



MINING TOGETHER

Large-Scale Mining meets Artisanal Mining

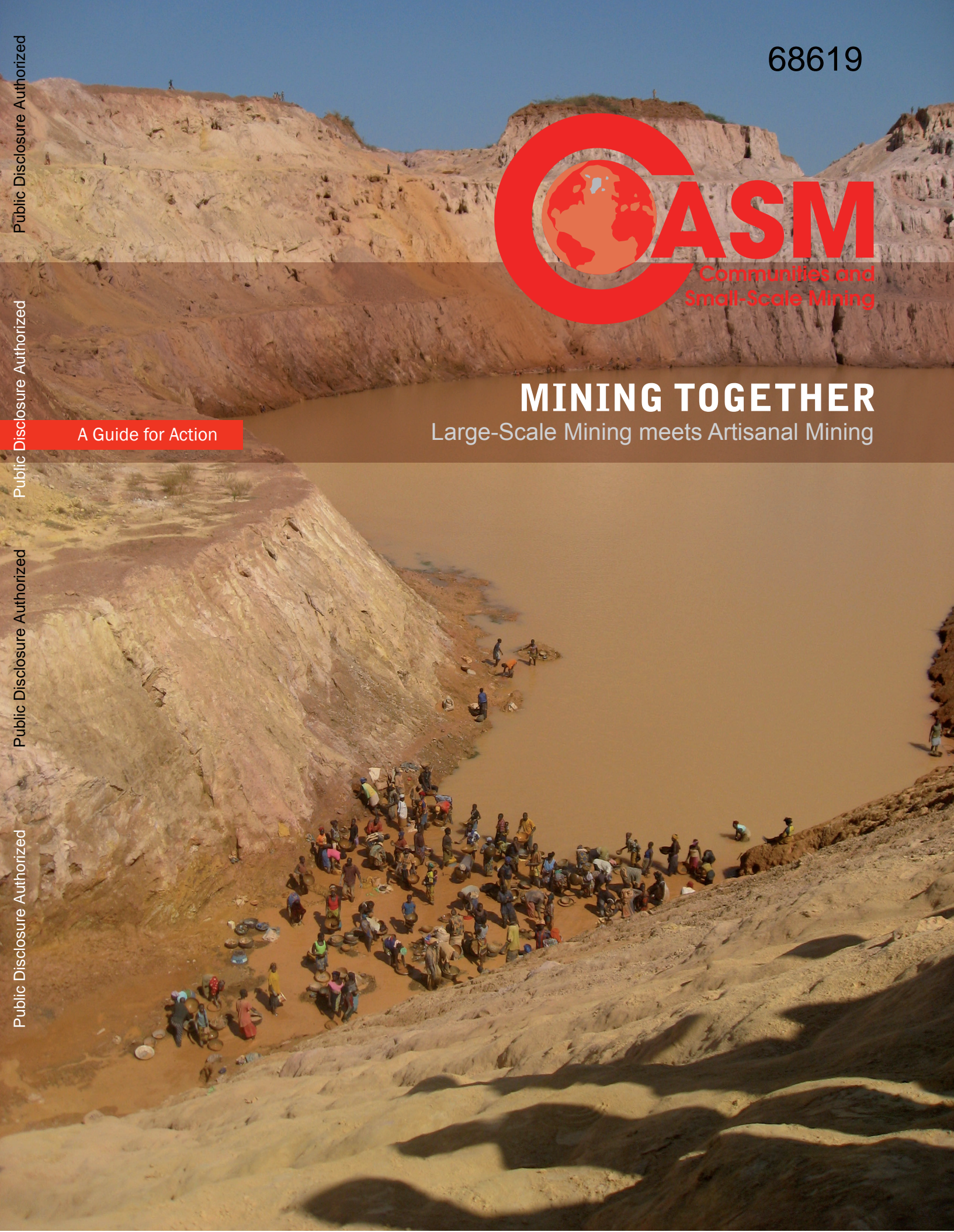
A Guide for Action

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Mining Together
Large-Scale Mining Meets Artisanal Mining:
A Guide for Action
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FOREWORD

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Conflict is normal in the interaction between people, organizations, countries, and companies. It is neither inherently positive nor negative. And although conflict usually has negative connotations, it certainly also brings opportunities as well as challenges.

Conflict can either be constructive or destructive. Which way it goes largely depends on how conflict is prevented, managed, and ultimately transformed. And that prevention, management, and transformation represent a shared responsibility of all major stakeholders.

A crucial undertaking then is to understand the underlying issues of conflict, its dynamics and its norms, and to focus on the potential opportunities that a particular conflict offers in any situation.

In this regard, the case of large-scale mining and artisanal miners is no different from other conflict-prone situations.

The present guide **Mining Together-When Large-scale Mining meets Artisanal Mining** is an important step to better understanding the conflict dynamics and underlying issues between large-scale and small-scale mining.

This guide for action not only points to some of the challenges that both parties need to deal with in order to build a more constructive relationship, but most importantly it sheds more light on some potential interventions for conflict prevention, management, and even transformation.

This guide, then, represents a step in the right direction to start transforming the relationship between large-scale and artisanal miners through win-win solutions that emerge out of the genuine interaction and dialogue of all stakeholders involved: governments, companies, communities, miners and development organizations.

In that context, the present guide is a relevant contribution that demonstrates that mining together is not only a dream, but can also be a reality.

Paulo De Sa

Manager

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The World Bank Group

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As the drafting process was extensive and iterative, all the named persons above have not reviewed the final version of this guide.

Some sections are based on an early draft provided by Wardell-Armstrong (Kevin D'Souza) in fall 2007.

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Map 1. Sample of clashes reportedly caused by ASM - LSM interaction



Source : Compiled by CASM, 2008.

Map 2. Colloquial names for artisanal miners



Source : Adapted from Wardell Armstrong 2007.

INTRODUCTION TO THE GUIDE

Large-Scale Mining (LSM) companies increasingly come across Artisanal and Small-scale Mining (ASM) workers during their exploration or production activities in the developing world. The ASM-LSM relationship is often conflictual because both types of miners compete for the same resource or because they perceive each other as a threat. However the ASM-LSM relationship is now also undergoing a largely positive evolution in part thanks to new Corporate Social Responsibility (CSR) commitments. In some places, “mining together” has become more than a dream.

The Communities and Small-scale Mining (CASM) initiative wishes to contribute to the sharing of knowledge and solutions related to ASM-LSM issues. CASM has partnered with two key resources in the field of community development and mining: the World Bank / International Finance Corporation Oil, Gas and Mining Sustainable Community Development Fund (CommDev), and the ASM working group of the International Council on Metals and Mining ¹ (ICMM).

This guide is the result of this collaboration and provides an informative overview of the growing experiences of the most typical ASM-LSM issues and guidance for appropriate interventions. It is primarily intended for an audience of LSM executives or staff in search of ways both to engage constructively with ASM and apply lessons learned from past experiences in the field.

It is also intended for government responsible for the design or the enforcement of laws or regulations to tackle potential ASM-LSM conflicts. Finally, other stakeholders and practitioners from NGO's, development agencies or civil society organizations (CSO) could use it to understand the dynamics, the key concepts, as well as the evolving approaches to this sector.

A “Mining together toolkit” is being drafted to complement this CASM “Mining together guide”. This sister-publication, to be published in 2009, will be more application oriented and more specifically targeted to mine-site staff in charge of designing and implementing ASM-LSM action plans.

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A note on terminology:

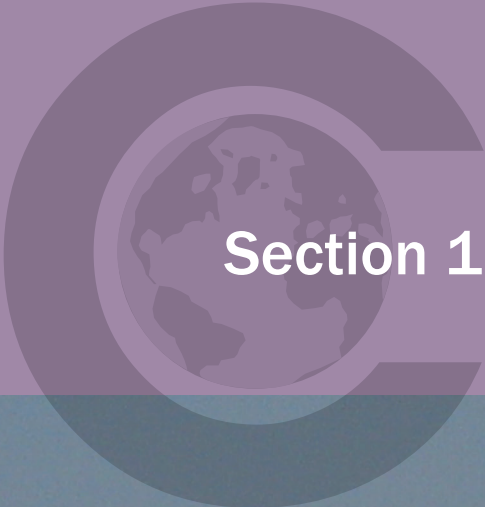
LSM in this guide refers to the activity of major companies as well as to mid-tier and junior-level companies or to any formal company that complies with international performance standards.

ASM covers both artisanal and small-scale mining even if this guide focuses mostly on artisanal mining. The term ASM is used in a broad sense to refer to all kinds of local mining activity that larger companies could encounter.

¹ For more information on the mentioned partners, please refer to the following websites: www.artisanalmining.org (CASM), www.commdev.org (CommDev), and www.icmm.com (ICMM).

It is widely recognized that maintaining a harmonious relationship between large-scale multinational mining companies and local operators is crucial if both parties are to maximize their contributions to the economy and livelihoods of the operational areas.

Anthony Kwesi Aubynn, Goldfields Limited



SETTING THE SCENE

When LSM Meets ASM on the Ground

Just like the differences between subsistence and industrial agriculture, it is common to distinguish between Artisanal and Small-scale Mining (ASM) and Large-scale Mining (LSM). ASM, like subsistence agriculture, means low investment, labor intensive local production, informality, as well as no or low levels of mechanization and access to market. LSM, like industrial agriculture, implies large investments, high yields and comparatively low levels of employment.

More than in agriculture, the two mining approaches may overlap and compete for access to the same mineral resource in many part of the world. This section illustrates the

main situations where LSM meets ASM on the ground and the reasons why the relationship is likely to be confrontational.

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ASM is still growing

ASM does involve a lot of people. One widely used estimate is that more than 100 million people globally depend either directly or indirectly on ASM for their livelihoods. In Africa alone (see *Table 1*), it is estimated that between 6 million and 8 million people are directly employed in ASM, with a potential 20 million population depending on the sector.

Table 1. LSM and ASM in Africa

Main Mining Countries	Main Commodities Mined by LSM	Main Commodities Mined by ASM	Number of ASM workers
Angola	diamond	diamond	100,000-500,000
Botswana	diamond	—	—
Burkina Faso	gold	gold	80,000-200,000
Central African Rep.	—	diamond	60,000-120,000
Dem. Rep. of Congo	diamond, copper, cobalt	diamond, coltan, gold, copper	800,000-1,500,000
Ethiopia	gold, tantalum	gold	50,000-150,000
Ghana	gold, diamond, manganese	gold, diamond	150,000-250,000
Guinea	bauxite, gold, iron	gold, diamond	80,000-150,000
Liberia	diamond, iron	diamond, gold	25,000-75,000
Madagascar	titanium, nickel, chromite	sapphires, rubies, semiprecious stones, gold	350,000-900,000
Mali	gold	gold	130,000-200,000
Mauritania	iron	—	—
Mozambique	titanium, coal	gold	12,000-35,000
Namibia	diamond, zinc	diamond	8,000-10,000
Niger	uranium, gold	gold, tin	80,000-150,000
Sierra Leone	diamond, titanium	diamond, gold	300,000-650,000
South Africa	iron, manganese, platinum, gold, chromium, coal	diamond, gold	8,000-25,000
Tanzania	gold, diamond, tanzanite	diamond, gold, tanzanite, gemstones	400,000-800,000
Zambia	copper	gold, emeralds, semiprecious stones	25,000-50,000
Zimbabwe	platinum	diamond, gold	200,000-400,000

Source: Compiled by Pelon 2005. — = not applicable.

