



# (COP 33) ARTISANAL AND SMALL-SCALE MINING

## A *Definitions and applicability*

**Artisanal and Small-Scale Mining (ASM)** are formal or informal operations with predominantly simplified forms of exploration, extraction, processing and transportation. ASM is normally low capital intensive and uses high labour intensive technology. ASM can include men and women working on an individual basis as well as those working in family groups, in partnership or as members of cooperatives or other types of legal associations and enterprises involving hundreds or thousands of miners.

Source:

- *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas – Supplement on Gold, Second Edition (2012)*  
[www.oecd.org/fr/daflin/mne/mining.htm](http://www.oecd.org/fr/daflin/mne/mining.htm)

The **Artisanal and Small-Scale Mining** section of the COP is applicable to those Mining Facilities which have ASM not under the Member's Control on or near their operations. Where ASM occurs under the Member's Control, it falls within the Certification Scope and is expected to conform with the Code of Practices. Where gold, diamond or platinum group metals are sourced by Members from ASM producers, the **Sourcing from Artisanal and Small-Scale Mining** provisions will also apply.

The **Artisanal and Small-Scale Mining** provisions of the COP should be read and implemented in conjunction with the **Community Engagement**, **Indigenous Peoples**, **Impact Assessment**, **Security** and **Mine Closure Planning** provisions, as well as **Sourcing from Artisanal and Small-Scale Mining**, as appropriate.

Note the RJC Chain-of-Custody (CoC) Standard (2012) requires implementation of this **Artisanal and Small-Scale Mining** section of the COP as part of the requirements for Eligible Material under the CoC Standard.

## B *Issue background*

Artisanal and small-scale mining (ASM) is the oldest form of mining. It was estimated by the International Labour Organisation in 1999 that up to 20 million people in at least 70 countries are active in ASM and a further 100 million people depend on the sector for their livelihood, and this figure continues to be regularly quoted. In various countries, small-scale miners are known by terms such as galamsey, orpailleurs, ubeshi or wabeshi, panners, diggers, garimperos, pirquineros and pocket miners.

ASM is a production system that allows local people to earn cash income, however small. It provides an accessible livelihood for poor and marginalized peoples, often complementing other livelihood activities, such as agriculture, animal husbandry and hunting, and serving as a support operation in times of environmental or economic stress. The extent of activity in any particular place will wax and wane, as will the size of the ASM population, to reflect changing local and national economic circumstances.

ASM is more common in commodities which are high value, low bulk (easy to transport), and easily traded (fungible), such as diamonds, gold, coloured stones and silver. The Alliance for Responsible Mining (ARM), an advocacy and standards-setting organisation for social and environmentally responsible artisanal mining, estimates that up to 12% of the world's annual production of new gold and 20% of its diamonds are due to ASM. In some developing countries, ASM production can be upwards of 80% of the national mineral production.

The RJC's aim under this provision is to encourage approaches which facilitate the co-existence of ASM and large-scale mining (LSM) operations and promote the development of legal, orderly, viable small-scale mining sectors in collaboration with host communities and governments. In some circumstances governments can take a lead role, in others NGOs or development agencies could be the facilitators, and in others LSM may need to play a driving role in encouraging reform. In each case, local communities and ASM workers should be at the core of a participatory approach.

## B Issue background (cont)

Key issues for the ASM sector can include:

- Informal or illegal status;
- Difficulty in legally accessing land appropriate to ASM practice or economic displacement where large-scale mining is prioritised by governments;
- Lack of capital, which typically restricts production to rudimentary processes and often results in debt bondage and poverty traps;
- Unregulated, unfair and often illegal pricing and distribution systems, which in some cases facilitate associations with criminal groups;
- Poor environmental and health and safety practices in general;
- In the case of gold processing, unsafe use of mercury;
- Exploitation of mine labour including women and migrants, and use of child labour;
- Lack of appropriate legal frameworks, and where regulations exist, lack of enforcement.

However where these issues can be addressed, ASM could become a more viable livelihood for those engaged in it. More broadly, it could become a greater contributor to national economic development, and foster the development of new economic opportunities and alternative livelihoods both up and downstream in the supply chain.

