***About the Gold Supply Chain Management:A brief discussion***

***Introduction:***

The major [supply chain](http://www.schain24.com/2016/09/05/supply-chain-management-drivers/) challenges in countries with gold mining and gold supply chain are supply of low quality products , unreliable and uncertain lead times , inability of farms to maintain international standard , high transportation and violence by the local communities, fluctuation of international market prices etc. Energy, environmental protection authorities and other institutions should collaborate with mining firms to deal with environmental pollution and matters of inadequate compensation of the communities whose farm lands are destroyed due to mining to address unhealthy conflicts. Supporting livelihoods of artisanal miners are also part of   a responsible gold supply chain. Gold miners and refiners need to meet the standard to remain on the accredited list. Which is required to be accepted in the financial markets.

***To implement Gold Supply Chain following things need to be established:***

-There are some guidance available from OECD, which need to be proactively and gradually implemented. Adequate due diligence policy of OECD should be risk-based. Companies document the risk factors and document their decision making about risk factors. And accordingly choose due diligence choices.

-Identifying, assessing, reporting, and mitigating risk factors can demonstrate and support reasonable efforts. Constructive engagement with suppliers to progressively improve gold supply chain according to standards. It does not intend to provide 100% certainty on conflict free status. And focuses on processes to identify, prevent and mitigate risk based on available information. They work with suppliers to cut harmful parts of the trade. Industry and multi stake-holders require initiative to assess supply chain circumstances while sharing costs and lessening the burden of data collection.

-London Bullion Market Association (LBMA) –the International Trade Association represents the market of gold and silver bullion-has also developed responsible guidance standards for refiners in line of OECD guidance on Responsible Supply Chains of minerals from conflict affected areas. If refiners are not able to meet the standard gold not being accepted by financial markets. LBMA’s 129 members include trading houses, banks, refiners, miners and fabricators.

***Gold extraction strategy:***

-A conflict with the local communities threatens local communities from being benefitted from gold mining. Compliance with OECD standards require that gold producers should publicly announce that gold has been extracted in a way does not contribute to human rights abuses or breaches of international humanitarian laws. There should have a procedure of whistle-blowing, if human rights abuses occur, need to be available for conformance with the standard when operating in a conflict affected area.

-Artisanal mining is a way to extract gold. The challenge is that it should be assured that these miners can carry on their working, when this is their only chance to make a living, while also protecting the environment and workers from exploitation.

-Gold mining economy is helpful to people e.g., Ghana, Tanzania, Congo etc. The benefits does not simply benefit those who work in the industries, but also spread to local economy.  Strategies should help them to do that. The mining sector, just like other industries coordinate among all members in the supply chain.

-Sourcing strategies need to be effective and efficient, because gold supply chain is depending on sourcing to a large extent.

-In a study it is revealed that violence and disputes as well as accident related deaths are common challenges that characterize mining operations in most communities. It is imperative to deal with these challenges.

***Countries that are unable to follow the technological drawbacks:***

-The African countries like Ghana, Congo etc. are not very much advanced at technological know-how. So they need to have more time to implement the OECD and LBMA standards. In that case, the international communities e.g. OECD and LBMA need to exercise some flexibility to fill up the requirements. And the Financial markets can accept the gold they refine and produce from their mines. And market requirements and supply/demand forecasts are filled up without creating turmoil in the world gold market and important requirements for jewelry, scientific or otherwise.

-Also these countries can go for investors who can develop the technological infrastructure. It is supposed to be good for all parties.

***Conclusion:***

Environmental pollution, employment related issues, inadequate compensation paid to owners of land destroyed by mining related activities and issues on resettlement are identified as the major sources of dispute that occasionally develops between mining organizations and communities. Compliance of OECD and LBMA standards need to be implemented to help these issues. The International business community can come forward to help the countries who has problem with technological drawbacks. This will help the gold requirements in the international market and stabilize the financial market also.

Further reading:

1.<https://www.theguardian.com/sustainable-business/gallery/challenges-global-gold-supply-chain-pictures>

2.<http://www.oecd.org/about/>

3.<http://www.lbma.org.uk/>