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In economies characterized by low earnings levels, ASM provides an accessible livelihood opportunity for poor and marginalized people. There are generally no entry barriers: neither administrative, as it is mainly informal, nor financial, as it is essentially manual. Also, it typically requires little start-up time and very low capital or technical inputs, as for example in alluvial mining along rivers.

The number of commodities mined by ASM miners has been increasing through time. As a rule, artisanal miners would mine high-value minerals such as gold, diamonds, or colored gemstones, which together account for as much as 60% of all artisanal mining. In the Democratic Republic of Congo (DRC) as well as in Sierra Leone, artisanal gold and diamond mining accounts for more than 75% of national mining sector production. When taking into account construction materials and industrial, or other minerals, artisanal miners exploit more than 40 different minerals globally. Particularly under commodity boom circumstances, artisans may even be producing minerals traditionally mined by industrial mines, such as coltan, cassiterite, cobalt, copper or coal and uranium. On the other hand, an economic crisis could also force many people either to stay in the ASM business or to join it, for lack of other employment opportunities.

ASM growth can be due to different factors. ASM represents a many centuries tradition in some regions like in Mali or Peru, and the activity increases gradually with the population. In other countries, ASM is the consequence of a rush. In Madagascar for example, the discoveries of sapphire in the late 1990s triggered a sharp influx of hundreds of miners in new “wild west” type of cities. Sometimes the rush is a result of external shocks like droughts or conflicts, which often implies migration of people to regions where mining is an income generating alternative. Between those extremes, ASM sometimes

represent a complementary off-season activity to agriculture for peasants. When agriculture products prices decrease, those people tend to rely more intensively on ASM.

As ASM is growing worldwide, its probability to clash with LSM is also increasing. Booming exploration during commodity peaks opens new frontiers to LSM companies. To meet demand, they would increasingly rely on previously neglected resources, such as lower grade or harder-to-access deposits. While such resources requiring more sophisticated technology or investments would generally not be exploitable by artisans, LSM companies are also exploring new areas where ASM might actually be preceding them or where deposits are more easily accessible. Finally, they might also attract ASM because their exploration or development activities contribute to raise expectations or expose minerals.

When LSM companies work on a previous ASM area

When a LSM company develops its activities on a previous ASM² area, the ASM community might likely not welcome it for a number of possible reasons.

First, ASM communities might not have been properly consulted or even informed about the LSM plans. The lack of consultation and communication generates apprehension and a rejection attitude, particularly when there is perception that access to a traditional resource will be lost. Although consultation, and sometimes negotiations, with local communities (including preexisting ASM) represent often a legal requirement to obtain

² We describe here a situation where the ASM has not a legal mining permit over the area. If it would have such right, the relationship would indeed be different and the company, if interested to further develop the area, would have to purchase the property title or negotiate another type of agreement.

authorization to start mining, this is seldom a condition at the exploration stage. A company might be tempted to wait to achieve sufficient geological works and identify a clear investment opportunity, selecting the most promising part of the lease (which might also represent quite a large area), before entering into a more serious relationship with the communities.. However, there is now increasing evidences, particularly in case of ASM presence, that communication and even consultation or conflict management processes have to be initiated with local communities at an early stage, before expectations, misunderstandings, fears or perceptions of threat grow out of proportion. When reaching the mine development stage, existing legal provisions requiring participatory processes to take place could facilitate the relationship between ASM and LSM. However, informal or illegal ASM workers have as a rule little trust in the legal system and government (ASM might believe they are biased in favor of a large-scale investment), and, while local and central authorities need to be part of the process, the company might find they are in charge to build trust and manage the dialogue.

Second, ASM communities see LSM companies as competitors for the resource they live from. This is all the more true when ASM has been a traditional activity in the area. A community that has been sustaining itself for years on mining local mineral resources will not welcome the arrival of a large mining company planning to explore it, and claiming, generally justly so, the legal right to mine it. Sometimes, the LSM company is actually interested to exploit resources which are not accessible to ASM for technology or other reasons, but ASM communities might still consider LSM as a threat because of i.a. the set-up of necessary security or safety constraints within the area; or, more generally because of the overall changes caused by the mine with respect to local market, trade or socio-economic conditions. In other cases, there is a real

competition for a specific ore section (e.g. in case of open pit mining), which would require the LSM company to develop an agreement with the ASM miners, or even relocate and compensate the community if it lives on top of the deposit. However, the legitimacy of such agreements or negotiations might not always be recognized by the ASMs, particularly in cases when artisanal mining represents a long tradition. Despite the fact that in almost all countries the subsoil resources are vested in the state, and an authorization or permit is required to mine, ASM communities might still consider they have a rightful access to mineral resources as well as to other local resources (See *Table 2 next page*): “This is our own land and we, and not anybody from anywhere, decides how to use it to our benefit. If we can farm on this land, why can’t we mine the gold in it?” (Ghanean ASM operator at the Abooso mine site, as reported in Aubynn, 2006) Opinions of this nature are widespread.

Third, ASM communities sometimes claim they have discovered the deposit, and not the LSM company. This might be true, and LSM companies acknowledge it when they follow or map ASM activities to guide exploration. However, ASM workers are often unable to materialize their “discoverer right” because they are not properly organized and do not qualify for or have access to the mining cadastre granting the required title (in most countries, titles are granted on the basis of the “first-come, first-served” principle).

Within this framework, ASM communities might then face the conflict with LSM as a challenge for survival and consider they engage in a legitimate fight against the perceived violation of their right to work on their own land. In some occasions, nationalistic-like feelings may exacerbate such situations, ASM being managed by nationals and LSM often by foreigners.

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Table 2. Prevailing perceptions of mining rights and status

LSM Companies perceive that they:	ASM Artisanal miners perceive that they:
<ul style="list-style-type: none"> • Have a legal mining title and thereby rights over the area titled • Have followed national legislation to obtain the license by paying fees and levies • Have economic importance for the country, contributing to national production, the payment of royalties, and so on • Have planned their business development and expect not to be harassed by illegal diggers (artisanal miners) • Have access to national and international media • Have the right to engage security forces and police to remove artisanal miners from their property • Have lobbying forces in politics and economics 	<ul style="list-style-type: none"> • Have traditional rights to access minerals on their “homelands,” with or without title • Have a right to mine the deposits they have encountered • Have the right to mine as a means to generate income and to sustain their families • Have no obligation to apply for central government licenses, as other local resources are traditionally managed locally • Have support from local administration or traditional authorities that support the generation of self-sustained income through ASM • Have support from local communities living on the direct income from ASM and economic spin-off effects • Have little recognition by the government, society, or economic key players, including limited legal access to full mining titles, difficulties in achieving fair market prices, and scant access to capital and funding

Source: Priester 2007.

Note: In cases in which local people have land titles or indigenous rights, such rights are generally different from the mining titles granted to LSM companies and do not automatically allow access to minerals.

When ASM starts working on LSM leases

A LSM company is facing multiple risks and issues when ASM starts to develop on its property. Experience shows that many disruptions or suspensions of operations have been related, under a variety of circumstances, to clashes with ASM (See Map 1 in Introduction).

At the local level, an exploring LSM company will probably see the development of ASM activity as a risk in terms of property and work program management. Indeed ASM,

sometimes attracted by findings from LSM-prospecting activities, would gather from neighboring areas and start producing minerals almost immediately (ASM workers do not spend time to mobilize investment funds, demonstrate the feasibility of the deposit or construct infrastructure) Under a few legislations, such activities might threaten the LSM permit continuity of tenure through exploitation and the ASM might claim precedence and be granted the right to mine. However, more frequently, the LSM company might get discouraged to further engage when interferences become a real liability for proper planning and implementation. There are also

examples when government authorities might not facilitate a fair dialogue and support ASM for - sometimes legitimate but more often obscure - local political reasons, causing the LSM to reconsider a potential investment. At best, the company might negotiate and allocate some portion of the area for ASM mining, or compensate them (e.g. through resettlement or alternative livelihood opportunities). At worst, the LSM exploration investment might be lost to the benefit of local opportunistic miners, sometimes hiding behind and using the ASM themselves.

When the LSM company has already obtained the necessary permits and started construction or even production, the invasion of ASM miners on the lease presents high risks in terms of safety and security. Encroachments of ASM on LSM sites represent safety risks for both company employees and ASM miners, or cause serious damages to the environment. Rock falls or shaft collapses for instance can cause serious injuries and fatalities. Trespassing, invasion or acts of violence on staff or facilities, are significant and expensive security issues. Also, although the vast majority of ASM are undertaking a vital livelihood activity, there are strong evidences that, mostly in the case of gold and diamond mining, elements of organized crime are sometimes involved. A host of players have vested interests—for example money laundering or smuggling schemes, or of support to civil war—in maintaining the status quo of informality and illegality. For the legitimate operator, any sort of disruptions or accidents can bring stoppages or delays that increase the cost of development or production. This, joint to ASM “high-grading” activities that dilute high-value mineral deposits, will ultimately reduce the economic viability of the concession development, and might jeopardize altogether the industrial activity.

At the global level, ASM poses significant reputational risks for LSM companies. Incidents

related to child labor, environmental damages, illegal activities, human rights abuses that may have nothing to do directly with the mining company but take place on or in the direct vicinity of the concession, are likely to affect the reputation of the company. This could be true of any business but it is paramount for the mining industry which tends to be highly visible because of its strong footprint and related impacts. A tarnished reputation can affect in turn shareholders or investors’ confidence in the LSM company and jeopardize the viability of its current and future projects. Investors are becoming indeed more demanding of companies and banks are facing more pressure to verify the quality and the image of the projects they engage in.

Of course, ASM-related risks and possible measures to mitigate them depend on the situations. LSM companies have to tailor different responses if they face gradual increase of neighboring ASM activity or if they have to deal with a sudden rush on their concession (*See Section 3*).

In conclusion, whoever is the “first-come”, ASM or LSM, the ASM-LSM relationship is by nature a conflict one. To respond credibly to demands placed on the business and to pressure from civil society, LSM will have little choice but to promote sound ASM practices and engage responsibly with ASM in the medium to long run. The role of governments is indeed paramount to facilitate a proper outcome.

ASM miners have to be considered as real stakeholders if LSM companies want to preserve their investment in a sustainable manner. But beyond the question of protecting their business, it provides these companies with a unique chance to fight against poverty and for human rights.

Gotthard Walser, CASM



Section 2



STARTING ON THE RIGHT FOOT

Principles Guiding Engagement with ASM

ASM is mainly a poverty-driven activity. In some places, people will choose such laborious and risky work because they dream of striking it rich (e.g. the gold or diamond “fever”). But when communities resort to artisanal mining, either on a permanent or a seasonal basis, it is often simply because it represents one of the best available cash-generating activity locally. The absence of alternative sources of income makes people put up with the physical hazards, the unhealthy conditions, the social disruption, and the unreliable or poor financial returns. This section provides basic principles for LSM to engage with ASM not only with respect to sound risk management but also to community development.