The relationships between LSM and ASM operators can be complex, fragile, and can descend into hostility and conflict. Conflict often occurs when both parties exert claims to the same resource, such as a near surface alluvial gold or diamond deposit, and perceive one or the other to be illegitimate. The degree of risk that each operator poses to the other is a function of a number of factors, including:

- the perception of who has the right to mine the deposit and who was first on the ground;
- whether the artisanal mineworkers are from outside of the region or local and community-based;
- whether ASM in the area is seasonal or permanent or the result of a mineral rush;
- whether it is ad-hoc or organised;
- whether the government is active or passive on these matters and seen as a fair mediator of interests; and
- whether appropriate legal frameworks for both large and small miners are in place and working effectively.

Large-scale companies will increasingly interact with artisanal miners and will face the challenge of turning competition over resources or land into circumstances and relationships that are mutually beneficial. It is sometimes easier to find solutions if there is a multi-stakeholder commitment to working patiently and constructively together towards a set of common goals, but this is not always the case. Ultimately, the larger companies bear the consequences of the relationship if they are not able to work with local miners and affected communities. Experience has shown that it is not an easy task to transform ASM into a positive force for local and regional social and economic development that can also comfortably co-exist with LSM operations.

Many stakeholders consider that formalisation of the ASM sector is a vital need. An essential first step is to develop an appropriate and effective legislative framework for ASM. While this is the role of government, large mining companies can play a major role in supporting government reforms in this area where appropriate. Other important aspects of the formalisation process in the ASM sector can include appropriate forms of workforce organisation, whether under a business-based or cooperative model; fair market access for sale of product and a fair return to labour; the progressive integration of improved health and safety and environmental practices; and participation in the formal economy (including appropriate forms and levels of taxation).

Responsible LSM engagement with ASM generally involves the following:

- **Consultation with ASM stakeholders at every stage during the mine life cycle, from exploration to closure:** It is essential to keep the ASM community informed of the company's activities and intentions; to identify how LSM activities will affect existing artisanal operations and collectively plan to manage these impacts; establish baselines from which to measure socio-economic change; build trust and strengthen relationships between key stakeholders so that conflicts can be avoided. Responsible companies also understand the need to build the capacity of key parties to engage with the process.
- **Managing economic displacement:** This could involve developing alternative livelihoods programmes or creating zones on the concession where the ASM are permitted to mine, along with conditions negotiated between the parties, such as whether or not the ASM must sell to the concession-holder in the first instance and how the price will be established. It could also include doing capacity-building on important issues such as occupational health and safety and business management. See COP provision and Guidance on [Sourcing from Artisanal and Small-Scale Mining](#) and [Resettlement](#) where applicable.

## B Issue background (cont)

- **Professionalization of ASM activities:** Fatalities are 90 times more common in ASM activities than in LSM<sup>1</sup>. Programs to improve access to and use of personal protective equipment, assist in rescue efforts when rock failures occur, and promote change in the mining and refining methods to reduce environmental impacts and improve mineral recovery and incomes, are just some of the initiatives that LSM companies have undertaken to improve the performance of ASM mining. In both southern Venezuela and northern Tanzania, for example, formal, midsize mining companies have allowed pre-existing ASM on their properties, in designated areas, and have worked with the miners to improve their practices. This occurred in spite of liability issues (illegality, environment), and the resulting agreements and relationships between the companies and artisanal miners created a solid framework for the implementation of a legalization process and the provision of technical support for improved practices, incomes, health and security<sup>2</sup>.
- **ASM sensitive mine security approaches:** It is essential to adopt a conflict avoidance and resolution approach to mine security, which is effective for the mine but sensitive to the community. For example, the presence of security forces installed to minimize theft can actually profit from it through corruption, resort to inappropriate use of force or firearms, or otherwise create conflict. Security issues should be managed in accordance with the COP provision on Security which references the Voluntary Principles on [Security](#) and [Human Rights](#).
- **Optimising development opportunities:** Through its operations and strategic planning, LSM can contribute to the development of communities which are involved in ASM or related activities, and over time turn potential risks into opportunities for both the company and the ASM communities. Ways in which LSM can support local economic development include, for example:
  - sourcing food or other materials locally rather than importing it;
  - employing local people in camp construction and maintenance activities;
  - providing vocational training and apprenticeships which ultimately translate into skilled job opportunities, while building local human capital;
  - supporting the development of local entrepreneurs and businesses that can serve the needs of the local communities and/or the large-scale mine.

