanal, with no medium or large-scale industrial production (MWEITI, 2025). Gold mining relies on labor-intensive mining methods. Alluvial gold panning remains the main extraction technique. It is often conducted as a subsistence activity by all family members, children included. The use of mercury in gold amalgamation is widespread (MNREM, 2019). In recent years, an increase in artisanal and small-scale gold mining has been registered in several districts (Mangochi, Balaka, Machinga, Lilongwe, and Kasungu), but many resources in the country remain unexplored (MWEITI, 2025).

Despite the government's efforts to stop illegal mining, and the recognition of Malawi's mining sector as a driver for economic development, illegality still characterizes many mining sites (Haundi et al., 2021) and sudden discoveries of alluvial gold along Dwangwa and Nathenje rivers attracted many ASM illegal miners (MWEITI, 2025). In 2001, the number of people engaged in ASM activities in Malawi was estimated at 40,000 (MNREM, 2019). According to MWEITI, given the growth in artisanal gold panning, this figure can be estimated to be at least 60,000 today (interview with an MWEITI agent, June 2025).



***Note**: SWISSAID has not found any Malawian statistics on gold imports or exports (hence the use of their mirror image here) or any estimate of undeclared gold production from artisanal and small-scale mining.*

To formalize the sector, the Malawian government has put in place initiatives such as the gold purchasing program by the Reserve Bank of Malawi (RBM) through the Export Development Fund (EDF) (Reserve Bank of Malawi, 2025). Additionally, they have launched an initiative promoting the creation of cooperatives and the training of ASM operators. By 2023, 17 groups had already formalized and two were in the final stages of doing so (EITI, 2023).

2. Legal framework for licensing and regulating ASGM

The main law governing the mining sector in Malawi is the Mines and Minerals Act 2023 (Act no. 25/2023). Part X of the code concerns the Small-Scale Mining Licence (SSML), which serves to authorize "mining using non-mechanized mining methods or limited mechanized mining" (sect. 2). This is the regime that applies to artisanal gold mining, because the Artisanal Mining Permits (see Part XI) can only be granted for the extraction of minerals used in local construction and handicraft (sect. 196). The SSML is valid for a period of two years, renewable for periods of up to 2 years at a time (sect. 182).

The Ministry of Mines has set up a process for issuing SSML at low-cost (around MWK 15,000) in recognized gold zones, covering a maximum of 2 ha, authorizing a very limited level of mechanization. However, many gold miners are still unregistered. The government recently granted gold mining licenses to foreigners, although section 178 of the Mines and Minerals Act prohibits this, a decision that was criticized by many (Malawi 24, 2024).

A list of SSML that include gold can be found in the appendices to the Malawi EITI reports (MWEITI n.d.).

3. Gold production

Official gold production in Malawi remains very limited. For the fiscal year 2022-2023, the quantity of gold purchased by the Reserve Bank of Malawi (RBM) through its subsidiary, the Export Development Fund (EDF), was 111 kg; and for FY 2021-2022, only 77 kg (MWEITI, 2025). However, these figures mask the larger quantities mined informally, as suggested by the considerable gold imports from Malawi into the United Arab Emirates reported by the Emirati authorities (e.g. 3.9 tonnes in 2022).

As most artisanal or small-scale miners operate informally, the Ministry of Mining embarked on formalization through the formation of cooperatives. In FY 2022/23, the Ministry focused on forming cooperatives and strengthening their capacities, ensuring that artisanal miners could earn their livelihoods legally. This initiative also helped increase government revenue through license fees and royalties (Annual Economic Report, 2023).

Based on the data currently available, it is not possible to estimate informal gold production in Malawi. Not only are estimates of the number of gold miners outdated and have not been updated, but the volumes of gold extracted from gold mining sites have not been estimated to date (Interview with a MWEITI official, June 2025).

4. Gold trading

Official trade figures reflect only a small proportion of the actual volume mined locally. Officially, Malawi issues Mineral Right Licenses, which authorize the purchase and sale of minerals, both on and off the official market. But actually, the gold trade in Malawi is largely informal.

The official launch of the gold purchasing program by the RBM via the EDF in May 2021 marked a turning point towards formalization, although the quantities purchased remain small compared with the gold mined informally or exported illicitly. The RBM-EDF gold purchasing program aims to provide a structured market and fair prices to encourage artisanal miners to sell legally. The EDF had purchased 55 kg of gold in 2021 (MWEITI, 2025). The RBM reserves of smelted gold rose to 187 kg in 2022 (EDF, 2023) and 296 kg in 2024 (RBM, 2025). At the end of June 2025, this stock stood at 494 kg (The Times Group, 2025).

This raises several concerns. In 2022, the RBM recognized that the prices offered by smugglers exceed those of the central bank, which reduces the quantity of gold purchased officially. Moreover, the EDF does not yet have branches in many districts, which hampers collection from gold miners in areas located far from the capital. However, the EDF maintains that it has developed a model of direct purchasing from artisanal miners, often via field agents and in collaboration with registered counters (EDF, 2025).

The EDF currently buys from all gold miners, both formal and informal. The significant increase in gold purchases recorded in 2025 indicates a growing interest in EDF's gold purchasing program. This could be linked to the February 2025 ban on the export of precious ores, which is still in force at the time of writing this report (BHRRC, 2025). All gold is stored by the RBM and is not exported, as the authorities wish to increase local processing. For the time being, the refining process is carried out by a foreign company based near the capital's airport (Mining and Trade News, 2024).

The Malawian authorities do not provide any data on gold exports. Looking at data reported by the authorities of the partner countries to UN Comtrade, one can see that in 2023 all gold imports from Malawi, i.e. 241 kg (worth USD 14.9 million), were reported by the United Arab Emirates (OEC, 2024; UN Comtrade). These data reflect only part of Malawi's gold trade, which could exceed 3 tonnes, given the imports of gold from Malawi declared in 2022 by the United Arab Emirates, namely 3.9 tonnes. It is difficult to explain this unusually high volume compared with previous years. One explanation could be that Malawi acts as a transit country for gold mined in other countries, including Mozambique, as a recent case of gold seizure in the capital proves (Malawi Freedom Network, 2025). At the same time, numerous sources claim that some of the gold produced in Malawi is sold illegally (and more expensively) in neighboring countries, including Mozambique, Tanzania, and Zambia (see, e.g. ANA, 2023; AOCRI, 2023; SARW, 2021; VOA, 2018).

5. Tax regime and estimated tax losses

Tax regime

Country	Mining title	Permit duration (years)	Ownership of a mining title		Surface tax	Royalty
			Granting	Renewal		
Malawi	Small Scale Mining Licence	2	MWK 30,000	MWK 20,000		5%

The tax system for gold in Malawi is based on several levers:

- **Mining title**: the granting of a small-scale mining license is subject to the payment of a fee of MWK 30,000 (USD 17). The renewal costs MWK 20,000 (USD 11) (Mines and Minerals Act No. 8, 2019: 2).
- **Surface tax**: SWISSAID has not found any indication that a surface tax for ASM exists in Malawi.
- **Royalty**: a 5% royalty applies on the gross value of gold sold. This percentage applies given that gold is categorized as "precious metals" in the Mines and Minerals Act 2023 (Act no. 25/2023; EITI, 2025:65).

Estimated tax losses

In the absence of reliable estimates of the volume of informal gold production and illegal gold exports in Malawi, it has not been possible to estimate tax losses.

6. Factors explaining illicit gold flows

Tax distortions and regional smuggling

Malawi's gold sector is heavily affected by tax distortions between the country and its neighbors. Differences in tax regimes, particularly with Mozambique and Tanzania, encourage gold smuggling across porous, poorly controlled borders. Weak customs controls, combined with the low attractiveness of official purchase prices, fuel a dominant parallel economy, in which gold is systematically channelled into informal cross-border circuits. These networks, often well organized and transnational, have become particularly sophisticated, evading state surveillance mechanisms.