ASM is here to stay

Today most LSM companies are recognizing ASM realities and, as they have redefined their role in promoting the sustainable use of natural resources, they tend to better include ASM as a specific challenge of community development. As stated on the Barrick Gold Corporation website: “Barrick recognizes that ASM communities are a key stakeholder group and therefore require a more collaborative approach, focusing not only on how to coexist, but also how to benefit from each other’s skills and expertise. Barrick has initiated an internal ASM Working Group to develop a coordinated strategy to address issues the Company faces with regards to the ASM sector.”

In the past, companies tended to adopt a laissez-faire attitude that simply tolerated the presence of illegal ASM activity, provided it did not encroach on or affect their operations. Other companies tried to disperse small-scale miners by calling in national security forces, contracting additional security, or calling upon government’s police or military forces. This is rarely a successful approach: if poverty is severe enough and the potential rewards of

mining great enough, the ASM miners will continue to return, often in situations of even greater precariousness. In fact, trying to move away artisanal miners from a concession can cost in the long term more in financial and reputational terms than other alternatives. Some companies tried to “buy” artisanal miners. But neither force nor money really works (see *Box 1*): artisanal mining is here to stay.

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Box 1. Nambija, Ecuador

In the early 1990s, the government of Namibia wished to formalize the ASM Nambija area and declared it an Emergency Zone. However, illegal and uncontrolled mining continued. A foreign mining company acquired the Nambija mining concession and planned a large-scale open pit operation.

Because about 10,000 artisanal miners were operating in Nambija, and because of earlier negative experiences, a “brute-force” military approach to displace them was rejected. Instead, the company decided to buy the drifts and shafts from their informal “owners” on a per meter basis.

Miners located in poor areas sold immediately; others started to dig new tunnels in order to sell them to the company. The occupants with the richest locations refused to sell and continued to exploit the sites, waiting to recover the high-grade ore and expecting to sell shortly before closing mined-out areas. After a couple of years, the company had spent several million dollars in buying sterile tunnels and went bankrupt.

Source: Priester 2007.

[16]

ASM-LSM conflicts need an appropriate risk management strategy

LSM companies may find themselves, either by surprise or despite planning efforts, suddenly trapped in conflicts that would require a good conflict management strategy.

Alternative dispute resolution (ADR) is a frequently employed approach to conflict management (ICMM/WB Community Development Toolkit 2005). ADR can effectively reduce litigation costs, but may also have a negative effect on the relationships between parties, reducing opportunities for future or longer-term conflict resolution. Major constraints to using ADR in ASM-LSM conflict situations include huge efforts among the parties in terms of information, knowledge, resources, and capacity to understand or manage processes, not to mention power relationships.

Conflict resolution efforts should instead focus on consensus building processes, a powerful tool not only to resolve conflicts but also to strengthen relationships between stakeholders and chart a course for participatory management of mineral resources. This does not mean that all parties will necessarily be satisfied, but as the objective is to set up win-win situations, the likelihood of long-term resolution is significant (Ali 2003). It is critical that all stakeholders involved in the process should receive the training necessary to ensure their full involvement.

A precise understanding of the diverse aspects of a conflict requires detailed conflict identification and “mapping.” The first step involves the characterization of the various stakeholders, including miners, companies, NGOs, community-based organizations, local residents, and local, regional, and national governments (ICMM/WB Community Development Toolkit 2005). A broad spectrum

of issues and priorities relevant to these individuals and groups will inevitably emerge from the assessment process.

Trained and impartial facilitators—in many cases, NGOs—can significantly help in group decision-making processes. A good facilitator would analyze the situation as an impartial third party, design the process, encourage agreement on the rules of engagement, assess the process, and adjust accordingly. He or she would also promote trust, ensure both a positive environment and effective participation, and enable decision making.

However, one lesson learned through recent experiences in dealing with ASM-LSM relationships is that conflict resolution processes should not simply aim to mitigate current conflicts. Mining companies with more advanced community relationships policies are often more successful and engage proactively with stakeholders, including artisanal miners, promoting closer partnerships and a shared development vision. This cooperation will provide a major opportunity to move toward sustainable development.

LSM has a potential advantage in engaging with ASM

When ASM occurs around LSM, engaging with ASM will help the LSM company to gain its “social license to operate”. Corporate awareness has been growing regarding the importance of such a social license. It is tacitly taken for granted by local communities and concerned civil society groups that such a “license” is mandatory, in addition to the legal permits officially granted by the state. Rio Tinto summarized this new understanding and the artisanal miner’s role : “The social license would be the result of work undertaken in the process of consultation and participation and of a strong trilateral dialogue among the LSM industry, ASM communities, and government

at the local, regional and national levels. The general public sees just such a relationship when it considers the environmental and social impacts of mining. And, because of that perception, the artisanal miner can affect the fortunes of the large-scale miner. His—or her—effect may not be immediately obvious; but, ultimately, it will influence the willingness of the public to give a large company a license to operate, now and in the future” (Gary O’Brien, 6th CASM Annual Conference proceedings, 2006).

Successful engagement with ASM can also mean a comparative advantage. Locally, competitions can sometimes be turned into complementarities (See Box 2). Globally, as operating costs rise and reserves dwindle in

the West, and as developing countries get more open to foreign investment, the battle for growth will increasingly be taken to the developing world (Howard 2007). These countries provide a platform for establishing a competitive advantage. In Africa, for instance, exploration in recent years largely focused on Angola, Ghana, Tanzania, the DRC, and South Africa. Except for the latter, all these countries have a huge ASM sector. A company that better integrates with the communities and countries in which it wishes to operate—based on a commitment to be a responsible and pro-active citizen, including with respect to ASM—is in a better position to secure growth opportunities through access to mineral resources or development projects. All results from a good work in this direction can be lost quickly, however, if the company does not ensure continuity in its efforts to reduce potential social resentment to its presence.

Box 2. From conflict to common interest

In the Philippines, Benguet Corporation has allowed small-scale gold miners to legally mine on the company’s property in exchange for exclusive rights to purchase the tailings from gravity concentration.

Throughout Uganda, as much as 20% of the “production” of several large-scale industrial mineral companies is purchased directly from both legal and illegal artisanal and small-scale miners.

In northern Tanzania, one formal, mid-size mining company allowed illegal ASM on its property. Because these activities preceded the formal claim, their locations are not interfering and mining is carried out on a small scale. In spite of liability issues (illegality, environment), the agreement created a solid framework for the implementation of a legalization process and provision of technical support for improved practices.

Source : Compiled by CASM 2007

LSM is expected to play a role in ASM development

In many ASM countries, LSM will actually be expected to contribute to community, including ASM, development. When it enters a remote region of a developing country, a mining company becomes suddenly a rich and powerful member of the community and generates a lot of expectations. Even when they do not truly compete to access the same deposit, it is common to hear people comparing ASM and LSM and concluding that ASM is neglected or even sacrificed to the benefit of LSM. Such statements are often badly informed and biased, but they reveal how ASM and LSM are inherently associated. They are part of the same sector. The success of a LSM company in an impoverished ASM area might be regarded as outrageous if the company does nothing to make its development serve the one of its perceived poorest counterparts.

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Table 3. Issues associated with ASM in international codes and standards									
	ASM (specific mention)	Human Rights and Security	Environmental	Health and Safety	Child Labor	Gender	Resettlement and Relocation	Transparency Anticorruption and Good Governance	Community Development and Engagement
UN Voluntary Principles on Security and Human Rights		X						X	
Global Compact		X	X		X			X	
Kimberley Process		X			X			X	
IFC Performance Standards		X	X	X	X		X		
Equator Principles			X						
Extractive Industry Transparency Initiative (EITI) (a)								X	
OECD Guidelines for Multinational Enterprises		X	X					X	
GRI MMSS	X								
ILO Declaration on Principles and Rights at Work					X				
ILO182 Worst Forms of Child Labour Convention (c)	X				X				
ICMM Sustainable Development Principles (b)		X	X	X	X		X	X	X
Millennium Development Goals			X	X	X	X			X
CRJP Principles		X	X	X	X	X		X	X

Source: Adapted from Armstrong, 2007.

Note: CRJP = Council for Responsible Jewelry Practices; EITI = Extractive Industry Transparency Initiative; GRI MMSS = Global Reporting Initiative and Mining and Metals Sector Supplement; ICMM = International Council on Mining and Metals; IFC = International Finance Corporation; ILO = International Labor Organization; OECD = Organization for Economic Co-operation and Development.

(a) Although this is a government-led process, companies can be signatories to the EITI and should aid or support its implementation by the host country. Some companies publish payments. (b) Membership to ICMM is granted by council members. The principles and best practice are available to and can be implemented by any company. (c) Reinforced by the statement concluding the ILO “Call to Action” campaign on Eliminating Child Labor in Mining and Quarrying (World Day Against Child Labor, June 12, 2005), which ICMM and CASM signed.

Meeting in part those expectations is sometimes a legal obligation. In some countries, the legal framework includes some provisions bound to allow cohabitation. In Zambia for instance, under the Mining and Minerals Development №7, 2008, a formal ASM worker may apply for a mining right over an area subject to a large scale mining license. Typically, he would apply for consent from an LSM title holder, which consent “shall not be unreasonably withhold”. The holder shall, within a period of 90 days, consent the application where different criteria are met, like the geological positions of the minerals or metals applied for being different from the

holder’s plant and infrastructure indicated in the approved program of operation. Similar provisions related to alluvial mining are included in the 2005 Mining Code of Madagascar.

If it is not a legal requirement, LSM companies would still have to play a role in ASM development as part of their international voluntary initiatives. LSM companies may be signatories to a number of international codes of conduct and operating standards on the environment, human rights, transparency, and corporate responsibility (See Table 3). By signing these codes and standards, companies

commit to actively implement and abide by their precepts and should expect to be held accountable to them by shareholders and other stakeholders. Policies to deal with ASM are naturally part of community development commitments.

Plan to engage at the earliest possible stage... and as long as needed

Engagement is needed at each stage of the resource cycle, from exploration to mine closure. Identifying and addressing artisanal mining issues early on and managing them actively throughout the life of the project will be necessary and will increase the likelihood of success of commercial mining operations.

Although some companies might say they cannot “afford” a social program during the exploration stage, when cash flows are negative and long-term tenure is uncertain, there is a strong business case for early community engagement, including reduced risk of social conflict and correlated delays, faster permitting and approvals, reduced risk of criticism and interference from outside parties, and more effective use of corporate resources.

During the construction and exploitation phases, continuous engagement is most needed. And cooperation can still be of primary importance at the closure or post-closure stages. The Kelian case study (See Box 3) provides an example of an ASM-LSM relationship that led to cautiously planned and implemented actions to mitigate safety and environmental risks at closure.