There are other ways in which LSM can contribute to local community development based on participatory and collaborative models of project and program design and implementation, whether it be in terms of improving local physical infrastructure (roads, access to potable water, sanitary systems, village electrification) or social infrastructure (school, clinic). Identifying, designing and carrying out these development programs in partnership with local communities, based on their own assessment of their needs to ensure their ownership of the program, is an empowering process, making them more able to design and direct their own projects in the future.

- **Planning for Closure:** In many precious metal deposits, in-migration of new artisanal miners, or expansion of existing ASM activities, may occur when a mine closes. LSM company-employed miners may become ASM miners post-closure. Miners may re-work tailings which have been left behind, work areas of lower grade which were deemed uneconomic for the LSM operation, or work river streams which contain alluvial mineralization downstream of the deposit. Through engaging with ASM prior to closure, and involving the miners in the closure planning process, it may be possible to identify innovative approaches to rehabilitation that benefit both the LSM company and its legacy and the livelihood base for local communities and miners.

1 Hinton, J, (2007), *Communities and Small-Scale Mining: An Integrated Review for Development Planning*, CASM, Washington DC.

2 Davidson, J (1998), "Venezuela; building partnerships with artisanal miners," *Mining Environmental Management*, v 6 n 2.

## C *Key initiatives and regulations*

### INTERNATIONAL

Standards for responsible ASM practices in gold and diamonds are being developed by the Alliance for Responsible Mining (ARM) and the Diamond Development Initiative International (DDII).

ARM launched a fair trade certification system for ASM gold, in partnership with Fairtrade Labelling Organizations (FLO) International, in 2011. ARM believes that fair trade marketing can serve as a major incentive to improved practice and offers communities and miners new possibilities for improving their lives and for securing the restoration of ecosystems. While the initial scope of the Fairtrade-Fairmined Standard was Latin America, this is expanding to a global scope of implementations. The conclusion of the ARM-FLO partnership in 2013 will result in separate Fairtrade and Fairmined Standards that cater for ASM organisations.

DDII is focused on developing opportunities for transforming the legacy of violence and underdevelopment associated with artisanal diamond mining into a developmentally sound enterprise, where people can earn decent livelihoods in peace. In 2008, DDII released Standards & Guidelines for the Sierra Leone artisanal diamond mining sector, with individual sections aimed at governments, investors and donors/civil society, and later expanded this into a Development Diamond draft Standard and certification program. Since then, DDII has undertaken piloting and engagement work with a number of governments, including a successful miner registration program in Congo (DRC).

The work of the Communities and Small-Scale Mining (CASM) program, originally hosted under the World Bank, is being rekindled through the creation of an ASM Knowledge Program to be hosted by the International Institute of Environment and Development (IIED). The program is anticipated to run from 2013-2018.

### NATIONAL

A variety of countries have developed legislative and/or regulatory frameworks for their domestic ASM sectors, while other countries have not as yet moved down that path. It is essential for Members with Mining Facilities to be aware of applicable laws and regulations affecting both large and small scale prospecting and mining operations in all jurisdictions of operation.

## D *Suggested implementation approach*

*The Suggested implementation approach provides general guidance for implementing the mandatory requirements of the Code of Practices. The guidance is not normative and should be seen as a starting point for information and support.*

### **COP 33.I.A: ENGAGEMENT:**

**Members in the Mining Sector shall, where artisanal and small-scale mining (ASM) not under the Control of the Member occurs within their areas of operation:**

- a. Engage directly with the ASM as part of the Member's community engagement approaches (30) and social and environmental impact assessments (32);**

#### **Points to consider:**

- Responsibility for relationships with ASM should fall to a relevant manager, often the person responsible for community engagement and development programs. Experienced and expert assistance may be required to develop policies, training, strategies, plans and actions, as appropriate. See the [Community Engagement](#) and [Impact Assessment](#) Guidance for general information on these.

