

Illegal gold, deforestation and the impact on communities



Illegal gold mining has devastated sections of the Uraricoera River, damaging forests, waterways, and ecosystems within the Yanomami Territory. January 2022.
Photo: Bruno Kelly/ISA.



Policy briefing:
recommendations for the UK

Introduction

CAFOD's Latin American partners have long reported the devastating impact of illegal gold mining on Indigenous and other rural communities [in the Amazon](#),¹ and many other precious biodiverse regions, such as [the Atrato river basin in Colombia](#). This paper summarises the different ways in which illegal mining harms the environment and the communities that live there, and the innovative responses from local communities and in some locations, state authorities.

Illegal gold mining is not only an environmental and human rights crisis. Increasingly, it is also a financial crime issue. Gold extracted through environmental destruction, violence and criminal networks can enter international supply chains and eventually be traded through global financial centres. This helps to explain recent record increases in the price of gold, reflecting both its value as a commodity and as a convenient vehicle for illicit financial flows, including sanctions evasion.

It is clear that producing countries cannot solve this problem alone; we need to ask who is buying illegal gold, and what steps are needed to prevent it finding its way into mainstream markets.

As one of the world's most important gold trading hubs, the UK has both the responsibility and the opportunity to take the lead in this process.

The inclusion of illegal gold in the UK's [Illicit Finance Summit](#), now scheduled for December 2026, together with the UK assuming firstly the Presidency of the Financial Action Task Force, and then the G20 in 2027, offer real opportunities for action.

Negative impacts of illegal mining

Miners have been operating in these often remote, biodiverse and forested regions of Latin America for decades; in some locations, genuine artisanal mining has historically been a legitimate livelihood strategy, but in others, particularly in many Indigenous territories and protected areas, any mining that does take place is completely illegal.

the impacts of illegal mining ... have been described as a humanitarian catastrophe

The escalating price of gold has driven the rapid expansion of illegal mining in these locations, as the huge profits attract new investors, many with links to organised crime, who use gold as a source of revenue and as a mechanism for laundering the proceeds of crime.² They also provide funds to buy heavy machinery – thus ensuring that this activity is now very different to, and far more damaging than traditional forms of Artisanal and Small Scale (ASM) mining. Our partner SIEMBRA terms this ‘predatory mining’: large scale, capital intensive operations, where the miners and their backers often wield substantial power and control over local communities.³

The negative impacts of predatory mining in these environmentally and culturally significant locations, often remote and beyond state control, include:

- Mercury poisoning: Illegal miners often use highly toxic mercury, which pollutes the environment, particularly the rivers, with dire consequences for the livelihoods and health of affected communities.⁴
- Deforestation and biodiversity loss: Illegal mining destroys the forest and pollutes the environment; for example, by mid-2025, total deforestation in the Peruvian Amazon caused by gold mining had reached 139,169 hectares, with mining being detected in 225 water courses.⁵
- Destructive social impacts: Illegal miners can bring illegal drugs, sexual exploitation, and even human trafficking,⁶ alongside new diseases and health risks. Thus the impacts of illegal mining in the Yanomami Indigenous Territory have twice been described by the UN Special Rapporteur as a humanitarian catastrophe, due to high levels of malnutrition and child mortality.⁷
- Increasing violence, including gender-based violence: the involvement of organised crime has escalated the risks faced by those who speak out against illegal mining, and Indigenous and other community leaders have been raped and murdered as a result.
- Destabilising local institutions: criminal organisations involved in drug trafficking, extortion and armed violence have diversified into gold mining because it is easier to transport, conceal and integrate into legitimate supply chains and international markets. The resulting flows of illicit finance can fuel corruption, weaken state institutions and contribute to wider insecurity and conflict.⁸
- Undermining fragile peace processes: Illegal mining provides a very lucrative funding source that can further fuel armed conflicts.⁹ For example, in the pacific state of Chocó in Colombia, armed groups extract protection money from miners, and can also be directly involved in their operations, by for example, hiring machinery to them.¹⁰

organised crime has escalated the risks ... Indigenous leaders have been raped and murdered

Local responses

Impacted communities have resisted these trends in different ways. In the Brazilian Amazon Hutukara has trained young Indigenous volunteers in surveillance techniques, using drones to monitor their territory and map deforestation. Meanwhile, the consolidation of the Yanomami Indigenous Land Territorial Protection Plan, supported by another partner, ISA¹¹, has strengthened territorial protection, enabling Indigenous communities to report incursions and communicate with enforcement bodies almost instantly.