Box 3. Kelian, Indonesia

There was a tradition of artisanal alluvial gold mining at Kelian, and building the mine involved compensating and resettling several thousand people. As part of its closure plan (industrial mining activities ceased after 13 years of operation), Rio Tinto’s Kelian Equatorial Mining (KEM) undertook to develop wetlands to ensure that water discharged from the mine site met environmental standards. Despite the area being officially designated as a “protection forest,” it seemed inevitable that former settlers would return to the site and search for alluvial gold in the wetlands. This would most likely have negated the company’s rehabilitation work.

KEM’s response was to enter into a partnership with the government and the community whereby the company mined the area for alluvial gold prior to constructing the wetlands. Local people are part of this alluvial mining, and the whole community witnesses the depletion of gold resources on the wetlands site. The proceeds are then put into a fund and shared with the community as a non-cash grant according to an agreed formula. Once the area is sterilized, rehabilitation can commence. Should settlers subsequently damage the wetlands, the costs of making good the damage will be deducted from the quarterly community grant. KEM has also worked with the regional government to help alluvial miners work out—or sterilize—deposition points on the tailings dam as part of the closure program.

Other activities of the program include a community awareness program to cover a range of issues, such as occupational health and safety, the use of mercury in ASM, and community-based management of future ASM activities.

Source: O’Brien 2006.

Companies such as Rio Tinto appreciate that building constructive relationships with small-scale miners works better than increasing security or appealing to authority. Constructive relationships are also required if a company is to help local communities deal with economic and social change.

Gary O'Brien, Rio Tinto

Section 3



WHAT CAN BE DONE ?

A Tentative List of Actions

In this section “actions” primarily refer to actions that LSM companies can implement on the ground to manage their relationship with ASM communities. This does not mean that only LSM should take actions. Arguably, LSM companies are not the only responsible and even may not be in the best position for intervening to solve or prevent an ASM-LSM conflict. In fact, in many circumstances, the government should be the one taking the lead and providing either arbitration or law enforcement. As stated, it is usually the state which concedes the right to explore or exploit mineral resources to an LSM company, and it should therefore guarantee and protect it.

However, ASM-LSM conflicts in developing countries frequently occur in remote areas where government presence and access are limited. In practice, companies will most of the times have no choice but to than find ways to offset weak public institutions. As they sometimes find themselves expected to take on roles that government should otherwise be fulfilling, like providing education and health care, social or infrastructure projects, mining companies will often have to be proactive with ASM. Thus LSM must go beyond the letter of the law and, in addition to interpreting legislation in the most proactive way, develop community development strategies that include ASM communities. Without going too far and removing government responsibility towards the local populations—and thereby somewhat fostering community dependence—the LSM industry has to demonstrate its accountability within the local context.

Again, engaging with ASM on the basis of voluntary standards or principles in addition to legal obligations does not mean, of course, that LSM companies should work on their own or according to their own agenda. A multistakeholder approach, including the existing players on the ground, such as local and central authorities, NGO’s, development

agencies, and local communities will be required to find sustainable solutions to ASM-LSM conflicts (See Section 4).

Each mine site has its own historical, social, cultural, and geographical characteristics and peculiarities, so a generic “one-size-fits-all” prescription for ASM activities will not work. Current activities in Tanzania illustrate the range of options for working with artisanal and small-scale miners (See Box 4). The variety of the names given to ASM workers also reminds us of the diversity of the situations (See Map 2 in Introduction).

That said, this section is intended to present in a sequential way a series of possible actions that different companies have experimented globally with various levels of success in response to different sets of situations.

Box 4. Various mine site activities in Tanzania

At Geita Gold Mine, AngloGold Ashanti has partnered with the UK Department for International Development and UNIDO to provide safety training and technical assistance to artisanal miners. At North Mara, Bulyanhulu, and Buzwagi, Barrick Gold has encouraged the establishment of ASM Committees in the communities surrounding the operations. The aim is to collectively generate solutions specific to each area that will address the issues of access to land, education, training, technology, and capital.

TanzaniteOne has established a Small Mines Assistance Program under the auspices of the TanzaniteOne Foundation. Williamson Diamonds Limited, together with the government and local communities near the Mwaui mine, has launched the Mwaui Community Diamond Partnership in order to formalize and support ASM activities in the diamond sector.

Source:
Tanzania Chamber of Minerals and Energy, 2007.

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A. Engaging with preexisting ASM communities

When ASM precedes LSM, the ASM-LSM relationship is typically a mining issue, the underlying challenge being to identify which party is the most legitimate to mine the resource and under which conditions to maximize an economic return within the framework of the law. This question is normally addressed by the mining legislation. If it is not, the first type of action that LSM can take is precisely to promote a better legal and regulatory framework.

Action 1: Promote a better legal and regulatory framework

Regularization of artisanal miners is a necessary process in the early stages of engagement because it provides a legal framework to deal with ASM and opens the way to formalization. The private mining sector can collectively raise the profile of the ASM challenge at the local and national level by increasing awareness of, and lobbying the government and resident donors on, key development issues in order to give priority to ASM in national development strategies. LSM can liaise with government departments, NGOs, and international agencies to obtain additional support. (See the *La Rinconada (Peru)* case study in Appendix 2)

■ When ASM workers are not organized

There is always a certain degree of organization but in some places it is too fragile, too volatile, or too uncertain. LSM may try and find a way to get the ASM community better organized before envisaging other actions.

Action 2: Help ASM to get organized

Organization is a requirement as it is impossible for LSM to deal with multiple individual and independent parties. LSM can typically provide help to draw up an inventory of the miners. Initial actions can also be taken at this stage to eliminate child labor as a condition of LSM engagement in the community or to improve women's conditions in ASM communities through gender awareness and empowerment programs. (See the *Las Cristinas (Venezuela)* case study in Appendix 2)

■ When ASM workers are organized

Where ASM has been present for a long time and the miners have been able to get well organized, it is likely that the communities' sense of ownership upon mineral resources is high. A formal agreement to cohabitate and share the resource is probably to be sought. The first step before establishing a formal partnership will be to help ASM miners fully legalize and formalize their activity.

Action 3: Help ASM to formalize

Formalization is a further step to organization. A group of ASM can try to acquire a legal status like an association, cooperative or enterprise and get registered by the administration. LSM can assist the process by advising on the best legal form, and the best administrative procedures. A registered ASM entity can then apply for a formal mining license or permit. In many countries, dedicated ASM licenses are included in the legislation. LSM can help the group meeting all the eligibility criteria. (See the *Las Cristinas (Venezuela)* case study in Appendix 2)

As soon as an ASM group is formalized, it is sometimes possible and in the LSM's interest to try to reserve part of the deposit for ASM. If it is legal, the LSM company can delineate small zones that are deemed inappropriate for large-scale extraction on the lease.

Action 4: Assign areas to ASM

Many times the mineral resource can actually be shared between LSM and ASM because of different criteria for a viable exploitation. Actions here try to identify and assign areas on the mining lease that are dedicated to ASM work. When legal and possible, this can represent the best win-win approach. LSM can then support miners in the determination of mineral reserves on their designated area. (See the *Mwadui (Tanzania)* case study in Appendix 2)

Ultimately, when an arrangement has been found to “mine together”, it is often advisable to offer technical assistance to the ASM entity so that better practices, especially in terms of environmental and social standards, are followed on the lease.

Action 5: Provide technical assistance to ASM

When artisanal and small-scale miners are formalized, a change in technical tools, means, or habits may be possible. The presence of LSM might be a unique opportunity to help ASM upgrade toward sustainable development. Technical assistance and capacity-building programs are aiming at improving productivity and methods of operation for sounder economic, social, and environmental practices. LSM can also provide financing for technical and other improvements, guidance on marketing and commercialization, including fair trade arrangements, and assist the training of miners on a range of issues (for example, occupational health, reclamation, mining and processing methods, value-added processes, organizational and financial management, explosives management). (See the *Boroo (Mongolia)* case study in Appendix 2)

When the formal ASM entity is following good practices, LSM might consider sub-contracting it or to pass other contracts as it would do with other business partners.

Action 6: Employ ASM as subcontractors

Ultimately when ASM is formalized and practices have improved, ASM entrepreneurial structures might emerge. They can be contracted to provide the mine with different services. A relationship of trust can allow business arrangements whereby companies benefit from the local workforce and local miners are being empowered. (See the *Bayankhongor (Mongolia)* case study in Appendix 2)

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B. Engaging with incoming ASM communities

When ASM is incoming on LSM leases, there are broadly two cases: either it is sudden or it is gradual.

■ When ASM is suddenly invading a LSM lease

When LSM is taken by surprise and a sudden influx of ASM miners arrive on the lease, LSM has to provide emergency response services and the first reaction is understandably about safety and security.

Action 7: Implement a safety and security plan

This type of action focuses on implementing a comprehensive plan in which safety and security aspects are integrated in a collaborative approach, and entry to the active mine is prohibited through effective engagement with ASM and communities. When an ASM community settles within the perimeter of the operation, relocation, in accordance with international codes and standards might be necessary. (See *the Porgera (PNG) case study in Appendix 2*)

■ When ASM is gradually developing on LSM lease

When ASM is gradually developing around LSM, the ASM-LSM relationship is often more a community-development issue than a pure mining issue. In fact, in such cases, ASM is not a traditional all-times socioeconomic activity and there are probably alternative livelihoods. The first action is then to proactively support diversification options aiming at a better local economic development.

Action 8: Promote diversification

Poverty is often the reason why artisanal miners work on LSM leases. But artisanal mining might just be another poverty trap. Actions toward diversification try to promote alternative livelihoods and help communities during the transition away from mining. (See *the Yanacocha (Peru) case study in Appendix 2*)

It might also be adequate to offer local jobs to qualified or trained people to avoid too much unemployment in the vicinity of the exploitation.

Action 9: Create mine-site employment

The development of a mine generates a lot of demand for labor. At the construction or exploitation phase, mine-site employment can target the local workforce. Programs tend to discern needs and skills while giving a preference to existing ASM workers. (See *the Kinsevere (Katanga, DRC) case study in Appendix 2*)

To reduce or prevent ASM growth, it can be useful to support the wider community to provide locally for as many goods and services as possible.

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Action 10: Support access to basic services

In many developing countries, government capacity and resources are insufficient to provide access to basic services. Related programs are designed in coordination with local and national authorities to promote local public goods such as education, health care provision, social infrastructure, water sanitation, and other services, while avoiding the syndrome of LSM companies becoming a surrogate government. (See the *Geita (Tanzania)* case study in Appendix 2)



Addressing ASM challenges is part of WDL's "social license to operate" and it is within its sphere of influence to make a difference.

Williamson Diamonds Limited (WDL)

Section 4



FRAMING A CORPORATE POLICY ON ASM

General Recommendations

As seen in the previous section, the spectrum of possible actions for engaging with the ASM sector is very broad. Again, solutions will always be specific, and a customized approach based on existing local constraints and realities will always be necessary to design the most appropriate set of interventions. This section provides general recommendations based on lessons from international experiences in the field of ASM-LSM relationship or, more broadly, of community development. They can be used as cornerstones to frame a corporate policy on ASM.