A discouraging fiscal and institutional framework for artisanal actors

The tax system applicable to artisanal miners offers little incentive. But the lack of awareness-raising campaigns to justify this tax system and convince gold miners to formalize their activities even make the process less attractive. Consequently, miners tend to perceive registration as being linked to increased surveillance and penalizing taxation (Interview with the authorities, 2025). In addition, the state lacks real monitoring and control capacities on the ground, accentuating mistrust and encouraging the persistence of the informal sector.

Inadequate collection systems

The number of official collection points remains very limited. This operational shortcoming has been identified by EDF, which plans to remedy the situation by developing mobile purchasing centers and rapid gold purity analysis units, in collaboration with the Geological Survey Department. The aim is to bring official services closer to the production areas, in order to capture a greater share of ASM gold.

The role of informal and foreign networks

The illegal circulation of gold in Malawi is strongly structured around well-established networks of traffickers that often spread across the border. These networks sometimes benefit from local complicity, or even the direct involvement of foreign actors. Mozambican companies have been implicated in cases of illegal gold mining on Malawian territory, which underlines the international dimension of the phenomenon. The partial disengagement of the state in certain gold mining areas facilitates the establishment of these networks. As elsewhere, gold miners are dependent on these foreign networks, which prefinance their operations.

Weak political will and few cooperatives

Despite the commitments made by the Malawian authorities, institutional support for the sector is still inadequate. Cooperative structures, which are supposed to embody the bottom-up formalization of the sector, exist but remain scarce, poorly financed and insufficiently integrated into the official value chain. The Nyasa Mining Cooperative, one of the few known initiatives, is an exception.

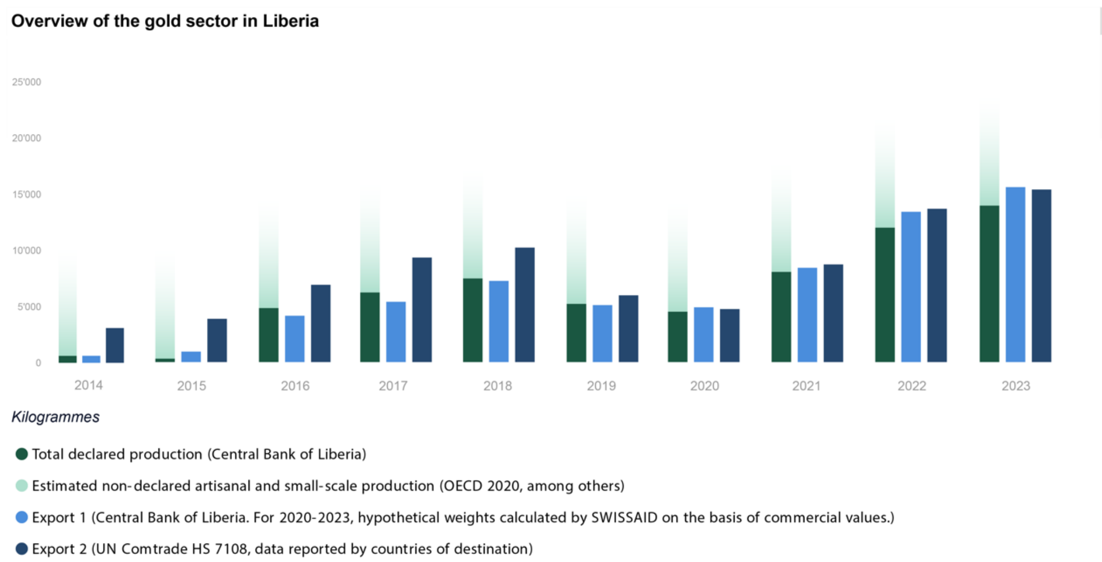
Liberia

1. Overview of the gold sector in Liberia

Liberia has significant gold resources, exploited by both industrial companies and artisanal miners. Gold is a mainstay of the Liberian economy, accounting for 37% of GDP in 2023 (U4, 2025).

The country is home to industrial mines such as New Liberty and Kokoya, owned by Avesoro Holdings Ltd. (Avesoro, 2025), and artisanal operations spread across several regions in the southeast of the country, particularly in Grand Gedeh, River Gee, and Sinoe counties. Other sites include the Gola Forest region in Grand Cape Mount County, adjacent to the Sierra Leonean border, Grand Bassa County and Grand Cape Mount County (UNSC, 2013; Hunter, 2019).

As can be seen on the graph below, gold mining in Liberia grew considerably during the last ten years. Industrial production, which started in 2016, is responsible for the rapid increase in total production between 2016 and 2018 and, again, from 2021 onward (SWISSAID, 2025).



Source: SWISSAID, 2025 (updated)

Following the Ebola crisis of 2014-2015, small-scale mining has developed strongly and, although the sub-sector remains largely informal, it constitutes an essential source of employment in the country (DELVE, 2021: 16). Faced with this dynamic, the Liberian government has made efforts to formalize the sector, but their impact is still very much debated (Bazillier et al., 2023).

In 2016, the Ministry of Mines and Energy approved a regulatory roadmap for the artisanal mining sector that serves as a blueprint for integrating this activity into the formal economy (Bazillier et al., 2023). The strategy, which started to be implemented in October 2020, promotes the formation of artisanal cooperatives, improves working conditions, and seeks to attract foreign investment (US International Trade Administration, 2025). It also includes training programs for mining agents and mineral inspectors, as well as collaboration with the National Identification Registry (NIR) to issue biometric identity cards to artisanal miners. However, deployment of these measures remains slow and uneven, despite the involvement of local authorities, law enforcement agencies, communities and mining cooperatives (US International Trade Administration, 2025).

At the same time, with the support of the African Development Bank, the government is seeking to integrate artisanal miners into the formal financial system, by facilitating their access to banking services, microcredit and digital technologies. These initiatives are part of the National Financial Inclusion Strategy 2020-2024 (AFDB, 2023).

2. Legal framework for licensing and regulating ASGM

The Liberian mining sector is mainly governed by the Minerals and Mining Law of 2000, which is currently being revised to be brought in line with international standards (Front Page Africa, 2024).

The licensing system mainly distinguishes two categories of small and medium-scale operations, but artisanal mining only refers to:

- Class C license (artisanal mining): This license is reserved for Liberians over 18 years of age and covers alluvial concessions of 25 acres. An individual may hold up to four such licenses. Holders are encouraged to form cooperatives, as part of the formalization process going on since 2020, which includes biometric registration and the distribution of ASM ID cards.

3. Gold production

Official gold production in Liberia has grown steadily in recent years. It stood at 13.8 tonnes in 2024 (CBL, 2025: 23), compared with 11.7 tonnes in 2022, 7.9 tonnes in 2021, and 4.4 tonnes in 2020, according to the annual reports published by the Central Bank of Liberia (CBL, 2025). This increase is mainly due to the ramp-up of industrial operations – New Liberty gold mine produces over 3.1 tonnes per year (BNE Intellinews, 2025). The question of how much artisanal gold is produced informally remains open. Between 4 and 10 tonnes of ASM gold might be produced annually (OECD, 2020: 15-17). According to the research done by SWISSAID, at least 5 tonnes of ASM gold remains undeclared each year (SWISSAID, 2025).

Efforts to formalize the artisanal sector do not appear to have had much impact so far. According to the Liberian chapter of the Extractive Industry Transparency Initiative (LEITI), between 2021 and 2022, the number of mining licenses almost doubled, from 247 to 512, 80% of which are class C (LEITI, 2023: 131). Yet, over the same period, only 190 kg of artisanal gold was officially produced (LEITI, 2023: 130). Over 70% of miners still operate without a license in some regions, often on the basis of informal agreements with local authorities and payment of unofficial taxes (OECD, 2020: 27).

4. Gold trade

Gold has become Liberia's main export product, generating around USD 1 billion in 2024 (Verity Online News, 2025). Gold exports have kept pace with the increase in gold production. They rose from 4.8 tonnes in 2020 to 13 tonnes in 2022. Of these 13 tonnes, only 190 kg came from artisanal gold (LEITI, 2023: 130).