## D Suggested implementation approach (cont)

### COP 33.I.B: PROFESSIONALISATION AND FORMALISATION:

**b. Participate in initiatives, including multi-stakeholder initiatives, that enable the professionalisation and formalisation of the ASM, as appropriate to the situation.**

#### Points to consider:

- In cases where artisanal mining is not recognised as legitimate by host country legislation, then Members should seek to work with governments on approaches to formalising ASM. However it is recognised that in some situations this may not be possible.
- Initiatives should be designed in consultation with key stakeholders including ASM producers themselves, and should aim to assist in the organisation, formalisation, professionalisation and legalisation of ASM.
- Opportunities for LSM-ASM initiatives may include:
  - Establishing formal partnerships with the ASM sector;
  - Demarcating zones that are deemed inappropriate for large-scale extraction on mining leases (in conjunction with regulatory authorities);
  - Passing legal mining title over those areas (in conjunction with regulatory authorities) to legal and organised ASM;
  - Providing financing (loans) for technical and other improvements;
  - Assisting and training miners on a range of issues (for example, occupational health, reclamation, mining and processing methods, value added processes, organizational and financial management, explosives management);
  - Aiding miners in the determination of mineral reserves (combined with support for access to financing);
  - Providing emergency response services;
  - Availing processing services to miners or building their capacity to implement effective processing facilities themselves with improved technology;
  - Liaising with government departments, NGOs, trade unions and international agencies to obtain additional support;
  - Providing guidance on marketing and commercialization, including fair trade arrangements;
  - Proactively supporting alternative livelihoods, economic development, and other improvements in ASM communities;
  - Supporting the wider community by locally sourcing the provision of as many goods and services as possible;
  - Eliminating child labour as a condition of engagement in the community;
  - Improving women's conditions in ASM communities through gender awareness and empowerment programs;
  - Supporting initiatives that address risks of supporting conflict, such as establishing secure pipelines of minerals from ASM producers, as set out in Appendix 1 of the Supplement on Gold to the *OECD Due Diligence Guidance*.

Source: *CommDev/CASMI/CMM Working Together; How large-scale mining can engage with artisanal and small-scale miners (2008)* and *OECD Due Diligence Guidance on the Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (2012)*.

### CHECK

- Do you know if any ASM occurs within your areas of operation?
- If ASM does occur, do you engage directly with the ASM producers, and are they included in any social and environmental impact assessments?
- How have you participated in initiatives that enable the professionalisation and formalisation of the ASM?

## E Further information

The following websites have further information on artisanal and small-scale mining:

- Alliance for Responsible Mining (ARM)  
<http://www.communitymining.org/>
- Alliance for Responsible Mining (ARM) – Legalization Guide for Artisanal and Small-Scale Mining (ASM) – Draft for Discussion (2011)  
[www.communitymining.org/attachments/059\\_ARM\\_Series5\\_Legalisation\\_guide\\_ASM.pdf](http://www.communitymining.org/attachments/059_ARM_Series5_Legalisation_guide_ASM.pdf)
- Alliance for Responsible Mining (ARM) – Rock-Solid Changes for Responsible Mining (2011)  
[www.communitymining.org/attachments/059\\_RSC\\_FINAL\\_web\\_low.pdf](http://www.communitymining.org/attachments/059_RSC_FINAL_web_low.pdf)
- AngloGold Ashanti – Approach to artisanal and small scale mining (2006)  
[www.anglogoldashanti.com/subwebs/InformationForInvestors/ReportToSociety06/artisanal-mining.htm](http://www.anglogoldashanti.com/subwebs/InformationForInvestors/ReportToSociety06/artisanal-mining.htm)
- Artisanal and Small-Scale Mining in Protected Areas and Critical Ecosystems Programme (ASM-PACE)  
[www.asm-pace.org](http://www.asm-pace.org)
- Artisanal Gold Council (AGC)  
[www.artisanalgold.org/home](http://www.artisanalgold.org/home)
- CommDev – Artisanal and Small-Scale Mining (ASM) (2012)  
[commdev.org/section/topics/artisanal\\_mining](http://commdev.org/section/topics/artisanal_mining)
- CommDev/CASM/ICMM – Working Together: How large-scale mining can engage with artisanal and small-scale miners (2008)  
[commdev.org/content/document/detail/2018/](http://commdev.org/content/document/detail/2018/)
- Communities and Small-Scale Mining (CASM) – hosted by World Bank Group  
[www.artisanalmining.org/index.cfm](http://www.artisanalmining.org/index.cfm)
- Diamond Development Initiative (DDI) – Artisanal Alluvial Diamond Mining (2009)  
[www.ddiglobal.org/pages/ddi\\_artisanaldiamond.php](http://www.ddiglobal.org/pages/ddi_artisanaldiamond.php)
- Diamond Development Initiative (DDI) – Mechanization of Artisanal Alluvial Diamond Mining: Barriers and Success Factors (2010)  
[www.ddiglobal.org/login/Upload/Mechanisation-Alluvial-Artisanal-Diamond-Mining.pdf](http://www.ddiglobal.org/login/Upload/Mechanisation-Alluvial-Artisanal-Diamond-Mining.pdf)
- Estelle Levin Limited – Publications  
[www.estellelevin.com](http://www.estellelevin.com)
- Human Rights Watch – A Poisonous Mix. Child Labor, Mercury, and Artisanal Gold Mining in Mali (2011)  
[www.hrw.org/sites/default/files/reports/mali1211\\_forinsertWebUpload\\_0.pdf](http://www.hrw.org/sites/default/files/reports/mali1211_forinsertWebUpload_0.pdf)
- International Labour Organisation (ILO) – Facts on Small Scale Mining  
[www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms\\_067582.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_067582.pdf)
- International Institute for Environment and Development (IIED) – Responding to the challenge of artisanal and small-scale mining: How can knowledge networks help? (2013)  
[pubs.iied.org/16532IIED.html?c=energy/mining](http://pubs.iied.org/16532IIED.html?c=energy/mining)
- Global Mercury Project – Global Impacts of Mercury Supply and Demand in Small-Scale Mining (2007)  
[www.globalmercuryproject.org/documents/non\\_country%20specific/2006%20GMP%20Report%20to%20UNEP%20GC24.pdf](http://www.globalmercuryproject.org/documents/non_country%20specific/2006%20GMP%20Report%20to%20UNEP%20GC24.pdf)
- OECD Due Diligence Guidance on the Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, Second Edition (2012)  
[www.oecd.org/fr/daf/inv/mne/mining.htm](http://www.oecd.org/fr/daf/inv/mne/mining.htm)
- United Nations Environment Programme (UNEP) Global Mercury Partnership – A Practical Guide: Reducing Mercury Use in Artisanal and Small-Scale Gold Mining (2012)  
[www.unep.org/hazardoussubstances/Portals/9/Mercury/Documents/ASGM/Techdoc/UNEP%20Tech%20Doc%20APRIL%202012\\_120608b\\_web.pdf](http://www.unep.org/hazardoussubstances/Portals/9/Mercury/Documents/ASGM/Techdoc/UNEP%20Tech%20Doc%20APRIL%202012_120608b_web.pdf)
- United Nations Environment Programme (UNEP) Global Mercury Partnership – Analysis of formalization approaches in the artisanal and small-scale gold mining sector based on experiences in Ecuador, Mongolia, Peru, Tanzania and Uganda (2012)  
[www.unep.org/hazardoussubstances/Portals/9/Mercury/Documents/ASGM/Formalization\\_ARM/Formalization%20Document%20Final%20June%202012.pdf](http://www.unep.org/hazardoussubstances/Portals/9/Mercury/Documents/ASGM/Formalization_ARM/Formalization%20Document%20Final%20June%202012.pdf)
- The World Bank – Gender Dimensions of Artisanal and Small-Scale Mining: A Rapid Assessment Toolkit (2012)  
[commdev.org/userfiles/Gender\\_and\\_ASM\\_Toolkit.pdf](http://commdev.org/userfiles/Gender_and_ASM_Toolkit.pdf)