Adopt a multistakeholder approach

ASM-LSM issues can best be addressed by adopting a collaborative multistakeholder approach. In some circumstances governments can take a lead role; in other situations, NGOs or development agencies could become the facilitators; or, in some cases, LSM will have to be the main driving force. In all cases, however, local communities and ASM workers need to be at the core of the participatory approach.

Governments should theoretically be able to enforce the law and clarify the situation in the event of ASM-LSM conflicts. As noted earlier, however, conflicts often arise when the state of law is weak. LSM will then have to take a greater share of the responsibility and find practical solutions. It should be acknowledged that some governments may be unwilling to support LSM positions. Any attempt to remove artisanal miners from LSM operations without providing acceptable alternative sources of livelihood risks putting more people out of work, which can have serious political consequences for the government in power. This can be another reason to work closely with governments, especially when they have become more assertive in managing their natural resources. It might be important to get involved in policy reforms and urge the

authorities to commit themselves and clarify the situation.

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NGOs or other third parties are important stakeholders. Large-scale companies within the formal mining sector have a wealth of expertise related to their core competency that they are willing and able to contribute. But they do not always have their own experts in development, and despite sometimes unrealistic expectations, they cannot hope to address on their own all development challenges faced by the communities around which they operate. LSM has to work in partnership with non-governmental organizations, donor and development agencies and civil society groups to further support the activities and priorities of national and local authorities. Sharing responsibilities in a partnership with civil society organizations may make costs and risks more manageable, increase the effectiveness of actions in the community, and provide third-party objectivity.

ASM workers, their (legitimate) representatives, and communities have to be at the heart of the partnership. Companies need to recognize that artisanal miners are often part of the larger community adjacent to their operations or properties. They are, in effect, among the key stakeholders in the community, with families who depend on the income they earn from mining. As such, collaboration with them implies improving the well-being of the community as a whole. At the same time, communities have a role to play in ensuring that large-scale mining companies can conduct their core business in a safe and secure environment.

But ASM workers cannot always be assimilated into local communities. When individuals have been attracted to mining, for instance, because of activities of a large company in a new area, they may have migrated from far away, or, especially in rush situations, migrants might even come from other countries, generating another set of conflicts between

(28) ASM and the local community. This requires an action plan that would include ASM and the local community as two separate sets of stakeholders.

Help ASM to formalize

As noted in Section 3, the challenges facing the ASM sector cannot be overcome until a primary need is met—that is, formalization. Whatever level of engagement is pursued, LSM companies should contribute to the process of ASM formalization. The connection between the informal economy and poverty is clear and well-documented worldwide. Most informal workers have fewer opportunities and face a higher level of risk than their counterparts in the formal sector. In the case of mining, experience shows that these miners do not always set up formal groups spontaneously.

Even during the first step of ASM formalization, which might include the development of an appropriate and effective regulatory framework, the LSM sector can play a major role in advising and piloting government reform. Many international stakeholders, including CASM and CommDev, are currently raising awareness and facilitating active development projects in this direction.

Because so many ASM miners operate informally, they do not understand or perhaps do not feel constrained to follow health and safety regulations or to meet environmental standards. It also means that they do not pay royalties or any other relevant taxes. Yet their informal status makes them vulnerable to abuses by landowners, officials, or local entrepreneurs and also leaves them subject to sudden eviction. In addition, their lack of formal status may weaken their ability to get a fair

Table 4. Sample community development tools for LSM-ASM relationship

Disclosure and Access to Information	Public disclosure of budgets, policies, rules, regulations, environmental and social impacts, and revenue transfers, using a medium that is accessible to communities
Good Neighbor Agreements	Co-produced commitment between communities and companies, which most likely has specific performance targets and time frames
Community Forums	Structured multistakeholder forums with company representatives as well as citizens from different parts of the community and sometimes other actors, including local government and NGOs
Participatory Planning	Members of local communities involved in planning local development projects, infrastructure, the routing of roads, and the design of buildings, and in issues such as employment and procurement policies and practices
Participatory Budgeting	Regional and neighborhood meetings elect citizen-delegates to determine how a budget will be used, determine which areas of a community are in most need, and provide year-end reports on the implementation of projects and goals
Community Suggestion Boxes	Members of the community submit anonymous complaints, issues, concerns, or suggestions, and the boxes are opened weekly in a public forum to answer the notes, or the answers are posted to a public bulletin board
Community Scorecards	Focus group discussions with local communities to generate feedback on service provision
Co-Monitoring	External, community, or participatory monitoring, measuring, and verification
Citizen Report Cards	Citizens evaluate the effectiveness of services; may be used to assess the quality of relationships between a company and communities

Box 5. Summary of the objectives of ASM interventions

- Improve the commercial and social operating environment through a mutually beneficial and respectful coexistence among the local ASM sector, communities, and LSM companies
- Link with CSR strategies, thereby ensuring that communities benefit from the company operating in the area
- Retain a social license to operate—that is, ensure that socioeconomic and human rights issues are fully considered and adopted—and protect corporate reputation locally, nationally, and internationally
- Reduce regional in-migration of opportunistic artisanal miners and prevent illegal intruder activity and trespassing on LSM mining leases
- Ensure the security, health, and safety of company personnel and local community members
- Ensure a contribution toward long-term local sustainable development
- Ensure that cross-cutting issues, such as alternative livelihoods, gender mainstreaming, child labor elimination, education, community health and sanitation, and strategic environmental management, remain key priorities
- Advocate (and possibly collaborate on) the implementation of local development programs to improve the living conditions and basic social infrastructure in the local communities (such as water, sanitation, transport, basic nutritional services, schools/child care, health care, and security)

(29)

return for their production. Formalization of the ASM sector will help address these problems.

Apply community development tools

Coordinating and aligning corporate-level public relations and social responsibility requirements with commercial mine-site realities and operational needs can pose a significant challenge for most companies. It requires effective and integrated management and monitoring.

Numerous tools and approaches are nowadays being developed for overall community development or towards the specific needs of the extractive industry sector. Additional, more in-depth research and analysis are indeed needed to understand the capacities and contexts of communities and companies that foster these win-win outcomes, but a variety of instruments are available to guide and facilitate for the improvement of ASM-LSM relationship management. (See *Table 4.*) Multi-stakeholders participatory planning and monitoring are paramount and can be formalized to maximize local economic development as well as accountability between companies, local government, and communities.

Develop a holistic approach

One of CASM key commitment is to promote the development of a holistic approach toward ASM that can transform this activity from a source of conflict and poverty into a catalyst for economic growth and sustainable development. (See *Box 5.*) Advancing ASM and its contribution to poverty reduction requires an understanding of the complex challenges facing the sector and explicit consideration of the strengths and opportunities inherent to ASM communities. Technology to improve productivity in artisanal mining is essential but not sufficient. A holistic alternative policy devoted to transform the ASM sector into a more sustainable activity promotes a people-focused multidisciplinary view that includes all potential aspects: economic, social, political, legal, and environmental together with health, safety, and security impacts.

The review of case studies increasingly suggests that, when companies and communities have been able to set up mutually acceptable ways of engaging, three processes are developing: a shared understanding of development issues, a shift in power relationships, and an improved organizational and institutional legitimacy. Shared understanding between LSM companies and ASM communities can be achieved in order to secure mutual development benefits.

- (30) Communities and Small-scale Mining (CASM)
www.artisanalmining.org
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Community Development Fund (CommDev)
www.commdev.org
- International Council on Mining and Metals (ICMM)
www.icmm.com

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International Codes and Standards

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- International Finance Corporation, "IFC Guidance Note on Land Acquisition and Involuntary Resettlement," www.ifc.org/ifcext/enviro.nsf/Content/GuidanceNotes
- Equator Principles, www.equator-principles.com
- Extractive Industry Transparency Initiative, www.eitransparency.org
- International Council on Mining and Metals, "ICMM Sustainable Development Principles," www.icmm.com
- International Labour Organization, "ILO Convention No. 182: Worst Forms of Child Labour Convention, 1999," www.ilocarib.org.tt/childlabour/c182.htm
- International Labour Organization, "ILO Declaration on Principles and Rights at Work," www.ilo.org/dyn/declaris/DeclarationWeb.IndexPage
- Kimberley Process, www.kimberleyprocess.com
- Organisation for Economic Co-operation and Development, "OECD Guidelines for Multinational Enterprises," www.oecd.org/department/0,3355,en_2649_34889_1_1_1_1_1,00.html
- United Nations, "Voluntary Principles on Security and Human Rights," www.voluntaryprinciples.org/principles

Tools

- CommDev Online Resource, commdev.org/section/tools
- International Finance Corporation, "IFC Environment Division: Good Practice Notes: Doing Better Business through Effective Public Consultation and Disclosure," [www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_pubconsult/\\$FILE/PublicConsultation.pdf](http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_pubconsult/$FILE/PublicConsultation.pdf)
- International Finance Corporation, "IFC Environment Division: Investing in People: Sustaining Communities through Improved Business Practice: A Community Development Resource Guide for Companies," [www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_comdev/\\$FILE/CommunityGuide.pdf](http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_comdev/$FILE/CommunityGuide.pdf)
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[32]

ACTION 1:

Promote ASM sector regularization

Possible interventions

- Lobby the government and resident donors to raise the profile of the escalating social challenge of ASM and reduce corporate vulnerability
- Advocate policy change to support the integration of ASM into the regional and national economy as a sustainable livelihood and poverty alleviation strategy (for example, Poverty Reduction Strategy Papers)
- Work in partnership with other companies or through national chambers of mines to share experiences
- Work with government, donors, and other stakeholders to provide best practices and information regarding regulatory framework reviews and amendments

Discussion

Regularization of artisanal miners, though needed in early stages of a mine's development, is not under the control of mining companies, as it depends on government. When such regularization exists, its implementation often implies the strengthening of public institutions. Companies will need to consider a collaborative and nationwide approach with the authorities. Through such collaboration, the private mining sector could collectively raise the profile of the ASM challenge at the local and national level by increasing awareness of key development issues and by lobbying the government and donors on the need to mainstream ASM into national development strategies.

Perhaps the biggest single problem regarding small-scale miners is their lack of legal status.

Promote ASM sector regularization	
Benefits	Risks
<ul style="list-style-type: none"> • Recognizes that ASM does not occur in a political vacuum • Improves governance and control of the ASM sector • Facilitates knowledge sharing among companies • Reduces corporate exposure by working with other companies or through chambers of mines • Enhances company-government relations • Influences national development strategies and resident donor agendas • Builds social and political capital and centrally won license to operate in-country • Supports international codes and standards 	<ul style="list-style-type: none"> • Has little immediate tangible mine-site benefit • Government apathy and public sector bureaucracy can lead to failure • May lack political will and follow-up on private sector actions • Highlights the apparent gap between high-level policy and actions • With weak institutional capacity, may result in legal framework not being enforced

(33)

The miners may resort to extra-legal means (occupations, confrontations, denunciations, and sabotage) in order to press their claims for recognition and to try to gain some level of economic security. This lack of legality may limit the options for companies in responding to these situations, but unfortunately the burden remains with the company, as do the legal and reputational consequences.