As the analysis conducted by SWISSAID has shown (SWISSAID, 2025), until 2014, all gold was exported to the United Arab Emirates (UAE). Although for most years in the last decade gold exports reported by the

Liberian authorities are much lower than their mirror image, namely imports reported by the countries of destination, it can be observed that the pool of countries of destination of Liberian gold has expanded in recent years as a consequence of the expansion of industrial and large-scale production, and now counts Switzerland and Lebanon among the biggest importers. However, the discrepancy between Liberian official export figures and imported figures reported by the authorities of some of these countries, namely the UAE and Lebanon, suggests that smuggling remains a reality for Liberia. A significant proportion of the gold trade takes place outside official channels. It has also been documented that gold from Sierra Leone transit through Liberia (GI-TOC, 2018).

The fact that the bulk of Liberian ASGM production is smuggled out of the country is widely acknowledged and, according to SWISSAID's research, this could amount to 5 tonnes each year, with Guinea and Ivory Coast being the main destinations for this gold (SWISSAID, 2025). The fact that gold is so easily smuggled into neighbouring countries is certainly explained by tax differentials (Front Page Africa, 2018), but porous borders also play a very important role in this traffic (OECD, 2020: 35-36). However, due to the complex nature of these movements, quantifying precisely illicit gold flows between Liberia and neighbouring countries (Guinea, Ivory Coast, and Sierra Leone) remains very difficult (SWISSAID, 2025).

Despite the scale of the trade, Liberia holds no gold in its national reserves, which raises questions and fuels criticism. NGOs are calling on the government to consider mechanisms enabling the Central Bank to build up strategic reserves, as other African countries are doing (All Africa, 2025).

The Liberian gold mining and trade is linked to several criminal activities, including smuggling into neighbouring countries through the country's many porous and unchecked land borders (Organised Crime Index, 2023), but also illicit mining, and organized crime. ASGM in Liberia is notorious for generating illicit financial flows (IFFs) through a combination of informal and illicit activities. This has resulted in a significant loss of government revenue and has contributed to the financing of rebel actors in other African states and money laundering (Hunter, 2019). According to the Organized Crime Index (2023), illicit mining often involves ex-combatants, which raises questions about potential illegitimate political interference, corruption, and lack of law enforcement. In 2017, a Liberian national, owner of Phoenix Mining and Investment Group, was sentenced to 87 months in prison in the United States for a USD 9.5 million investment fraud scheme involving gold and diamonds (U.S. Attorney's Office, 2017). The Liberian gold mining sector also seems to be linked to secrecy jurisdictions, as discovered by CENOZO in 2019 (CENOZO, 2019). The West African investigative journal unveiled that a Lebanese-owned but Liberian-registered gold firm allegedly sent and received payments to and from a Dubai company under investigation for money laundering.

5. Tax regime and estimated tax losses

Tax regime

Country	Mining title	Permit duration (years)	Ownership of a mining title		Surface tax	Royalty
			Granting	Renewal		
Liberia	Class C Mining Licence	1	USD 250	USD 250	USD 5/ha	3%

The tax system for gold in Liberia is based on several levers:

- **Mining title**: The fee for obtaining a Class C artisanal license is USD 250. Based on figures for 2022, the issuance of 220 licenses generated USD 55,000 in revenue.
- **Surface tax**: USD 5/ha.
- **Royalty**: The Liberian tax system imposes a 3% royalty on the value of exported gold.

Estimated tax losses

- **Royalty**: Based on an estimated undeclared production of 5 tonnes (worth 540 million, based on on an average gold price of USD 108,000/kg, World Gold Council, June 2025) and a 3% royalty, the potential loss of revenue represents USD 16.2 million.

Unlike the central banks of the other countries covered by this study, the Central Bank of Liberia currently does not have any plan to take advantage of the growth of the gold sector to build up its gold or foreign exchange reserves. Optimizing tax revenues from gold transactions in Liberia is therefore particularly important.

6. Factors explaining illicit gold flows

The Liberian gold sector is vulnerable to illicit gold flows for several reasons.

Transnational networks and porous borders
Well organized transnational networks are implicated in the smuggling of Liberian gold, taking advantage of loopholes in the regulatory system. These networks also take advantage of the porosity of land borders with Guinea and Côte d'Ivoire (U4, 2025). Once gold is smuggled across these borders, it often enters formal trade channels, effectively blending into legitimate commercial flows.

Competitive purchase prices and a weak official market
The purchase prices offered abroad, which are often more attractive than the official ones in Liberia, act a strong incentive for miners to sell their production outside the regulated circuits. Despite the existence of a Precious Minerals Office responsible for regulating the sector (setting prices, issuing licenses, collecting royalties, etc.), the official market struggles to compete with these better-remunerated informal alternatives, fuelling uncontrolled outflows.

Foreign actors and local complicity
The phenomenon of illegal gold mining is exacerbated by the direct involvement of foreign actors, sometimes from companies established in the region (OECD, 2020). The latter carry out unauthorized mining operations, often with the complicity of local officials, reinforcing the opacity of gold value chains and further weakening the state's ability to control the activity.

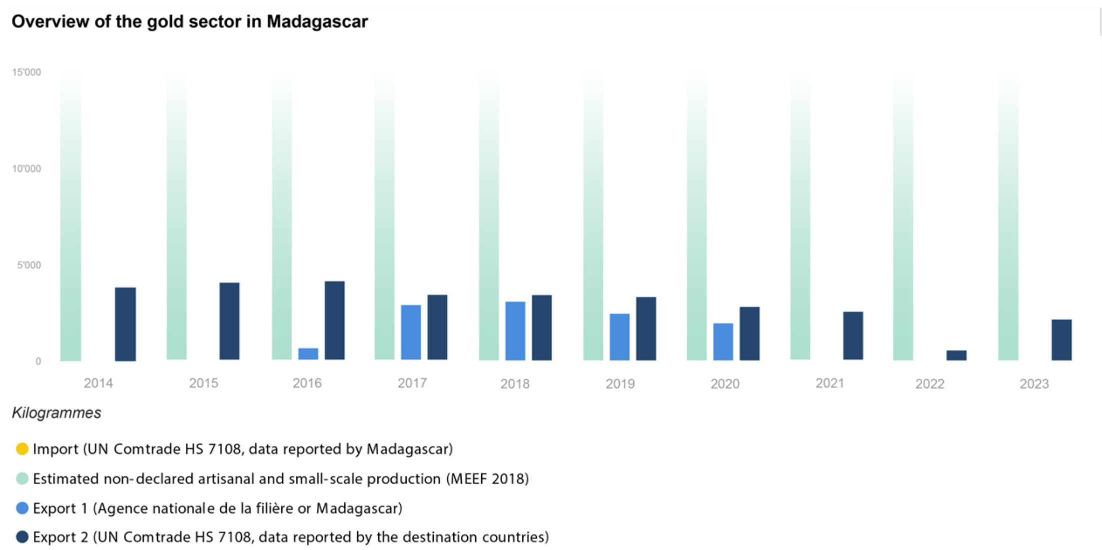
Structural and institutional weaknesses
The mining governance structure suffers from major deficiencies. Production traceability remains very weak, due to the lack of a consolidated database listing licenses, operators, cooperatives and trade flows (U4, 2025).

Capturing cooperative structures
Formalization efforts through the promotion of artisanal mining cooperatives are also being diverted. According to LEITI (LEITI, 2024), Monrovia-based brokers and businessmen have invested in these structures to perpetuate pre-existing forms of resource capture and opaque revenue-sharing, rendering initiatives aimed at better governance of the sector meaningless.

Madagascar

1. Overview of the gold sector in Madagascar

The country has been producing artisanal gold for several decades. There was little interest in the sector until the rise in gold prices on international markets in the 2000s, which stimulated a gold rush in several regions of the country, notably Betsiaka, Dabolava, Antanimbary-Maevatanana and Mananjary. The economic crisis that has affected the country since the political crisis of 2009 has amplified this trend, opening up new opportunities in the country's rural areas. To date, there are no industrial gold mines operating in Madagascar. As one can see on the graph below, virtually all production is based on artisanal or semi-mechanized mining and is produced informally.



