

Lessons learned on managing the interface between large-scale and artisanal and small-scale gold mining

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Driven by low barriers to entry, strong gold prices and high poverty levels, Artisanal and Small-Scale Gold Mining (ASGM) is one of the fastest growing rural livelihoods in many developing countries. The great majority of ASGM occurs outside of legal frameworks and the sector is a source of major environmental, social, human rights and governance concerns. In seeking ways forward on improving the governance and performance of ASGM, we should look for inspiration to Sustainable Development Goal 17 – Global Partnerships.

Background

The context in which ASGM takes place varies widely, making it futile to prescribe a generic approach. In some places it involves mining alluvial deposits in past or present riverbeds; in other contexts, it involves hard-rock mining in punishing underground conditions.

In some situations, ASGM involves individuals or small groups involved in basic work with unsophisticated tools but in others, experienced specialists use mechanised techniques.

In some cases, because of the quality of a deposit or due to the lack of tax or environmental regulation, these operations are highly profitable. In others, the miners are operating at a subsistence level, unable to support even the costs of proper health and safety, environmental protection or of taxation.

In some instances, LSM and ASGM overlap or co-exist, in some cases entirely independently and in others with a degree of competition for access to gold deposits.

The reality is that lessons learned in one context are not necessarily applicable in others and that the LSM/ASGM interface is only part of the overall picture. But crucially, the ability of companies to interact constructively with ASGM entities or to work with them to improve their socio-economic, governance or environmental performance is



hampered by the lack of progress in formalising responsible ASGM activities. Solutions to this challenge require government leadership.

This report aims to provide a platform for LSM companies and other actors to share not only their challenges, but also the progress that they have achieved through dialogue, engagement, and collaboration. Importantly, it focusses attention on the need to get incentives and regulatory frameworks right. The report contains input from 15 companies working in 18 countries as well as material contributed by the Swiss Better Gold Initiative and the Alliance for Responsible Mining.

Key lessons from the experiences of large-scale miners and industry social practitioners:

- **The crucial role of governments** – Government leadership is critical both in formalising ASGM and in protecting the investment made by LSM companies.
- **Building constructive LSM/ASGM relationships** – Trust is fundamental, despite significant cultural differences, between ASGM and LSM in building successful relationships. LSM miners need to understand the context and the often highly complex socio-economic and governance factors at work among local ASGM – including red flags such as possible taint by criminal groups or corruption. The report contains advice on constructing a baseline assessment. Controlling in-migration and not rewarding confrontational or disruptive behaviour is fundamental to developing more constructive and stable LSM/ASGM arrangements.
- **Company organisational models** – A holistic approach is needed for successful LSM/ASGM management. This is likely to involve several corporate functions including safety, health and environment, operations, social performance, legal, exploration and security. Companies should consider the scope to move beyond risk management to judge whether LSM/ASGM co-operation might generate business opportunities.
- **Formalisation and coexistence** – Formalisation often depends on ASGM entities being able to adopt effective organisational structures (e.g. such as co-operatives). Improving gold recovery rate may help miners absorb additional costs associated with formalisation, LSM companies may need to remain engaged over the long term when promoting mercury-free technologies to partner ASGM entities.
- **Partnerships and external support** – Companies may benefit from working with civil society partners or external specialists on some complex social issues and from working with mining chambers on collective advocacy around ASGM management or formalisation and implementing good practice.
- **Market access for responsibly produced ASM gold:** Illicit flows are increased by the inability of some legitimate ASGM production to satisfy the due diligence requirements of mainstream gold markets. This requires the mobilisation of a range of State, supply chain and industry actors in supporting responsible mineral processing and market access. This may include facilitating access to reputable processing entities or a willingness to consider the purchase of ore.
- **Planning for closure** – formal mine closure and post closure agreements with responsible ASGM entities are needed to secure livelihoods and to protect the environment.

The report shows that many leading gold mining companies are engaging with ASGM issues, both in and around their mines and at a policy level. Where circumstances permit, they welcome the opportunity to work with governments, industry groups, civil society organisations and responsible artisanal miners to better understand how to reduce the negative impacts of ASGM and to improve developmental outcomes. In addition, collectively, through the World Gold Council, they are committed to protecting the integrity of the gold market from illicit flows and to reducing the marginalisation of responsible ASGM in legal gold markets.

Case studies

The report includes 36 case studies with a focus on managing the interface between LSM and ASGM. A wide array of locations and project types was selected to show that company initiatives in the management of ASGM don't rely on a single set of 'solutions'. Indeed, the sustainability of even the most successful LSM/ASGM projects can be undermined by factors such as regulatory changes, conflict, natural disasters, or leadership changes. As can be seen from the case studies, identifying sustainable solutions

in complex circumstances can be difficult. Alongside the case studies, we have also had input from several external stakeholders who gave us their perspectives on the LSM/ASGM interface including:

- Monica Rubiolo, Swiss State Secretariat for Economic Affairs (SECO);
- Carolina Rojas-Hayes, Former Vice Minister of Mines of Colombia
- Marcin Piersiak Executive Director, Europe, the Alliance for Responsible Mining
- Ludovic Bernadaut Co-lead UNEP Mercury Partnership area, ASGM area.

Conclusion

A point commonly made in the academic literature is that a lot of knowledge and analysis of ASGM exists but that much of it is held in silos rather than being widely shared between stakeholders. We hope this report is a useful step in improving communication around the issues and in mobilising a greater consensus about the roles of key actors. To learn more please read the full report.