CASE STUDY: La Rinconada, Peru

■ Context

In La Rinconada, Peru, one of the highest gold mines in the world, ASM historically existed within the property of the industrial mining company, Corporación Ananea S.A.

■ Actions

A mediation process was facilitated by an external mediator to address the conflicting situation. It started with a series of roundtable meetings to develop rules for the process. The negotiations over two years led to an agreement allowing the artisanal miners to buy shares of the larger company.

■ Results

GAMA Peru (a technical assistance project sponsored by the Swiss Government) was in position to create a bridge between the mining company and artisanal miners' cooperatives

and was able to integrate the relevant actors such as the regional government, NGOs, and other specific agencies.

■ Lessons

The “neutrality” of the facilitator and its ability to maintain a dialogue with each of the actors has been an important element of success. The identification of the “win-win options” for ASM and LSM resulted in a contract proposal that equally benefited both mining subsectors and that converted “enemies” into “allies.” A precondition to solve the conflict was the creation of a legal framework and the passing of Peruvian Law on Artisanal Mining. Laws do not immediately and automatically solve the conflicts between local actors, but they can establish clear rules of the game and define the respective role of all parties involved and thus prevent conflicts or provide solutions.

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ACTIONS 2 & 3:

Contribute to ASM organization and formalization

Possible interventions

- Identify tangible incentives for and raise awareness of formalization
- Work with national governments on regulatory issues and barriers to ASM formalization, including access to land
- Investigate the process of small and medium-sized enterprise (SME)/cooperative formation
- Foster self-regulation
- Provide training on registration and licensing
- Support leadership training
- Help build collective capacity and independence
- Build on existing and culturally accepted forms of collective community organization
- Maximize participatory decision processes

Discussion

It is difficult to work with an unorganized mass of individual small-scale miners. A key step toward a better partnership is to formalize artisanal miners and help organize them into associations, cooperatives, or small enterprises, as appropriate. A clear structure within miners' groups is needed to establish the roles and responsibilities of key stakeholders.

Contribute to ASM formalization	
Benefits	Risks
<ul style="list-style-type: none"> • Helps to constructively change the relationship dynamic and expand the scope of company engagement • Promotes good practices and assists government ASM performance and fiscal control • Enables formalized miners to pay taxes that can have a beneficial impact on the national and regional economy • Gives artisanal miners a voice and increased ability to articulate needs and to influence government and business policy decisions • Promotes self-regulation and community policing • Enables companies to engage and negotiate with a body representing the needs and interests of all miners, instead of trying to manage ad hoc and individual relationships • Builds the management knowledge base of the operating environment • Should help reduce dependency 	<ul style="list-style-type: none"> • Relies on all ASM being able to or choosing to formalize • Does not, on its own, address security risk of willful incursions and malfeasance • If not managed correctly, can exacerbate the problem by inducing an inflow of migrants • Faces cultural resistance from miners to democratic organization • Faces opposition if alien organization is imposed • May lead to the formation of an ASM political group with vested interests and little representation of the actual artisans • Without adequate resources and governance or institutional support, cooperatives and representative bodies may fail, become ineffective and unsustainable, or be captured by unelected elites • Resistance to formalization due to increase tax and bureaucratic constraints • Resistance due to middlemen who do not want to get out of the network

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CASE STUDY: Las Cristinas, Venezuela

Source: Priester 2007

■ Context

In the Las Cristinas gold district in Venezuela, the Placer Dome company had been granted access to a mining concession within an area with active artisanal mining.

■ Actions

Systematically applying a participatory approach, the company provided the ASM communities with technical assistance in organization and administration, mining and processing technology, environmental management, training, and financial support, as well as in creating a legal market to sell the gold produced. This assistance included substantial material support to the ASM operators (for example, the installation of a common treatment plant for the various artisanal mines).

■ Results

The community-based, small-scale mining operations were legalized, which resulted in higher production, increased income, safer working conditions, and acquisition of new knowledge and training. The safety and security of the project afforded new work opportunities for women and led quickly to the elimination of child labor in the concession. The miners were able to

cash in almost the total value of their labor by eliminating the middle players. The local area and communities as a whole benefited from improved environmental and socioeconomic conditions in the area. The company saw a dramatic reduction in the tension with the local mining communities and was able to proceed with the development of the property in relative peace and harmony. With the project recognized as an industry best practice, it boosted Placer Dome's international reputation as a corporate leader in social responsibility.

■ Lessons

Local miners are typically open to cooperation, but they usually will not accept being patronized. Any viable solution has to be found with them, not mandated for them. Participatory approaches are paramount, and implementation teams should incorporate not only company technical staff but also social experts and small miners, who serve as liaisons and translators between the company and their colleagues.

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ACTION 4:

Assign areas for independent ASM

Possible interventions

- Identify marginal areas of the concession that are subeconomic for commercial exploitation, based on in-house review
- Allow organized artisanal miners to work on these designated areas
- Allow miners to work on marginal or abandoned sites or to rework secure tailings
- Investigate issues of full or partial relinquishment or hold land in trust for ASM cooperative
- Examine the mineral potential of the proposed area to be assigned
- Evaluate management and self-regulation options for the assigned area

Discussion

The best situations emerge when mineral resources can be shared on a win-win basis. In several cases, the mining company develops the part of the deposit it considers to be economical and appropriate for large-scale extraction and then lets artisanal miners exploit marginal parts within the properties. Residual sections of the ore may prove to be rich—for example, in the case of a deposit with low-tonnage but high-grade veins—and can be exploited using semi-mechanized means by ASM.

However, in situations in which companies allow or enable illegal mining, liability concerns also create a solid case for LSM support toward ASM legalization and formalization and for technical and managerial assistance to improve ASM practices.

Assign Areas for Independent ASM

Benefits	Risks
<ul style="list-style-type: none"> • Diverts ASM away from operational areas of the concession • Is in accordance with current civil society demands • Ensures a more efficient use of national mineral resources • Fosters coexistence and self-regulation • Assists governments with objectives of forming artisanal mining zones (experience in allocating zones to ASM has provided poor results) • Provides security of tenure to miners, improving their creditworthiness and possibly breaking debt-bondage 	<ul style="list-style-type: none"> • Often faced with a lack of suitable alternative sites with sufficient reserves • Determining initial eligibility, site confinement, and policing may still be challenging • Physical relocation may be problematic • Exacerbates the problem if not managed correctly by inducing an impromptu influx • May not have any impact on willful incursions and malfeasance • There might be, in many countries, an absence of legal options to formalize such arrangements • Assigned land could be acquired by competition or unscrupulous individuals wanting to hold the company to ransom • May or may not give security of tenure to the artisanal miners • Does not fully remove obligation and liability for health and safety and environmental practices (as well as for security and relocation issues) from the company, which may still be legally accountable and whose reputation may be vulnerable

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CASE STUDY: Mwadui, Tanzania

Source: Nerys John, Williamson Diamonds Limited 2008.

■ Context

Williamson Diamonds Limited (WDL), a joint venture between the government of Tanzania (25%) and De Beers (75%), operates an open pit diamond mine at Mwadui in northern Tanzania. Diamond mining has been done for 67 years. ASM has been present in the Shinyanga region since the discovery of diamonds in the early twentieth century, but it increased in scale following a change in national mining legislation in 1998. Diggers, both legal and illegal, exploit the alluvial gravels surrounding the WDL lease and make illegal incursions into the concession area itself. The number of incursions and the level of aggression shown by the diggers have increased in recent years. Approximately 20,000 people in the immediate vicinity of Mwadui depend directly on artisanal diamond mining for their livelihood. For the vast majority, this is a poverty-driven coping mechanism undertaken due to the lack of viable alternative livelihood options. Most of the diggers are permanent residents in the area, although there is an influx of migrants during the wet season, when there is sufficient water for panning.

■ Actions

In 2006 De Beers and the government of Tanzania decided to establish a multistakeholder initiative to address the challenges facing the ASM sector near the mine in an effort to help alleviate poverty and accelerate economic development. De Beers agreed to provide the necessary seed funding, and the project was formally launched by President Jakaya Kikwete and Jonathan Oppenheimer of De Beers at the Clinton Global Initiative Annual Forum in September 2006.

The current partners in the Mwadui Community Diamond Partnership (MCDP) are the government of Tanzania, De Beers, WDL, and the eight villages involved. The project is also working to extend the partnership and engage development partners, government institutions and programs, international agencies, NGOs, and civil society groups, especially those with expertise in developing alternative livelihoods and the extension of social development programs. The partners in the MCDP appreciate that project planning will be an iterative process, requiring gradual trust-building, responsiveness, and flexibility.

A diagnostic survey of the artisanal diamond mining and dealing activity in the area and a

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socioeconomic baseline served as the basis for an agreement to demarcate an area within the company's lease for MCDP digging activities. A survey conducted by WDL and De Beers geologists was then used to identify suitable ground.

Engagement with the Tanzanian Ministry of Energy & Minerals about MCDP activities beyond the WDL lease resulted in a commitment from the Ministry to establish a Diamond Valuation Centre, which will give all artisanal miners in Shinyanga the opportunity to have the value of their finds assessed.

The research and community engagement activities that have been conducted recommend cooperative formation as the best method of enabling diggers to organize themselves and to break the pervasive cycle of debt bondage. A Savings and Credit Cooperative Society is a specific type of cooperative that lends itself to MCDP's objectives of sustainable enterprise, financial inclusion, capacity building, and community empowerment.

A draft set of "Mwadi Principles" were agreed by the project partners as the standards under which MCDP digging activities would take place. These principles are now the subject of wider stakeholder dialogue, and the Diamond Development Initiative is considering their potential for broader applicability. In order to enable the diggers involved in the MCDP to comply with the Mwadi Principles, a series of training modules have been prepared in Kiswahili covering occupational health and safety, environmental rehabilitation, the eradication of child labor, and gender awareness.

■ Results

The model is actively supported by the Tanzanian Ministry of Cooperatives and is operational in other mining areas. It is expected that the formation of a cooperative will provide the "entity" that diggers participating in the MCDP

will require in order to operate legally in the area set aside within the WDL lease.

Training will be given in appropriate mining techniques and basic diamond valuation. The MCDP will also assist with the clearance of overburden in the assigned project area (allowing easier access to the diamond-bearing gravels). Digger representatives are currently working with a mining engineer to develop suitable low-cost technology that can be manufactured locally.

Practical considerations regarding digger selection, project security, and community self-regulation are currently being worked through with the Community Liaison Team. The MCDP mining activities will not be able to involve all the diggers in the eight villages, and the implications of this for both mine-site security and community cohesion need to be carefully managed. Ongoing engagement with the Ministry of Energy & Minerals seeks to clarify the respective legal obligations and liabilities of WDL and the diggers participating in the project in order to mitigate any future confusion or conflict. Other results include:

- The MCDP has been established as a formal partnership, and the project has received a positive response from all eight villages involved.
- The election of the representatives on the MCDP Community Liaison Team means that for the first time these digging communities have a medium through which to voice their issues and to share decision-making.
- Through the monthly forums, the communities have received education in mining law and land law and their rights under both.
- Awareness-raising has been conducted to inform the villages about the health services available to them at Mwadi Hospital, which, although a private facility, provides the government's free health programs, including for HIV/AIDS, malaria, tuberculosis, and reproductive and child health.