The establishment of the Agence nationale de la filière or (ANOR) in 2015 represents a key moment. It represents a first attempt to regulate the market, with the widespread introduction of gold miners' cards and approved buying outlets. However, the limited degree of formalization, the weakness of controls and the scale of illicit trafficking to countries such as the United Arab Emirates and South Africa have hampered the integration of gold into the formal economy.

Since 2023, the Malagasy government has been engaged in a far-reaching reform of the mining sector, launched by the adoption of a new mining code (Law n°2023-007). This new code provides a framework for industrial and artisanal activity, although to date there are no industrial mining projects in the gold sector. Two decrees have been adopted that deal specifically with artisanal gold. The first, on the Gold Regime, sets out the rules and procedures governing the mining, marketing, import and export of gold in Madagascar (Decree 2023-334). The second updates this first decree (Decree 2024-1345).

ANOR was replaced by the Centrale de l'or à Madagascar (COM) in 2024. Unlike ANOR, COM is a financially autonomous public industrial and commercial establishment (EPIC), attached to the Ministry of Mines, which has overall responsibility for the entire industry. COM's remit has been extended to include:

- formalization (digital registration of *kara-bolamena*, supervision of gold-mining zones);
- commercial regulation (approval and control of comptoirs, collection of production data);
- national refining and official hallmarking, mandatory prerequisites for all exports;

- standardization of responsible gold and maintenance of a single database covering extraction, processing and export.

For the time being, however, COM has only three branches in the country. It has been fully operational only since April 2025, according to its Managing Director (interview with Managing Director COM, June 2025).

The Ministry of Mines, COM, and the Bureau du Cadastre Minier de Madagascar (BCMM) are the main authorities responsible for the gold sector in Madagascar (interview with Direction Générale des Impôts, September 2025).

2. Legal framework for licensing and regulating ASGM

In Madagascar, there are three categories of artisanal mining since the 2023 reform:

- **Individual gold miners (*kara-bolamena*)** are expected to obtain a **gold miner's card**, which is valid for 12 months and renewable under the same conditions of grant. They are only allowed to mine manually, or with a very low level of mechanization, if the commune allows it. These individual gold miners may be organized into groups, but they have no export rights and have to sell their gold to collectors. According to the latest official data, which dates back to 2018, it is estimated that there are 630,000 gold panners in the country (Ministry of Environment, Ecology and Forestry (MEEF), 2018 : 15). The same source also indicates that only 40,000 artisanal cards were issued nationwide at the time (MEEF, 2018 : 15). The legal texts require that tax obligations be fulfilled before the card is issued, but this is very rarely enforced in practice.
- Created to encourage gold miners to form cooperatives, the **Autorisation Minière d'Exploitation Artisanale (AMEA)** is defined by the Bureau du Cadastre Minier (BCMM) as an "extraction or collection" right granted to a group of artisanal miners. Each AMEA can cover up to four cadastral squares (i.e. 1.56 km²), much less than a permit, but enough for light mechanization.
- AMEAs can evolve into **Permis Réservé aux Exploitants Artisanaux (PREA**), valid for eight years, extendable twice (4 years each time), and allowing up to 128 squares or 50 km² to be exploited by individuals or groups exclusively from Madagascar. The granting of the permit requires at least an Environmental Commitment Plan, and even an Impact Assessment if the area is sensitive.

The marketing chain is based on authorized collectors and *comptoirs*. The collectors are authorized by the communes and the COM, while the *comptoirs* are selected by the COM based on a legally supervised process. The authorities' aim is to reduce the number of collectors and *comptoirs*, so that the marketing chain is based on a smaller number of serious, responsible actors.

3. Gold production

There is no official registered gold production in Madagascar. The most precise estimate on the total gold production of the country was released by the MEEF in the "Plan d'action national pour réduire et/ou éliminer l'utilisation du mercure dans l'extraction minière artisanale et à petite échelle de l'or". Based on collected volumes in the various production zones in 2017, the authors of this document estimated that 7.8 tonnes of gold was extracted by Malagasy gold miners and 6.16 tonnes by foreigners, giving a total of almost 14 tonnes (MEEF 2018 : 15). Based on official export volumes for the same year, i.e. 2.83 tonnes, the Ministry concludes that 80% of gold production is illicit. Other estimates range from 12 to 15 tonnes

(24/24.mg, 2024; The Guardian 2016), confirming the assessment made by a study that is often mentioned in reports, but which is not yet available (L'Express de Madagascar, 2023).

4. Gold trade

Over the last ten years, a major part of the gold produced in Madagascar has been smuggled out of the country while a small part has been officially exported. The bulk of Madagascar's gold has been shipped to the United Arab Emirates, which imported annually between 0.5 tonnes and 4 tonnes of gold from this country (UN Comtrade). In 2023, Turkey also imports gold from Madagascar with 1 tonne reported (UN Comtrade). **The United Arab Emirates, South Africa and, to a lesser extent, The Comoros and Mauritius have been the major countries of destination of smuggled gold from Madagascar** (Jeune Afrique, 2021; Transparency International, 2021; RFI, 2021).

The quantity of exported gold declared to the Malagasy authorities increased in 2015 with the establishment of ANOR. Volumes quickly plateaued between 2 and 3 tonnes a year from 2017 to 2019, before the authorities decided to suspend gold exports in 2020 to clean up the sector, limit smuggling and remediate the lack of repatriation of foreign currency obtained from the export of the precious metal.

The suspension was lifted in 2022, a move that was accompanied by a series of measures designed to better regulate the sector, more particularly to ensure better traceability of gold from extraction to export and tighten the rules on repatriation of foreign currency. However, the approvals granted to the six operators selected in October 2023 have yielded only minimal results, with only 5 kg declared for 2024. One reason for this failure is the high price demanded by gold miners used to selling to collectors who buy at prices higher than the market price. This suggests the use of gold as a money laundering tool. The absence of incentive mechanisms and logistical support has hampered authorized operators' ability to collect more gold.

Since October 17, 2024, a new licensing process is underway, following a joint call for expressions of interest by the Ministry of Mines and the Central Bank. In July 2025, new approvals should have been granted, in the hope of boosting production and official exports. The target of the authorities is to have 4 tonnes exported and 4 tonnes purchased by the central bank by the end of 2026. Eventually, the Malagasy authorities have set the target of exporting 15 tonnes annually.

Madagascar's authorities also have the ambition to build a refinery in the country. This presidential project should eventually lead to an export monopoly for refined gold. Selling gold for refining would offer a 30% rebate on the "Droits et Taxes Spéciaux sur les Produits Miniers" (DTSPM), according to COM's Managing Director (interview with Managing Director COM, June 2025).

The authorities are counting on the introduction of a one-stop shop for gold exports to combat clandestine exports (Anaf, 2024). This one-stop shop, designed to simplify registration procedures for gold destined for legal export, has developed an ingot inspection and traceability system (Midi Madagasikara, 2024).

The Malagasy gold sector is deeply affected by systemic corruption, which impacts all stages of the value chain, from the allocation of mining titles to the export of gold, involving public actors (U4 Anti-Corruption Resource Center, 2022). Well organised networks, often involving Chinese or Indian operators, enable clandestine mining and export, mainly to the United Arab Emirates (U4 Anti-Corruption Resource Center, 2022). The corruption makes it possible for artisanal gold mining sites to operate without official documentation. Many of these sites have been shut down (RFI, 2022). Licensed trading houses are sometimes complicit, integrating informally or illegally purchased gold into their official flows (U4 Anti-

Corruption Resource Center, 2022). This system relies on double accounting and allows large quantities to be laundered without alerting the authorities. This results in a massive loss of tax revenue for the state, which is preoccupying high-ranking officials (Madagascar Tribune, 2024).

