Artisanal and Small scale mining for sustainable growth: Opportunities and Challenges

COMMUNITY OF PRACTICE WGEI
This session

Why this session

• Knowledge gap regarding ASM among SAIs
• While ASM could be a significant contributor to economical growth
• CoP initiative to compile information on the topic

Structure and content

• Definition and context
• Challenges and opportunities
• International framework and policy initiatives
• The role of SAIs
Defining ASM

Artisanal and Small-scale Mining (ASM) is often characterized by its key features:
• Minimal machinery or technology used
• Labour intensive
• Low productivity since ASM often takes place in very small or marginal plots
• Lack of safety measures, health care or environmental protections
• May be practised seasonally (e.g., to supplement farm incomes)
• Activity not (or sometimes insufficiently) covered by the legal framework
• It is organized in informal ways

Difference Small scale – Artisanal Mining: Small scale could be individuals or enterprises employing others but still using simple tools and with limited output.
The span of ASM activities

• An individual panning for gold in a river

• Simple underground mining with rudimentary processing plant
The ASM context

• Artisanal and Small-Scale Mining occurs in approximately **80 countries worldwide** (World Bank)

• There could be between **25 and 40 million** artisanal miners globally

• Approximately **100 million workers and their dependents** rely on income from this sector. (World Bank)

• Many more involved in **servicing and supplying** ASM miners
The ASM context

• It is estimated that **15-20 per cent** of global minerals and metals derive from artisanal mining (IIED, 2013).

• ASM production supply accounts for **80% of global sapphire, 20% of gold mining** and up to **20% of diamond mining**. (World Bank)
The livelihood aspect

• Many rural people depend fully or partially on ASM to feed their families, send children to school etc.
  • Contrary to the opportunist myth

• ASM is often poverty driven

• This means that policies that restrict ASM will have social consequences
Typical ASM value chain

Source: Intergovernmental forum on Mining, Minerals, Metals and sustainable development: Guidance for Governments on Managing Artisanal and Small-scale Mining
The classical challenges with ASM

• **Environmental** hazard (historically mercury spills has been an issue)
• Worker **safety**
• Limited **tax** benefits for governments
• Adverse local **social effects**
• May cause and/or prolong social/armed **conflict** (eg. DR Congo and Sierra Leone)
The opportunities related to ASM

• **Job** creation
• Stimulate **economic growth**
• Increased **government revenues**
• Slowing urban migration
• Increase **local** purchasing power
How does governments interact with the sector and international legal framework

• Absence of policy frameworks facilitating the emergence or growth of sustainable ASM operations is a major constraint in many countries

• In some countries, small-scale mining policy and regulations fall under general mining policy, which makes no distinction between LSM and ASM

• Even in countries with a separate small-scale mining policy, the procedures for acquiring licences are generally too cumbersome and tenure is not protected sufficiently
International framework

• Kimberly Process
• ILO 182 Worst Forms of Child Labour Convention
• Dodd Frank Act
Intergovernmental Forum on Mining, mineral and metals and sustainable development

• Key policy recommendations:
  • Find ways to integrate ASM into the formal legal framework;
  • Find ways to integrate informal ASM activities into the formal economic system;
  • Reduce the social and environmental impacts of ASM
Africa Mining vision

The Africa Mining Vision was adopted at the February 2009 AU summit

Recommends:

• bringing ASM into the mainstream of economic life
• Offer financial and technical support
• Integration of ASM into National Poverty Reduction Strategies
What is the role of SAIs

- It will depend on the legal framework (or lack of it) in the particular country
  - The value chain from government perspective

- Possibility to audit the effectiveness of the legal framework?

- What if ASM is completely unregulated in a particular country?
THANK YOU