- WDL management now benefits from formalized two-way communication channels with the surrounding villages.
- WDL's Security and Community Relations functions have been fully integrated into the MCDP project team and planning process.
- The government of Tanzania and De Beers are actively participating in the international discourse on artisanal mining.
- De Beers has learned some practical lessons that may be applicable to future operations in Angola or the Democratic Republic of Congo.

■ Lessons

Part of the challenge is to transform relationships currently based on obligation and indebtedness and to introduce greater fairness and transparency in terms of valuation and payment. Various options regarding buying and marketing arrangements for the diamonds recovered from the community digging area within the lease are being assessed. The need to assure that the diggers can get fair prices for their production is central, as is the need to protect both the government and De Beers from the reputational challenges concomitant with direct buying arrangements. Other lessons include:

- The time required for effective stakeholder engagement and the development of strong relationships
- The need to supplement and strengthen traditional intra-village communication processes
- The need for flexibility, responsiveness, and pragmatism—some of the eight villages are more receptive and organized than others, for example
- The challenge of managing expectations given the scale of the sector and the number of diggers involved
- The reticence of some development actors and agencies to engage with the extractive industries and to acknowledge the challenge and opportunity posed by ASM

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ACTION 5:

Provide technical assistance

Possible interventions

- Provide geological, mining, and processing expertise and direct assistance
- Ensure occupational health and safety
- Oversee environmental management
- Provide access to health services in the community
- Develop business and management skills
- Offer access to credit and to a more profitable market
- Evaluate minerals and pricing

Discussion

Providing technical assistance and capacity building, if well designed and implemented, can help address some of the problems associated with ASM. If a part of the cooperation is technical, the proposed technologies have to be simple, cheap, easy to operate, and easy to maintain, even if they are less than standard quality in the eyes of company engineers and administrators and if the miners themselves want more-sophisticated techniques. Comprehensive action plans to counter negative impacts (for example, environmental impacts, including threats to water quality, biodiversity, and so on) can be promoted through the development of efficient, appropriate technologies and training, awareness campaigns, technology fairs, and links with fair market access and financing mechanisms.

Provide technical assistance	
<p style="text-align: center;">Benefits</p> <ul style="list-style-type: none"> • Provides a useful entry point for engagement • Can be an incentive for formalization and regularization • Promotes good practices, increased efficiency, and less destructive environmental practices • Technical issues are often the easiest to solve • Builds social license to operate • Utilizes key skills of many mine-site staff • Increases communication between LSM and ASM, thereby fostering mutual understanding • Allows training on other key issues, such as health, to be delivered 	<p style="text-align: center;">Risks</p> <ul style="list-style-type: none"> • May not have any impact on willful incursions • Should not be given freely, or the company risks being accused of promoting and assisting illegal activity (must be linked to formalization and regularization of miners) • Training in occupational health, safety, and environmental practices must be relevant to miners' needs and realities, or it risks being time-consuming and ineffective • Providing training and technical assistance without matched inputs or entry fees from miners and communities may result in the devaluation in perceived benefit of services and high dropout rate • Social barriers can influence acceptance, dissemination, and overall assimilation of advice

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In some countries, large miners may be the only available source of the technical expertise that ASM miners need to improve their operations. Increasingly, companies are willing to share that knowledge, either directly or through the appropriate government agency, international financial institution, and community bodies.

Technology is another key issue for small-scale miners, as it determines how, how much, and how safely they are able to mine the land. The company can assist by, for instance, initially financing the purchase of equipment. Note that the equipment must be appropriate: buying a 20-ton hammer mill when the miners have traditionally used a pick and a rock to crush ore will only lead to frustration, breakdowns, and, eventually, hard feelings toward the company. It is better to start simply and gradually increase in sophistication. The company must also be cognizant of the point when small-scale (artisan) mining crosses over to industrial-scale mining. One technical area often overlooked by companies is how to improve the mining practices of small-scale miners themselves. Technical information, such as proper tailings impoundment procedures and handling of mercury, is likely to stay in the community long after the company leaves. Collaboration with a respected third party (such as a local university or NGO) is often desirable: it lowers the cost to the company, increases the knowledge basis of a local institution on technical issues related to mining, provides third-party objectivity, and increases the likelihood that this knowledge will stay in the area after the company leaves.

CASE STUDY: Boroo, Mongolia

Source: Priester 2007.

■ Context

On the concession of Boroo, conflicts developed over the responsibilities for safety incidents involving illegal ASM. Small informal mining brigades were organized and equipped by local business people. They were mining small quartz-gold veins on the Boroo concession while Boroo Gold was mining only the massive hard-rock gold deposit.

■ Actions

Support for Artisanal Mining Project (SASM) was provided with funding from the Swiss Agency for Development and Cooperation, involving the Mining Rescue Service of Mongolia. Boroo Gold agreed to negotiate after the artisanal miners received professional health and safety training and environmental introductions from the SASM project and the Mining Rescue Service.

■ Results

The artisanal miners and the mining company signed an agreement allowing the miners to normalize their operation and to invest in physical infrastructure and exploration in a safer environment; the company agreed to waive its responsibility regarding health and safety potential liabilities with respect to the artisanal miners.

■ Lessons

Providing support to solve safety and other problems related to the responsibilities of the formal partner may be a viable option to create a platform for further negotiations and arrangements.

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ACTION 6:

Employ artisanal miners as subcontractors

Possible interventions

- Develop, through participatory processes and technical assistance, independent micro businesses and SMEs and integrate them into the supply chain
- Enter into joint ventures or mining contract agreements with ASM
- Facilitate the formalization of ASM around the mine area
- Develop SME mining ventures with labor-intensive good practices and ASM practices with appropriate management structure

Discussion

Artisanal miners hired as subcontractors are formally contracted to provide the mine with different services. Creating labor services for artisanal miners in various steps of the mine supply chain can drive them to formalization and provide LSM with a useful workforce. This can create a relation of confidence that will be needed for further processes. Local miners are typically open to cooperation, but they usually will not accept being patronized. Paternalistic approaches have mostly failed. Empowerment and real participation seem to be the most promising ways.

Employ artisanal miners as subcontractors	
Benefits	Risks
<ul style="list-style-type: none"> • Promotes livelihoods and rural and regional development • Develops local economy • Contributes to regional and national development 	<ul style="list-style-type: none"> • SMEs need to be linked to alternative markets to avoid creating dependency on mining and to build sustainability • The company remains responsible for good supply chain practices

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CASE STUDY: Bayankhongor, Mongolia

Source: Priester 2007.

■ Context

A long-established placer gold mine became overrun by herders who resorted to panning after becoming destitute following climatic disasters (“dzud”) in the Gobi Desert that decimated their herds of livestock. No alternative livelihood other than ASM was available to the herders.

■ Actions

Negotiations took place and the mining company (Mongobulgargeo) agreed to provide a limited number of panning sites for artisanal miners, who were required to form a loose cooperative. The company’s mechanized method of mining was having a hard time recovering gold from the lowest part of the placer, where it was irregular and rested on rock. The ASM cooperative members were allowed to dig and bag the gold ore left behind by the machinery.

■ Results

Some of the gold lost by the company is now recovered by the artisanal miners. The artisanal miners sell the gold to the company, which boosts the company’s production and profits. The government receives 5% royalty that it otherwise would not receive. The company is able and willing to pay a better price to the artisanal miners than the many illegal gold traders in the area. The artisanal miners benefit too: they receive some security of tenure, they have rights to take material and wash it, they have panning pits dug and filled, and they are within the zone protected by company security. The on-site presence of the ASM cooperative is a deterrent to roving artisanal miners who would otherwise disrupt company operations, as the ASM co-op members have an interest in deterring nonmembers from trespassing.

■ Lessons

As an additional safeguard, the company insisted that many of the ASM cooperative members be jobless relatives of company mine workers. This reinforces the bonding between the ASM co-op and the company and assists in social comprehension between both parties.

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ACTION 7:

Implement a safety and security plan

Possible interventions

The presence of artisanal miners on LSM property presents high safety and security risks for both the miners and the company. Two different types of action can address this issue, depending on whether the miners live within the perimeter of the operation: develop a safety and security plan and/or arrange resettlement.

- Implement a comprehensive plan where safety and security aspects are integrated in a collaborative approach, and prevent entry to the active mine through effective engagement with ASM and communities.
- Identify, assess, and relocate the affected populations or communities to appropriate alternative sites in accordance with international codes and standards.
- Prepare and implement community development plans and alternative livelihoods programs when the company is the cause of population displacement.

Discussion

Any incidents involving safety or contamination will likely be seen as the fault of the company. Gary O'Brien of Rio Tinto notes that "the mine manager must think seriously before calling in the authorities or the police. While the security of a mineral title is paramount, it pays to look at the situation through the eyes of those opposing the large company's presence. Calling on the authorities to protect the rights and personal security of a large operation may provide short-term relief – but it is unlikely to be a long-term solution. Inappropriate use of force can embitter

memories for generations and sour relationships for years to come. The result can be blockades, kidnappings and sabotage: financial and physical setbacks to the company and social and economic damage to the community” (O’Brien 2006).

CASE STUDY: Porgera, PNG

Source: Porgera Joint Venture, FDC Workshop, 2008 plus website.

■ Context

Porgera Gold Mine, in Enga Province, PNG, is a joint venture between Barrick Gold Corporation (95%) and Mineral Resources Enga (5%, split between the Enga provincial government and the Porgera SML Landowners). Illegal mining occurred from the start in 1990. Initial police and security presence acted as an effective deterrent, but the past five years have seen an escalation in frequency, numbers, and propensity for violence. ASM workers—mostly young men recently moved in the area—generally work individually or in small groups along family lines, showing no evidence of organized processing. Illegal mining is mainly a safety issue (for employees and ASM workers), and today artisanal mining represent one of the most important business critical issues facing Porgera Joint Venture (PJV). Incursions total between 1,000 and 2,000 per week.

■ Actions

Barrick recognizes the risks that illegal mining has on local communities and the operations. An Illegal Mining Action Plan was drawn up, and an Illegal Mining Control Unit plus dedicated manager was set up. The approach included studies, risk assessment, issue awareness, stakeholder buy-in, increased community engagement processes, and changes to mining and security operations (a fence around the active areas). A Community Illegal Mining Committee was launched to increase engagement with landowners and the community. The mine employs its own security force of between 400 and 500 persons.

■ Results

The PNG National Court sanctioned the process, and the tripartite approach (government, community, and PJV) helped implementation. Police Mobile Squads were deployed. A tripartite approach was also taken with government and International Human Rights

organizations. All police underwent accredited training prior to deployment. The program was extended to local police. A Human Rights Protocol Register was created, and human right standards were embedded into PJV standard operating procedures. Police operations focus on enhancing general community security as well as targeting illegal miners and associated crime.