5. Tax regime and estimated tax losses

Tax regime

Country	Mining title	Permit duration (years)	Ownership of a mining title		Surface tax	Royalty
			Granting	Renewal		
Madagascar	Kara-bolamena (orpaillage)	1				5%
	Autorisation Minière d'Exploitation Artisanale (AMEA)	0.5				
	Permis Réservé aux Exploitants Artisanaux (PREA)	8	MGA 11,700	MGA 2,600/*carré* MGA 205,000 per site	MGA 12,700 - 95,800/*carré* (depending on how old the permit is)	

- **Royalty**: Gold exports, regardless of the category of artisanal mining, are subject to the "Droits et Taxes Spéciaux sur les Produits Miniers" (DTSPM) at a rate of 5% of the value of the products (art. 283 of the 2023 Mining Code). This tax is based on the Free on Board (FOB) value of the product according to the international exchange rate at the time of export (art. 284). Of this 5%, 3% ("redevance minière") goes to central authorities and 2% ("ristourne minière") to local authorities (art. 283). These taxes are payable by gold *comptoirs* or collectors for products from artisanal gold mining operations (art. 286). It should be noted that this tax is higher than under the 2005 Mining Code, which applied a 2% tax. This may act as a brake on formalization, dissuading gold miners from going the legal route in favor of an informal market that exempts them from such a tax. The "Direction Générale des Impôts" (DGI) has a different point of view. In a response to SWISSAID, it stated that "Taxation does not, under any circumstances, constitute an obstacle to the formalization of gold miners and collectors in Madagascar, as this sector is heavily regulated by the relevant ministry [Ministry of Mines]" (September 2025). The DGI specifies that the formalisation is already simplified by: a memorandum of understanding with the mining operators' union for the formalization and issuance of tax cards, the Anjara Hetrako campaign since 2020 with the minimum number of documents required, and the removal of excise duties on gold exports in the 2024 "Loi de finances rectificative" (response from DGI, September 2025).

Estimated tax losses

- **Gold cards**: Losses from the non-issuance of gold cards are estimated based on at least 500,000 cards not being issued. This represents a loss of revenue for local authorities of around USD 795,000 per year, based on an average cost of MGA 7,000 per gold panner's card.

- **Royalty**: The calculation takes as its basis the 14 tonnes estimated in 2017 (MEEF, 2018: 15). Given the steady rise in the gold price, it is unlikely that production volume has fallen since then. This represents a lost amount of USD 1.51 billion (based on an average gold price of USD 108,000/kg, World Gold Council, June 2025) in foreign currency that is not repatriated to the country or only to a very small extent. According to the authorities, only 2% of gold exporters have repatriated foreign currency (U4 Anti-Corruption Resource Center, 2022: 8). The 5% levy on the total value represents a lost amount of approximately USD 75.6 million.

6. Factors explaining illicit gold flows

Several factors explain the obstacles to the formalization and control of gold flows in Madagascar:

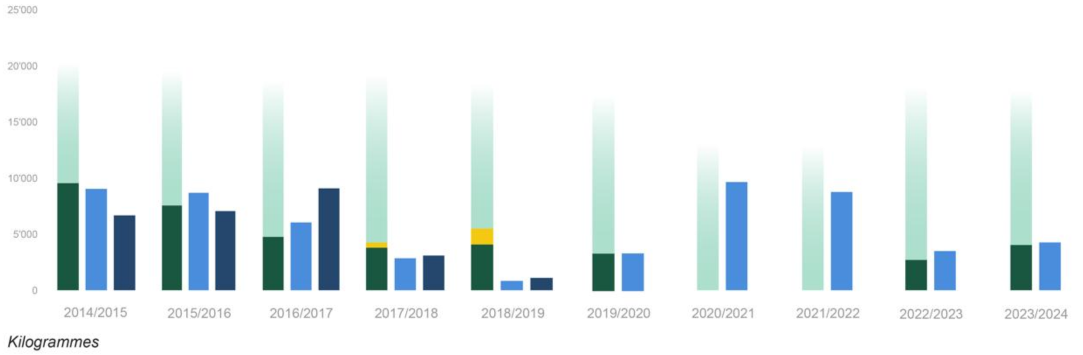
- Taxation. It is undoubtedly one of the main obstacles to formalization.
- The price of gold sold locally is superior to the international market price, suggesting cases of money laundering and undermining the competitiveness of the formal sector.
- The general suspension of gold exports decided in October 2020 was presented as an anti-smuggling measure, but it led to an increase in clandestine flows, as gold continued to be extracted and traded illegally. The measure reinforced illicit circuits via the Comoros, Mauritius, Kenya (Nairobi) or Ethiopia (Addis Ababa), all the way to Dubai. Seizures abroad (e.g. 73.5 kg in Johannesburg in 2020) attest to this dynamic.
- Corruption plays an important role in explaining this situation. According to Sophie Lemaitre, author of a report on artisanal gold in Madagascar, *"There are corrupt practices at every stage of the supply chain: from extraction, to intra-Madagascar transport, to export. Corruption will facilitate illegal activities, for example to obtain export permits, false certifications, to avoid controls whether at mines, roads or airports. Law enforcement agencies and the army are often involved. They will, for example, offer protection in exchange for part of the gold production or remuneration"* (Euradio, 2025).
- The role of corruption is also compounded by the impunity enjoyed by politically or socially influential elite networks in Madagascar, who benefit from high-level connections to illegally export gold out of the country. These may be political actors, members of the security forces or even private operators (U4 Anti-Corruption Resource Center, 2022). The recent case of three high-ranking government officials who wanted to export 53 kg of gold on a commercial flight using diplomatic bags is just one of many examples (France Info, 2024).
- Structurally, Madagascar's territory is vast, and the state's resources are still very limited to ensure effective control over widely scattered gold mining sites.

Ethiopia

1. Overview of the gold sector in Ethiopia

In Ethiopia, gold is extracted by both industrial mining companies and artisanal and small-scale miners. Artisanal gold panning has a history going back centuries and today accounts for most of the gold mined in the country. It supposedly employs more than 1.5 million people (Chatham House, 2024). Artisanal gold panning is practiced in most of the country's rural regions, often in areas that are difficult to access, such as those on the borders with Sudan, Kenya and Somalia. The Benishangul-Gumuz region, for example, is a strategic area for clandestine production and export to Sudan. The Oromia and SNNPR regions are also affected (Chatham House, 2024).

Overview of the gold sector in Ethiopia



- Total declared production (EEITI and government data; the figure for FY 2022/2023 covers only nine months)
- Import (UN Comtrade HS 7108, data reported by countries of origin; complete monthly data not available after 2019, therefore precise comparison with Ethiopian FY data not possible)
- Estimated non-declared artisanal and small-scale gold production (EEITI)
- Export 1 (National Bank of Ethiopia)
- Export 2 (UN Comtrade HS 7108, data reported by countries of destination; complete monthly data not available after 2019, therefore precise comparison with Ethiopian FY data not possible)

The Ethiopian fiscal year lasts from August until July.

As can be seen on the graph above, official gold production has plummeted over the 2010s. Gold mining has become increasingly informal and outside the control of the federal government. Some large-scale gold projects that were announced a decade ago failed to get off the ground, while illegal gold panning intensified, often in collusion with various governmental and non-governmental actors (Chatham House, 2024).

Several factors have hampered gold production, much like in other countries: lack of institutional capacity to identify informal networks, financial attractiveness of the illicit market, lack of financial and institutional support for artisanal and small-scale gold miners, lack of marketing infrastructure. However, the role of political instability and armed conflict is more specific to Ethiopia. In particular, the war in Tigray the has had a profound impact on national gold production (see below).

Despite the insecurity, gold production has been rising again since 2021. This is partly due to the success of several formalization pilot projects like the SUMM project launched in four regions (Gambella, Benishangul-Gumuz, Oromia, SNNPR) and involving 7,700 miners (CIRDI, 2023). In turn, this success is mainly due to the development of incentive policies by the National Bank of Ethiopia (BNE), as developed below, in particular the elevation of the premium offered to sellers in 2020.