Impacted communities have resisted illegal gold mining

In Colombia, CAFOD's partner SIEMBRA¹² has been accompanying communities in Choco for many years; in 2015, local civil society, including church leaders, took action against the authorities for their failure to prevent illegal mining that was damaging the Atrato river. After a lengthy legal battle, the Constitutional court eventually passed decree T622, recognising the river itself as a rightsholder and establishing a new legal entity, the Guardians of the Atrato River, led by the local community, to enforce the T622¹³ ruling.

In Peru, our partner the CAAAP¹⁴ coordinates church networks, Indigenous organizations and civil society to amplify Indigenous voices and defend the Amazon against growing threats, including illegal mining. They also support the training and empowerment of young Indigenous leaders to defend their collective rights, safeguard their ancestral territories including through community-led territorial protection mechanisms, and take an active role in self-governance and cultural practices within their communities.

In some situations, governments have taken action. In Brazil, President Lula's return to the presidency in 2023 led to strong action against illegal mining in Indigenous territories, alongside new measures to improve gold traceability and close loopholes that enabled illegally mined gold to be sold on national and international markets.¹⁵ Although illegal mining has undoubtedly reduced as a result,¹⁶ it has not ceased entirely; miners have adapted their tactics, maintaining links with organised criminal networks, and taking advantage of the challenges of policing the vast territory along the porous border with Venezuela and Guyana.¹⁷

We must play our part

Although it is clear that both affected communities and some Latin American authorities are taking action, the huge incentives created by record gold prices ensure that purely supply side actions can never be wholly successful. Instead banks, jewellers, and ultimately consumers in the global North must also play their part, creating pressure for change, to close the loopholes that enable this gold to be sold on international markets.

Supply side actions can never be wholly successful .. we must play our part

If illegal miners in Latin America were unable to launder their gold into legitimate supply chains, many of the incentives driving the illegal trade would fall away. Criminal networks rely on weaknesses in supply chain transparency, due diligence and financial oversight to launder gold and disguise its origins. Addressing these vulnerabilities is therefore not only an environmental or human rights imperative, but also essential if we are to tackle illicit financial flows and organised crime.

As 70% of the world's gold is traded on the London Bullion Market, the UK is uniquely placed to play a leading role in this initiative. To its credit the current government has tacitly acknowledged this, with the inclusion of illegal gold in its Illicit Finance Summit. There are a number of further actions that we urge the government – and other policy makers – to take:

Recommendations

*(we need)
supply chain
transparency
so ... affected
communities
(can) discover
where (the)
gold is sold*

- i. As President of the inter-governmental Financial Action Task Force (FATF) and later this year, the G20, the UK should strengthen the wide range of regulatory processes designed to address corruption within the gold trade, such as the FATF advice on 'risks and vulnerabilities associated with gold,' which has not been updated since 2015.¹⁸
- ii. HM Treasury, working with relevant regulators and law enforcement agencies should provide enhanced guidance to banks, investors and other financial institutions on the risks associated with illicit gold, including red flags, due diligence expectations and reporting requirements relating to money laundering, environmental crime and human rights abuses linked to gold supply chains. Further asks are outlined in this [Briefing](#).
- iii. The UK should introduce a [Business, Human Rights and Environment Act](#) to hold powerful international mining companies, the financial sector and refineries trading in the UK to account, when they fail to prevent significant human rights or environmental harms within their activities and supply chains. This legislation must also mandate supply chain transparency so that it is possible for affected communities to discover where gold produced from their region is refined and then traded. A strong regulatory body, with the powers to investigate complaints, enforce due diligence and transparency requirements will be required.