In parallel to the illegal mining challenge, civil unrest increased when in 2007 local landowner groups protesting over proposed relocation settlements were successful in peacefully halting mining and processing operations at the mine. The suspension lasted for eight days, during which various local landowner clans, PNG government representatives, and PJV mine management eventually agreed on how best to move on.

■ Lessons

Attention was focused on preventing entry to the active mine areas through more effective engagement with local leaders, education of young people about the safety risks involved, and improved coordination between mine security staff and public authorities.

The challenge continues and complementary actions are being planned, such as:

- Enhancing the collaborative approach
- Empowering landowners to take a greater role
- Improving government services
- Addressing law and order issues
- Seeking additional external assistance
- Expanding socioeconomic development programs
- Enhancing engagement processes with the community
- Developing alternatives to illegal mining
- Strengthening and supporting traditional culture
- Continuing awareness programs
- Enhancing education and training opportunities.

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ACTION 8:

Promote diversification

Possible interventions

- Demonstrate the feasibility of non-mining businesses and related market niches
- Develop technical assistance in other sectors
- Provide incentives through access to credit
- Develop a Community Development Foundation to be integrated in local development plans
- Provide related training and capacity building

Discussion

When opportunities can be identified, the LSM sector can play a role in turning artisanal workers away from mining by promoting other income-generating activities. Technical assistance in new but related skills, entrepreneurial and accounting management, and access to credit facilitation programs are key elements to diversification.

While there are examples of successful diversification programs focusing on ASM communities, few have been reported in which a specific link between LSM and ASM was identified. New initiatives related to ASM community development around LSM are presently under development in Katanga (Kolwezi) and Tanzania (Mwadui) and are already bringing new lessons.

Small-scale miners often identify the development of economic alternatives to mining as a top priority. Miners frequently understand that they are dealing with a finite resource and that community programs that offer a diversity of economic options for local residents can

Promote diversification	
Benefits	Risks
<ul style="list-style-type: none"> • Builds social and political capital and centrally won license to operate in-country • Should help reduce dependency • Promotes good practices, increased efficiency, and less destructive environmental practices • Increases communication and understanding between LSM and ASM, thereby fostering mutual understanding • Allows training on other key issues, such as health, to be delivered • Promotes livelihoods and rural and regional development 	<ul style="list-style-type: none"> • If insensitively and ineffectively planned or managed, may increase vulnerability and poverty in affected communities or may jeopardize the company social license to operate • Has little immediately tangible mine-site benefits • Social barriers can influence acceptance, dissemination, and overall assimilation of advice • SMEs need to be linked to alternative markets to avoid creating dependence on mines and to build sustainability

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more effectively build sustainability in an area over the longer term. Here again, collaboration with local institutions or NGOs offers distinct advantages for increasing the impact of any company-supported program.

CASE STUDY: Yanacocha, Peru

Source: IFC Web site 2007.

■ Context

At Minera Yanacocha, Latin America's largest gold mine in northern Peru, the population has swelled from 30,000 to 240,000 in 10 years. About 8,000 new jobs related to the mining activity have been created, directly or indirectly.

■ Actions

The Minera Yanacocha SME Linkages Program was designed by IFC to build a diversified and sustainable economic base extending beyond Yanacocha's mining operations. The program worked to strengthen SMEs. For those within Yanacocha's value chain, primarily in the transportation and construction sectors, supplier development efforts centered on a total quality management program to improve productivity and optimize company management abilities. The program focused on raising safety, environmental, and business standards. The Minera Yanacocha Program extends to SMEs outside the company's value chain as well, particularly in the handicrafts and agribusiness sectors. For example, in the ceramics and textiles sectors, local artisans have received technical and managerial training to upgrade their skills

in product design and production capacity.

■ Results

Marketing, a main focus for cash-strapped SMEs, has been addressed through group marketing events such as "Business Encounters," which spread costs and offered broad exposure to firms shopping for vendors. Based on what local businesses identified as a critical need, advisory services programs were developed to improve financial management and business processes. These programs helped participating SMEs become more creditworthy, opening up a wider range of financing options from local banks and microfinance institutions.

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ACTION 9:

Create mine-site employment

Possible interventions

- Recruit within the local population
- Undertake intensive local training and apprenticeships (including for artisanal miners) to address gaps in skills
- Employ artisanal miners (mining, construction, security)
- Employ artisanal miners as salaried workers or share revenue through a contract mining agreement that uses organized and formalized ASM and delivers Run of Mine to the company mill

Discussion

In some cases, formal industrial mines provide employment to artisans, which may be as tenuous as employment in the informal sector. Pervasive “hire-fire” policies and the failure of many artisans to work on a reliable basis often inhibit development of more formalized working arrangements. Also, license holders frequently hire poorly skilled local miners who use primitive methods, often without the provision of safety gear. In many instances, license holders “employ” and remunerate artisans on a per volume basis, an arrangement that generally facilitates ongoing employment of miners as a trade-off for exploitative purchase prices.

Create mine-site employment	
Benefits	Risks
<ul style="list-style-type: none"> • Combines ASM skills and experience with LSM safety, best practices, and efficiency • May be commercially and economically viable for some LSM sites • Can help artisanal miners make transition to small-scale mining • Promotes livelihoods and rural and regional development 	<ul style="list-style-type: none"> • Often faces a scarcity of skilled or semi-skilled labor • Artisanal workforce will always massively outnumber available jobs in even the most ambitious recruitment programs

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CASE STUDY : Kinsevere, Katanga, Democratic Republic of Congo

Source: Joseph Mbaya, *Anvil Mining 2006*.

■ Context

Artisanal miners seeking income opportunities were invading the copper mining concession of Anvil Mining in Katanga.

■ Actions

The adopted strategy was based on the registration of artisanal miners and their progressive sensitization (presentation of choices, incentives/motivations). Direct employment was offered as well as propositions for alternative options. Training sessions were organized and a gravel SME was created to supply the plant foundation. The company undertook the following actions in partnership with PACT Congo:

- Working with local ASM administrative body to organize and provide technical support to diggers
- Establishing a miners committee (“comité de creuseurs”)
- Signing an agreement (“protocole d’accord»)
- Providing literacy and savings training to women
- Providing apprenticeships and financial assistance to the miners
- Establishing a health clinic

■ Results

Four hundred former artisanal miners were employed in construction and given follow-up training for skilled posts. A contract was signed to employ 60 creuseurs to make gravel through the use of appropriate technology. This gravel

supplied part of the materials used to build the processing plant foundation.

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ACTION 10:

Support access to basic services

Possible interventions

- Contribute to local infrastructure development (roads, electricity, water) or to education and health services (schools, hospitals)
- Get involved in regional development planning
- Communicate information about services provided on a reasonable and regular basis
- Work with NGOs or other associations to raise awareness on sustainable development (environment and social)
- Contribute to positive community development initiatives

Discussion

In many developing countries, government capacity and resources are insufficient to provide basic services. LSM companies can often find themselves expected to provide such local public goods as education, health care, social infrastructure, water and sanitation, and other services. If agreed, related programs should be designed in coordination with local and national authorities, to make sure that the companies do not become a surrogate government—a highly unsustainable situation. They should be managed carefully because public expectations can become unlimited, especially when needs are perceived to be easily satisfied, and can exceed reasonable interventions by LSM. Experience shows that strategic community development planning or community investment programs that take these issues into account are more sustainable and have a greater chance of being successful.

Support access to basic services	
Benefits	Risks
<ul style="list-style-type: none"> • If sensitively and effectively planned and managed, may help contribute to sustainable rural and regional development • Could ensure site integrity and prevent security breaches • Builds internal capacity and a corporate knowledge base of the operating environment • Can promote livelihoods and rural/regional development 	<ul style="list-style-type: none"> • Lack of government involvement can be damaging and increase company exposure • May not eliminate or reduce invasions and incursions, especially in conditions of migrant and rush ASM • If not properly set up and managed, can entail significant environmental and social liabilities for company

CASE STUDY: Geita, Tanzania

Source: *Anglogold Ashanti 2005.*

■ Context

Problems associated with artisanal mining came to the fore at Geita mine in Tanzania in 2005 when approximately 7,000 gold seekers invaded the area after word spread that a large nugget of gold had been found by artisanal miners. While the majority of the miners left on their own accord after management made appeals to vacate the lease area, the police had to be summoned to remove those who resisted.

■ Actions

A workshop attended by 95 artisanal miners was held in April 2005. A joint initiative between the mine and the UK's Department for International Development—whose interest is aligned with the U.N. Millennium Development Goals of alleviating extreme poverty, reducing child labor, and combating HIV/AIDS—the participatory workshop addressed itself to all issues associated with artisanal mining. During discussions it emerged that the miners wanted more information on topics like access to small business loans, technology, safe working conditions, and better mining techniques.

A trade fair (informed by discussions held at the workshop) took place, aimed at providing greater information on the topics raised at the workshop. A number of local and international participants were present, including the National Microfinance Bank, providing advice on opening accounts and requesting investment loans; the Vocational Education Training Authority, which explained how to become competent in artisanal mining and even qualify for a national diploma in the practice; the Small Industries Development Organization, advising on alternative means of employment and the dangers of using mercury in gold extraction; and the International Labour Organization, which spoke out against child labor and unsafe working conditions. Also represented were other large mining companies operating in the area, which realized the need to act as a group, as well as the Mwanza Regional Miners Association and the Tanzanian Women Miners' Association. In order to transcend language, educational, and cultural barriers, concepts and messages were conveyed through industrial theater and later converted into pictorial form for reinforcement.

■ Results

Geita is now the site of a pilot project to tackle artisanal mining, developed following a request to the mine by Tanzanian President Benjamin Mkapa to assist in managing the phenomenon.

Follow-up awareness campaigns have been planned, and the mine is also looking to establish a working partnership with the Global Mercury Project (GMP) of the United Nations Industrial Development Organization (UNIDO), which is aimed at reducing mercury pollution by artisanal mining through the introduction of cleaner technologies. Tanzania is one of six countries participating in the GMP, which has offered to supply equipment to artisanal and small-scale miners in the Geita area.

While each country presents its own set of issues with regard to artisanal mining, AngloGold Ashanti believes that elements of the Geita approach can be transferred to the company's other operations. A strategic plan is currently being drawn up for its Siguri mine in Guinea, where the issue of artisanal mining requires urgent attention. The company has adopted a "push and pull" approach, protecting the mine's assets while at the same time gearing up to assist miners to become legal entities.

■ Lessons

Says Charles Loots, AngloGold Ashanti's Local Economic Development Manager, «We realized we had to adopt a multistakeholder approach and include as many parties as possible. Also essential to successfully tackling the problem was buy-in from local and national government.»

Loots adds that one possible solution in regularizing artisanal mining (though not specific to Geita mine) would be to section off areas within AngloGold Ashanti's lease areas that are not necessarily viable for the company to mine but that may well be mined through artisanal mining. This would meet the objective of legitimizing these operations while at the same time eliminating the disturbance of company operations. It would also facilitate the establishment of constructive dialogue between the company and the artisanal miners.

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MINING TOGETHER

Large-Scale Mining Meets Artisanal Mining
A Guide for Action



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