2. Legal framework for licensing and regulating ASGM

Mining in Ethiopia is regulated by several legal texts: the Mining Operations Proclamation No. 678/2010 (MOP 2010), the Mining Operations (Amendment) Proclamation No.816/2013 (MOP 2013), the Transaction Minerals Proclamation No. 1104/2019 and the Mining Operations (Amendment) Proclamation No.1213/2020 (Ministry of Mines and Petroleum, 2025). The MOP 2010 distinguishes artisanal activity (art. 32) from small-scale mining (art. 28 and 29), and the MOP 2013 distinguishes four types of artisanal and small-scale licenses:

- The Artisanal Mining License (meaning individual entrepreneurs, without employees), valid for up to 2 years and non-renewable (art. 10 MOP 2013).
- The Small-Scale Mining License, valid for 10 years and renewable for 5 years (art. 29 MOP 2013).
- The Special Small-scale Mining License, valid for 10 years and renewable for 5 years (art. 33 MOP 2013).

3. Gold production

In Ethiopia, the bulk of the gold is produced by artisanal and small-scale miners. In 2020/2021, out of around 9.4 tonnes of gold mined domestically, less than one tonne came from industrial enterprises, with the remainder coming from ASM (Addis Fortune, 2024).

The official marketing system is based on the centralized purchase of gold by the National Bank of Ethiopia (NBE), which holds a monopoly on the purchase and marketing of domestic gold since 2009. Gold miners must sell their production exclusively to the NBE or to authorized entities, such as licensed brokers, who act as legal intermediaries. Any sale outside this framework is considered illegal and may result in severe penalties, including fines and prison sentences. The NBE acts as a "clearing house for gold produced by Artisanal and Small-scale Miners (ASM)" (EITI, 2018) and holds it in stock or includes it in sales of gold on the international market.

In order to make the system more attractive, a 5% premium above the daily official gold price was offered to producers selling gold to the NBE (EEITI, 2021: 37). From April 2020, the rate was raised to between 10% and 29% following a "memorandum of understanding" between the NBE and the Ministry of Mines & Petroleum (Gold.org, 2021). This premium was subsequently increased to 65% to discourage gold miners from turning to the informal market. At the same time, the Mines and Petroleum Minister has exempted traditional and small-scale gold miners from paying royalty to regional states (FANAMC, 2021).

However, observing that the premiums did not prevent the informal market from operating, the NBE radically changed its approach recently. Since August 2024, this premium has been abolished. Prices are now determined according to the daily exchange rate of the Ethiopian birr against the dollar, which is set by the NBE (Addis Standard, 2024). The liberalization of the exchange rate has led to a significant depreciation of the birr, and incentives for official sales have diminished. The authorities therefore introduced other incentives to attract small producers, including the possibility for operators to retain 50% of their foreign currency earnings or the promise to pay sellers 95% of the transaction immediately (Addis Fortune, 2024).

These measures seem to have convinced more gold miners to turn to official channels and improve formal production. Over 9 months (start of fiscal year 2024/25), the NBE declared having purchased a record 22.5 tonnes of gold from artisanal mining (The Reporter, 2025).

4. Gold trade

The NBE, which is the main source of export data in this analysis, does not publish the list of countries of destination of Ethiopian gold. This information can be found in data reported to UN Comtrade by Ethiopian authorities, but there are substantial discrepancies between the volumes of exports and their mirror imageSince 2011，Ethiopian authorities report exports of gold only to Switzerland. However, besides Switzerland, the UAE also reported significant imports of gold from Ethiopia for the past few years (UN Comtrade, 2025). This gold was probably not declared for export in Ethiopia, in other words, there is a suspicion that it was smuggled out of the East African country and legally imported into the UAE.

In addition, gold leaves the country via several alternative routes: to Sudan from Benishangul and Gambella, to Somalia and Kenya from Oromia and the south, and via Bole International Airport in Addis Ababa (Ethiopian Business Review, 2023). Due to its proximity to the Ethiopian gold belt, Sudan was the main recipient of illicit gold from Ethiopia, at least until the outbreak of the civil war. Other smuggling routes cross Afar into Eritrea and Somaliland, as well as the Guji region near the Kenyan border. Regional airports have also become transit points for illicit gold, which is sent to destinations such as Uganda, then re-exported to the United Arab Emirates (Chatham House, 2024).

Regarding volumes of gold exported, Ethiopia officially reported 12 tonnes between 2011 and 2012. The figure has fallen to 4.2 tonnes in 2023–2024, despite the emergence of new gold projects and the expansion of artisanal or small-scale mining (Chatham House, 2024). Since the NBE exports most of the gold it buys, these exports have historically helped generate foreign currency and contributed to the stability of the birr. In the fiscal year 2024/25, all gold sold to the NBE, namely 37 tonnes, seems to have been exported according to official reports (Ethiopian Business Review, 2025).

The Ethiopian authorities aim to boost the value of exports and probably increase national reserves by increasing refining capacity. A gold-processing plant, currently under construction in the Benishangul Gumuz region, is due to become operational in 2026, while three small-scale gold-processing plants have already started operating (Agence EcoFin, 2024). In the medium term, it remains to be seen whether the trend of the last 12 months will continue over the long term, or whether market developments will once again lead to a retreat of the industry's actors towards the informal markets, which are highly structured at sub-regional level.

The Ethiopian gold sector is characterized by the presence of armed groups in Tigray, including the leaders of the Tigray Defense Forces (TDF), members of the Tigray People's Liberation Front (TPLF), and foreign nationals, with TDF and TPLF overseeing illicit mining and smuggling (Chatham House, 2024) and profiting from it (Birr Metrics, 2025). Smuggling happens with the complicity of corrupt officials to bypass border customs, smugglers sometimes disguising as NGO vehicles or even government transports (Birr Metrics, 2025). ASGM in Ethiopia is also afflicted by exploitative market conditions and labour rights violations (The Reporter, 2025).

5. Tax system and estimated tax losses

Tax regime

Country	Mining title	Permit duration (years)	Ownership of a mining title		Surface tax	Royalty
			Granting	Renewal		
Ethiopia	Artisanal Mining license	2		No		7%
	Special Small Scale Mining License	10				
	Small Scale Mining Licence	10				

- **Royalty**: The sale of gold is subject to a 7% royalty. This rate applies uniformly to all entities authorized to sell gold to the NBE, including cooperatives, companies, and authorized collectors. Individual artisanal gold miners are exempt from this royalty. Royalties are shared between the central state (60%) and regional authorities (40%).

Estimated losses

- **Royalty:** Based on the most recent official data, 22.5 tonnes of gold were collected over the first nine months of the 2024-2025 fiscal year, generating cumulative revenues estimated at USD 134 million (based on the 7% royalty and an average gold price of USD 85,000/kg, World Gold Council, December 2024). This volume of gold is broadly in line with estimates of informal production every year since 2014. This suggests that Ethiopia has made significant progress in curbing illicit flows and optimizing tax revenues in the last fiscal year, although this trend needs to be confirmed over time. It has not been possible to collect data to assess the extent of current illicit flows and therefore to calculate the losses.

6. Factors explaining illicit gold flows

Conflicts impacting gold production

Some gold-producing regions, notably in southern and western Ethiopia, have been affected by ethnic tensions and armed conflicts that disrupt access to mining sites and the organization of gold panning activities. In this respect, the war in Tigray, the leading region for exploration and the granting of commercial licenses, had a major impact on domestic gold production. 51% of the gold supplied to the NBE last year came from Tigray (Addis Standard, 2025).

An NBE gold marketing chain that tolerates informality

Another major challenge lies in the fragility of the NBE's centralized purchasing system, which sometimes tolerates, out of pragmatism, the purchase of gold from non-formal actors (via collectors and cooperatives), particularly in border regions. This practice, although aimed at reducing smuggling, introduces ambiguity into the rules of the game, weakens the incentive to formalize, and encourages the persistence of a dualism between the formal and informal economies. This situation also complicates efforts to certify and market gold responsibly on the international market.

