

THE ROLE OF VOLUNTARY INITIATIVES IN ARTISANAL AND SMALL SCALE MINING: *THE CASE OF CRAFT*

MARIA LAURA BARRETO
ARM BOARD OF DIRECTORS &
MATERIALS EFFICIENCY RESEARCH GROUP

PLENARY SESSION 3:
RESPONSIBILITY IN GLOBAL SUPPLY CHAINS

RAW MATERIALS AND ENVIRONMENT 2019
FEBRUARY 19-20, BERLIN, GERMANY

ASM IS HERE TO STAY

ASM is carried out in more than 80 countries with the following distribution:

- 80–90% of low income countries can be considered 'ASM host countries', while the number decreases to 40–60% for middle income countries and less than 10% for high income countries
- ASM produces some 15% of the world's mined gold, 20% of mined diamonds, 60% of mined tin, 50% of tantalum, and 80% of coloured gemstones
- ASM production is also significant in terms of industrial minerals, coal, and particularly construction materials for local use (The size and socioeconomic importance of this 'low value/high volume' mineral production is underestimated)

ASM IS HERE TO STAY... AND IT IS INFORMAL

- ASM population estimated to be around 40 million people
- ASM indirectly employs at least 120 million people (underestimated number)
- Majority of ASM is informal from 70% to 80%

(Estimations based on "Impact of Small-Scale Mining Operations on Economies and Livelihoods in Low- to Middle-Income Countries". This report was prepared by the Alliance for Responsible Mining and PACT as part of the EARF project *Understanding the Economic Contribution of Small-scale Mining in East Africa* covering Kenya, Rwanda, and Uganda.)

INFORMALITY IS NOT ONLY IN ASM SECTOR

- **ILO, 2018 report:** Two billion people – more than 61% of the world's employed population – make their living in the informal economy, with following distribution
 - ✓ Africa - 85.8%; Asia and the Pacific - 68.2%; Arab States - 68.6%; Americas - 40.0%; Europe and Central Asia - 25.1%
- The report shows that 93% of the world's informal employment is in developing countries

INFORMALITY IS NOT ONLY IN ASM SECTOR

- Women are more exposed to informal employment and are more often found in the most vulnerable situations
- People living in rural areas are almost twice as likely to be in informal employment as those in urban areas. Agriculture is the sector with the highest level of informal employment – estimated at more than 90% (this may include the ASM sector)

“FOR HUNDREDS OF MILLIONS OF WORKERS, INFORMALITY MEANS A LACK OF SOCIAL PROTECTION, RIGHTS AT WORK AND DECENT WORKING CONDITIONS, AND FOR ENTERPRISES IT MEANS LOW PRODUCTIVITY AND LACK OF ACCESS TO FINANCE... AND ACCESS TO LEGAL TRADE AND MARKETS” (ILO, 2018)

CODE OF RISK-MITIGATION FOR ASM ENGAGING IN FORMAL TRADE (CRAFT)

CRAFT is a tool for ASM Formalization which seeks to:

- Link and empower artisanal and small-scale miners with low levels of formalization, especially in conflict and high-risk areas
- Support and encourage improved critical practices such as:
 - ✓ due diligence
 - ✓ mercury management
 - ✓ association
 - ✓ health and safety
 - ✓ child labour protection, and
 - ✓ the commercialization of the mineral

CRAFT: A TOOL FOR ASM FORMALIZATION

- Facilitate access to legal markets, in collaboration with the community, public and private partners
- Promote the equitable use of mining resources
- Enable and advance an environment for discussion, decision-making and search for multi-stakeholder solutions at the local level
- Advocacy work at the regional and national levels that highlights the lessons learned at the pilot sites and obtain feedback from the national authorities to make the program viable

OTHER CRAFT CHARACTERISTICS

- Globally applicable; no areas are excluded
- Designed to apply to artisanal gold. However, it can be adapted for other minerals
- The implementation of CRAFT will involve a shared responsibility between CRAFT implementers and ASM producers
 - ✓ CRAFT does not put the burden of third-party auditing on miners, but instead facilitates the application of due diligence
 - ✓ Independent audits by third parties are the responsibility of mineral buyers
- An open-source code. CRAFT can be used by any stakeholder in the ASM gold supply chain, as well as by development organizations, among others, under the Creative Commons CC BY-SA 4.0 License

OTHER CRAFT CHARACTERISTICS

- Closely aligned with the OECD Due Diligence Guidance. Modules 3 and 4 are directly linked to the risks outlined in “Annex II” of the Guidance
- This code was developed respecting ISEAL Standards, guaranteeing that its creation was accomplished through a consultation process that involved all levels – from producers to the last economic actor in the supply chain

***THE CRAFT PROJECT WAS FINANCED BY THE EUROPEAN
PARTNERSHIP FOR RESPONSIBLE MINERALS , AND
WAS DEVELOPED BY ARM AND RESOLVE***

OTHER INSTRUMENTS FOR ASM FORMALIZATION

- CALL FOR INTERNATIONAL ACTION, with the belief that if the international community takes a clear position about the contribution of ASM in achieving SDGs it can result in greater and faster results:
 - ✓ The '*Mosi-oa-Tunya Declaration on Artisanal and Small-Scale Mining, Quarrying and Development*' (adopted at the International Conference on ASM in Zambia in September 2018)
- ASM MINING AND ENVIRONMENTAL REGULATORY AND POLICIES FRAMEWORKS should incorporate adequate provisions for the different segments of the ASM sector related to mineral rights and environmental protection
- INCORPORATE ASM AS PART OF NATIONAL, REGIONAL AND LOCAL PLANS (e.g. poverty reduction plans and national development plans)