CAFOD is also calling on the London Bullion Market Association to:

- i. Strengthen its own [regulatory framework](#), ensuring that British consumers who buy gold jewellery can be confident that it is not tainted by these abuses. Recent steps by the LBMA to improve transparency do not go far enough.
- ii. Adopt mandatory reporting and disclosures for all gold trades, improving visibility over trades moving through intermediary jurisdictions (e.g. UAE to Switzerland) before reaching London, that all trading hubs could be expected to follow.¹⁹
- iii. Require its member refineries to operate an effective, accessible and transparent complaints system, including regularly disclosing the outcome of any investigations completed.
- iv. Strengthen its own Incident Review Process, to ensure that prompt investigations take place where there are credible allegations from affected communities or civil society, linked to a mine, refiner or supplier, and require effective remediation and public reporting on the outcome of that process.
- v. Require enhanced reporting on recycled and scrap gold by traders and refiners, extending beyond the first tier of supply chains, since this provides a convenient loophole often used to launder illicit gold into formal supply chains

Endnotes

- 1 These include Indigenous peoples, Afro Descendants, small scale farmers/campesinos and other local communities including environmental defenders.
- 2 According to the [OECD Full Report: Illicit flows of gold concentrates in the maritime space | OECD](#).
- 3 <https://www.centrosiembra.org/2024/04/18/por-que-ha-fracasado-la-estrategia-militarista-contr-la-mineria-ilegal-el-caso-de-la-cuenca-del-atrato/>
- 4 See for example this study of the effects of mercury poisoning, causing birth defects on the children of another indigenous group affected by gold mining, the Munduruku. [Sick forest: Munduruku children will not play and may be contaminated by mercury \(reporterbrasil.org.br\)](#).
- 5 [MAAP #233: Current situation of gold mining in the Peruvian Amazon - MAAP](#)
- 6 [Mulheres yanomami e a nova invasão garimpeira - Povos Indígenas no Brasil](#)
- 7 See for example, [IACHR and Its Special Rapporteurship on Economic, Social, Cultural, and Environmental Rights Stress That Brazil Must Ensure the Survival of the Yanomami People](#)
- 8 [Money laundering and terrorist financing risks and vulnerabilities associated with gold](#)
- 9 For more than a decade illegal goldmining has been more profitable than the drug trade, see [A Jungle Heist: Shielding the Amazon from Organised Crime | International Crisis Group](#), footnote 46.
- 10 <https://www.centrosiembra.org/2022/08/31/el-atrato-es-la-vida-conflicto-armado-y-economias-extractivas-en-el-rio-atrato/>
- 11 ISA is Instituto Socioambiental, see: <https://www.socioambiental.org/>
- 12 SIEMBRA is the Socio-legal Centre for Territorial Defence, [see their website](#) for more information.
- 13 For more information see <https://www.centrosiembra.org/en/atrato-river/>.
- 14 The Amazonian Center for Anthropology and Practical Application ([CAAAP](#))
- 15 [PL de rastreabilidade do ouro avança, porém ainda exige ajustes | WWF Brasil](#)
- 16 Registered gold production in Brazil fell by 81% between 2022 and 2025. Brazilian gold production and exports (2025): Instituto Escolhas, see: [brazilian-gold-production-exports.pdf](#)
- 17 [Amazônia: garimpeiros ilegais driblam fiscalização contrabandeando ouro para a Venezuela](#)
- 18 [ML-TF-risks-vulnerabilities-associated-with-gold.pdf.coredownload.pdf.pdf](#)
- 19 This could include mint to mine traceability. In the UK, key regulators could be the Prudential Regulation Authority (PRA) or Financial Conduct Authority (FCA).

Acknowledgements

This report was written by Lucy Brill, CAFOD's Private Sector policy lead, with support from CAFOD's Programme officers in Brazil, Colombia and Peru, Monica Sousa Pereira, Ulrike Beck and Maria Crespo, respectively, and from CAFOD's partners, the Hutukara Yanomami Association (HAY) and the Socio-environmental Institute (ISA) in Brazil, the Socio-legal Centre for Territorial Defence (SIEMBRA) in Colombia and the Amazonian Center for Anthropology and Practical Application (CAAAP) in Peru and ABColombia, here in the UK. The circular photograph on the front was taken by Joelle Hernandez from CAFOD.

In association with:



The Catholic Agency for Overseas Development (CAFOD) is the official aid agency of the Catholic Church in England and Wales and part of Caritas International. Charity no 1160384 and a company limited by guarantee no 09387398. Registered office: Romero House, 55 Westminster Bridge Road, London SE1 7JB, Tel: + 44 7095 5348 Email: cafod@cafod.org.uk cafod.org.uk | Printed on paper from well-managed sources. Recycle