Still too little support for individual gold miners

One of the main obstacles to improving the artisanal gold sector in Ethiopia lies in the low uptake of modern technologies. Whether miners are organized or not, the vast majority continue to use rudimentary tools such as picks or iron bars. According to a field study, only 33% of miners claim to use modern technologies, and among them, the proportion is significantly higher among organized groups, particularly small-scale mining companies (SSSM), than among individual miners (IGC, 2022). This low level of mechanization is detrimental to productivity. This situation is exacerbated by insufficient funding, lack of technical and entrepreneurial skills, and low awareness of the potential benefits of modernization.

Recommendations

Strengthen controls to reduce illicit flows	
Strengthen companies and border surveillance	
Labelling and digitization of the production and trading chain	
Strengthen inter-agency cooperation within the country and between cross-border customs authorities	
Improve the tax framework	
Harmonize taxes between countries sharing common borders	
Adapt taxation to the type of production and the volume mined	
Formalisation: develop an approach based on incentives rather than repression	
Increase the range of services available to gold miners	
Strengthen the role of the State in financing ASM gold miners	
Decentralized purchasing offices and centralized exports	
Strengthen the network of official purchasing offices	
Establish a one-stop shop for state-controlled ASM gold exports	
Promote gold purchases by the Central Bank	

Strengthen controls to reduce illicit flows

Strengthen companies and border surveillance

The scale and frequency of checks carried out by state agencies on collectors, purchasing offices, local refineries and trading companies should be increased. Those actors are often not required to report on the origin of their gold and to account for their activities. They should be required to implement the five due-diligence steps from the OECD Due diligence guidance for responsible supply chains of minerals from conflict-affected and high-risk areas (OECD, 2016). This guidance should be integrated in the legal framework of those countries.

Controls at the border and in airports must be strengthened. Land borders are often poorly controlled, and the gold can be easily smuggled to neighbouring countries on cars and motorbikes. There are also shortcomings in controls at airports, which play a key role given that the overwhelming majority of the ASM gold headed for international gold hubs, like the UAE, is exported on planes. The majority of this gold is transported in hand luggage, a practice that is not regulated but should be.

The verification of customs declarations must be improved. In several countries, only a small proportion of the quantity of gold exported is declared while most of it is undeclared. The practices of under-declaration of the value of the gold are also common.

To be efficient, the strengthening of those controls and verifications should be accompanied by an increase in resources available to government officials, a strengthening of the legislation and improvements in the fight against corruption.

Labelling and digitization of the production and trading chain

The labelling and digitization of the artisanal gold production and trading chain will enable the value chain to be rebuilt around the principles of transparency, traceability and automated taxation, at a time when governments are struggling to keep track of the volumes of gold produced, collect the taxes due and limit illicit flows.

Geolocation and systematic registration of artisanal gold panning sites are the first step in linking mined gold to a known, authorized site. At the same time, each registered gold miner or cooperative member should be issued with a secure biometric card, integrated into a national database, for identification during transactions, access to technical services and revenue traceability.

The second level involves the physical marking of gold as soon as it is extracted or processed. Gold must be placed under seal or identified using suitable technological devices (QR codes, for example), enabling each batch to be traced from this starting point right through to purchase (counter, central bank, refinery, etc.). Each stage would thus be tracked digitally.

The third level concerns the electronic payment of financial transactions. This implies that all actors authorized to purchase use digital payment systems integrated with the declaration platform, enabling automatic calculation and deduction of royalties at the time of purchase. This system would greatly limit cash payments, which are at the root of many frauds, money-laundering and under-declaration practices.

However, the use of technology is far from being a miracle solution. In addition to the fact that the use of this kind of solution requires digital education for all actors in the chain, as well as optimal mobile coverage throughout the country, these solutions can be easily circumvented at source by well-established informal networks. In other words, digital labelling must go hand in hand with a more comprehensive effort by the authorities to formalize and combat illegal gold mining.

Strengthen inter-agency cooperation within the country and between cross-border customs authorities

Strengthening inter-institutional cooperation between the mining, customs, economic police and tax authorities, which still too often work in silos, would enhance the resources available to combat illicit gold mining and/or tax evasion. In concrete terms, this could take the form of the creation of inter-ministerial units specialized in ASM governance. Their main mission would be to cross-reference data from the field (volumes mined, sales, exports, tax revenues, customs controls), plan joint inspection operations, formulate alerts on high-risk areas or actors, and follow up on administrative and legal procedures initiated. The appointment of focal points in each government department, responsible for liaising with this unit, would ensure the smooth exchange of information. A database on mining titles, declared volumes, beneficiaries of gold purchases and approved exporters should be publicly available, and the monitoring of that database would make it possible to identify discrepancies between declared production and exported volumes.

This cooperation must also extend across borders, on the one hand with customs authorities in neighbouring countries, to combat smuggling networks that exploit administrative loopholes and tax differences, on the other hand with customs authorities in international gold hubs, like the United Arab Emirates, to detect the origin of discrepancies in customs statistics and identify the players involved in this illegal gold trade. Bilateral or multilateral customs cooperation agreements specific to the gold sector should enable coordinated controls at border posts, the systematic exchange of information on exports and manifests, the mutual recognition of documents certifying the origin of gold, and joint surveillance operations on known transit routes.

The challenges ahead remain considerable. Firstly, the lack of a culture of cooperation between administrations, sometimes exacerbated by budgetary rivalries or institutional prestige, can hamper the development of shared mechanisms. Secondly, disparities in technical capacity and levels of computerization between departments can create imbalances in implementation. In addition, the risks of corruption or leakage of strategic information require a rigorous framework, with reinforced security protocols and accountability mechanisms. Finally, cooperation can be hampered by political tensions between states, diverging tax regimes or disagreements over shared responsibilities.

Improve the tax framework

Harmonize taxes between countries sharing common borders

Among the eight countries analysed, divergent economic models can be observed, ranging from Ghana's decision to cancel all taxation in favour of an approach designed to strengthen foreign exchange reserves, to other countries' decision to maintain high royalties. Indeed, analysis of the countries studied shows significant differences, ranging from 0% to 8% depending on the country, which creates powerful incentives for fraud, driving producers to move their gold to countries with more advantageous tax regimes. In the interests of economic efficiency and the fight against smuggling, harmonizing taxes on ASM gold between neighbouring countries could be very effective.

This recommendation has often been made, but never acted upon, suggesting considerable political resistance to what could be perceived as a loss of fiscal sovereignty. Implementing such harmonization therefore requires a structured intergovernmental consultation process, steered by the regional institutions concerned and which takes into account the economic impact for the countries affected, as well as compensatory measures for the latter. Sub-regional coordination, within ECOWAS, UEMOA or ECCAS, would make it possible to introduce a uniform taxation for ASM gold, with at least a floor and a ceiling authorized, which would reduce tax competition and help dry up illicit re-export circuits. For the mechanism to be effective, it must be backed by a binding or incentive regional legal framework (directives, protocols, community regulations). Finally, tax harmonization will only have a real effect if it is accompanied by operational customs cooperation and effective border controls.

Adapt taxation to the type of production and the volume mined

The lack of distinction in tax regimes tends to penalize individual gold miners, who are often governed by the same status and exposed to the same conditions as small-scale operators or even operators in the semi-mechanized sector. This discourages formalization and creates strong incentives for operators to under-report production. On the contrary, a tax system better adapted to the constraints of artisanal miners could have virtuous effects in terms of formalization and declaration of production.

Depending on the volume of production declared or estimated, but also on the level of mechanization of the operation, more advantageous tax regimes should be devised for individual and artisanal gold miners: lower taxation, simplified declaration obligation, etc. This could have an incentive effect on the operators, who would then have to declare their production. This could prompt them to formalize their operations. As for cooperatives, the same conditions could be offered, subject to compliance with a certain number of criteria linked to production conditions.

Semi-mechanized operators, with motor pumps or crushers, should be subject to a proportional tax regime, based on regular declaration of extracted volumes, verified by on-site checks or cross-checked with purchase data from official purchasing offices. To prevent semi-mechanized operators from operating as individual gold miners, the tax system should be linked to the equipment used, the personnel employed, and the size of the surface area mined.

The effectiveness of such progressive taxation depends on a particularly reliable register of operators, including information on their status, level of equipment, and estimated production. It also relies on the ability of tax and mining departments to carry out random or targeted checks to verify the conformity of declarations, relying, if need be, on data transmitted by *comptoirs*, banks or refineries. In short, such amendments cannot be made in isolation from a broader reform that makes formalizing the actors in the artisanal gold sector a priority.

Formalisation: develop an approach based on incentives rather than repression

Increase the range of services available to gold miners

Strengthening the services available to artisanal gold miners is an essential component of any policy to formalize and develop the sector. In the eight countries covered, this service offering remains too limited, with gold miners working with rudimentary technical resources, often dependent on informal – often foreign – pre-financiers who provide them with equipment in exchange for exclusive access to their production. This situation undermines the independence of small-scale producers, encourages informality and deprives the state of a significant proportion of gold mining revenues.

States should set up local technical service centers with a pool of shared equipment in good working order: motor-driven pumps, small crushers, gravimetric concentrators, generators, safety tools, etc. To ensure the long-term viability of the centers, equipment could be leased at low cost to small producers, without high warranty requirements, and with technical support for its use. These centers could also provide advice on geology, safety and environmental management, as well as administrative services related to the issuance or renewal of mining titles, goldminer's cards or tax registrations. They would be one-stop shops offering a variety of services essential to the daily lives of gold miners.

Access to these centers would be limited to formal or cooperative gold miners, in order to create a concrete incentive to declare, without relying solely on repressive mechanisms. Advantageous access conditions could even be devised, depending on the gold miners' compliance with ethical or environmental criteria linked to their production.

However, the creation and maintenance of these centers requires high initial investment, which suggests starting with a pilot center on a regional scale, before considering scaling up in the event of success. In addition, the financial sustainability of these centers will depend on their business model: a balance needs to be struck between public subsidy and payment by users, avoiding both total gratuity (a source of inefficiency) and pricing that discourages the most modest producers.

Strengthen the role of the state in financing artisanal gold miners

In the absence of access to conventional bank financing, many gold miners turn to informal actors – often foreign – who advance them funds or equipment in exchange for exclusivity on production. This system, based on economic dependence, maintains a vicious circle of informality, under-reporting and tax losses for governments. Strengthening the state's role in financing artisanal gold miners is therefore an essential lever for encouraging the formalization of the sector, reducing its vulnerability to smuggling networks and boosting productivity.

In practical terms, this can be achieved through the creation of specialized public funds for mining microcredit, backed by existing public institutions or targeted programs such as the Solid Minerals Development Fund in Nigeria. The aim of this approach is not so much to earn money through credit as to build the loyalty of gold miners, which calls for attractive terms and conditions: low collateral requirements, low or even subsidized interest rates, flexible repayment terms. In some cases, direct subsidies in the form of basic equipment kits could be envisaged for newly registered cooperatives or groups of gold miners.

Public funding can also be provided through in-kind support schemes, notably through technical centers or shared service platforms, which make heavy equipment (crushers, pumps, safety equipment) available on a subscription or flat-rate basis. This would make it possible to circumvent the constraint of individual solvency, while ensuring a degree of equity in access to productive resources.

The national banking system can also play a greater role in financing and even accompanying gold miners, and even in buying gold directly. These banks can also help to secure transactions, facilitate the traceability of financial flows and offer banking services in remote mining areas. The creation of public guarantee funds to absorb part of the risk would be useful in convincing banks to commit themselves without charging prohibitive rates and demanding unrealistic conditions.

Several major challenges need to be considered. Firstly, identifying beneficiaries requires reliable databases, based on rigorous registration of gold miners, their legal status and their locations. Secondly, eligibility criteria need to be established to ensure that these funds are not captured by operators who are already well equipped and often semi-mechanized, to the detriment of artisanal gold miners or small cooperatives. Finally, monitoring and evaluation mechanisms must be put in place to limit the risks of misappropriation, massive non-payment or phantom financing, as has been observed in several African mining funds.

Decentralized purchasing offices and centralized exports

Strengthen the network of official purchasing offices

Strengthening the network of official ASM gold purchasing offices is an essential measure for capturing gold production and diverting it from informal channels. In most of the countries covered by the study, gold miners located far from capital cities, and sometimes even secondary towns, are forced to sell their production to unregistered intermediaries, which encourages tax evasion and sustains a parallel economy.

This reinforcement of mileage must be based on a precise mapping of ASM production zones and current supply flows. This implies the creation of new fixed purchasing offices in the most dynamic areas, and/or the introduction of mobile purchasing offices capable of operating at several sites within a given radius, tasked with weighing, testing gold purity, issuing official receipts and buying gold electronically.

This network can also be delegated to certified gold miners' cooperatives or rural banks, as was suggested in Malawi as part of this study. These *comptoirs* will need to be connected to a central database, enabling real-time feedback of information on volumes purchased, sellers' identities, taxes levied, and the subsequent destination of the gold. The digital interface should also enable the tax authorities to automate the collection of mining royalties at the time of the transaction.

Several challenges need to be considered. The first concerns investment costs, both for the physical infrastructure of the counters and for the technical equipment and digital connections. Secondly, the day-to-day management of these counters requires trained staff with integrity, and an effective supervision and audit framework to prevent misappropriation or under-reporting practices. Finally, this must be accompanied by awareness-raising among gold miners, through legitimate local actors able to convince them to turn to these collection points.

Establish a one-stop shop for state-controlled ASM gold exports

In the face of fragmented, poorly controlled and often clandestine export circuits, the introduction of a one-stop shop for ASM gold exports by the state would make it possible to recentralize the trading chain and make recourse to the informal market more difficult. This entity, like SONASP in Burkina Faso, would be the only one authorized to export artisanal gold, whether sold directly to the Central Bank, to local refineries or for international export.

This would offer a number of advantages: centralized collection of taxes and royalties at source, systematic physical and documentary inspection of each batch of gold presented, fewer falsified export declarations, control of export volumes leaving the country, statistical transparency for the state and its partners, and greater traceability of exported gold. From this point of view, the one-stop shop must be closely linked with upstream digital traceability systems, approved purchasing counters, local refineries, and central banks or financial institutions involved in gold redemption. Full integration of the production, processing and export chain will enable the state to exercise effective control over the ASM gold sector.

However, this entity must have sufficient technical, material and human resources to carry out such a mandate, especially if export volumes are set to increase. The creation of bottlenecks or excessive delays could turn sellers away from the centralized office and encourage them to remain illegal. To reduce this risk, the entity could be broken down into regional collection points or logistics offices attached to the central structure. Similarly, upstream of the one-stop-shop, the purchase price must be sufficiently attractive to ensure that the one-stop-shop ultimately attracts exports. Finally, it is also very important that this entity remain transparent about its activity and is submitted to external supervisions.

Promote gold purchases by the Central Bank

As we have seen, a large number of Central Banks are now buying gold as part of their economic and monetary strategy. States that have not yet done so could draw inspiration from this. A number of conditions seem essential to the success of these programs: a competitive, transparent and regularly updated purchase price, the development of incentive mechanisms (tax incentives, premium, etc.), rapid payment, the possibility of retaining part of the foreign currency, etc.

First and foremost, this strategy enables the state to consolidate its national gold reserves, thereby strengthening its financial resilience and its ability to cope with external shocks, particularly in the event of falling currencies or tensions on international markets. It also facilitates the repatriation of foreign exchange earned from gold sales, should the Central Bank decide, at a later stage, to sell this refined gold on international markets in a centralized and traceable manner. Furthermore, by creating a secure, regular and remunerative outlet for ASM producers, this mechanism encourages formalization, facilitates the traceability of flows, and increases tax revenues linked to sales.

However, this requires the Central Bank to have sufficient secure storage capacity, the technical expertise to check and analyze the quality of the gold, and, with a view to an ethical production chain, a traceability mechanism to authenticate the origin of the gold and an appropriate due diligence mechanism. In addition, the Central Bank must have sufficient liquidity and monetary reserves to purchase the necessary quantities of gold, without delays that would undermine the confidence of sellers.