How to formalize the ASGM sector for inclusive sustainable development?
Guidance and practice of participatory approaches

Tuesday 20 November, Minamata COP2, Geneva
Artisanal and small scale gold mining

ASGM
artisanal and small scale gold mining

- Up to 20% of world’s gold
- Main source of mercury emissions to the atmosphere
- Occurs in more than 70 countries
- 15 million people

15 million people
National Action Plan to reduce and, where feasible, eliminate, the use of mercury in artisanal and small scale gold mining.

Parties should include in their NAPs:
Steps to facilitate the formalization or regulation of the ASGM sector (Annex C, 1c)
Strategies for **market-based mechanisms** or marketing tools

Strategies to **eliminate worst practices** and promote mercury-free methods

Strategies to prevent the exposure of **vulnerable populations**, particularly children and women of child-bearing age

Steps to facilitate the **formalization**

A **public health** strategy on the exposure of miners and their communities to mercury

**Baseline estimates** of the quantities of mercury used and the practices employed

Strategies for **providing information** to ASGM affected communities

Strategies for managing **trade** and preventing the diversion of mercury

**ARTISANAL AND SMALL-SCALE GOLD MINING**
ARTISANAL AND SMALL-SCALE GOLD MINING

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**A public health** strategy on the exposure of miners and their communities to mercury

Baseline estimates of the quantities of mercury used and the practices employed

Strategies for **providing information** to ASGM affected communities

Strategies for **managing trade** and preventing the diversion of mercury

Strategies to prevent the exposure of **vulnerable populations**, particularly children and women of child-bearing age

**National Action Plan** Strategic content
National Action Plan UN Environment technical support

GLOBAL MERCURY PARTNERSHIP

NAP Global Component

NAP

NAP

NAP

NAP

NAP

NAP

NAP
Aim:
• to support countries in their efforts to develop artisanal and small-scale gold mining (ASGM) formalization strategies as part of their National Action Plans (NAPs) under the Minamata Convention on Mercury and beyond

Target audience
• NAP-executing countries and agencies (including Ministries of Mines)
• Private sector stakeholders (including financial institutions and LSM companies)
• NGOs
• Other stakeholders involved in ASGM-related work.
The suggested process of developing a formalization strategy

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<th>Cross-cutting issues</th>
<th>Create an enabling environment</th>
<th>Develop the formalization strategy</th>
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<td><strong>Develop a national overview</strong></td>
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<td>Geoprospecting and allocating land for ASGM</td>
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<td><strong>Develop a national vision</strong></td>
<td><strong>Select a formalization approach</strong></td>
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<td>Facilitating the organization of miners</td>
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**Process for developing a NAP**
- Establish Coordinating Body
- Develop a National ASGM Overview
- Set Goals and Objectives
- Develop Implementation Strategies
- Formulate Evaluation Strategy
- Endorse and Submit
At its simplest form:

“A process that seeks to integrate the ASGM sector into the formal economy, society, and regulatory system” (UN Environment, 2012)

→ It goes beyond legislation

What does this mean practically?

“A process that ensures that ASGM actors possess licenses and permits; that they are organized in legitimate entities which represent their needs; policies are implemented, monitored, and enforced; and, ASGM actors have access to technical, administrative, and financial assistance that enables them to comply with the requirements prescribed by regulations”

→ Multidimensional: legal, institutional, socio-economic, geo-environmental and financial dimensions
A) Key concepts

ASGM formality spectrum

Licensed and formalized ASGM using better practices

Unlicensed and informal ASGM

Legal and regulatory advance

Organizational, technical and institutional advance

Adapted from McQuilken & Hilson, 2016
A) Key concepts

1) Background and context

Human rights-based approach

- Government
- ASGM Actors

FORMALIZATION PROCESS

- Rights
- Duties

- Monitoring & enforcement
- Training & education
- Participation
- Local economy
- Local social order
- Marginalized groups
- Policies & regulations
- Consultation
Key components of the formalization process

Engage local stakeholders throughout the formalization process

- Geoprospect and allocate land for ASGM
- Facilitate miners’ organization
- License and regulate ASGM
- Organize the supply chain
- Facilitate access to finance, assistance, and markets
- Monitor and enforce ASGM regulations

Provide continuous support to ASGM actors
A) Key concepts

Cross-cutting issues in ASGM formalization

- ASGM Formalization in CAHRAs
- Empowering and protecting Women
- Managing ASGM-LSM Co-existence
- Protecting Children
- ASGM Formalization
- ASGM Formalization and Protected Areas

3) Cross-cutting issues
1) Establishing a coordination mechanism and organizing the consultation process;

2) Developing an overview of the ASGM sector;

3) Developing a national vision for responsible ASGM that contributes to sustainable development
B) Practical steps

5) Developing the strategy

Selecting approaches towards formalization

Can the government successfully implement and administer licensing and regulation systems and monitoring and enforcement programmes for all actors of the ASGM supply chain, and provide assistance? Moreover, is this feasible in the national ASGM sector?

No

Can the government set up ASM zones where licensing and regulation systems and monitoring and enforcement programmes can be implemented and administered and where assistance can be provided? Moreover, is this feasible in the national ASGM sector?

Yes

Formalize in ASM zones

No

Formalize with supply chain initiatives

Can the government run a system of licensing and regulation supported by a state gold buying programme, or can third parties be engaged to implement voluntary supply chain initiatives? Moreover, is this feasible in the national ASGM sector?

Yes

Formalize the entire sector

No

Promote good practices
Selecting steps for selected approaches

<table>
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<th>Approach #</th>
<th>Key Components</th>
</tr>
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</table>
| 5) Developing the strategy | Allocate land on a first come, first serve basis, and coordinate with co-existence agreements and local governments.

### Possible steps and additional capacity building efforts (Sections 2 and 3)

#### Geoprospect and allocate land for ASGM
- Facilitate the establishment of co-operatives, unions, and community groups.
- Establish ASGM-LSGM co-existence agreements that assist ASGM actors (see options in Section 3.3).
- Manage ASGM in protected areas (see options in Section 3.5).
- Build capacity among responsible institutions (e.g., Geological Survey Department, Ministry of Lands).

#### Facilitate miners’ organization
- Develop the strategy.
- Enhance regional, training, and royalty rates.
- Educate ASGM actors about the regulatory framework.
- Facilitate women’s rights and engagement in leadership positions.
- Build capacity among responsible institutions (e.g., ASGM unions and federations, Ministry of Mines, Ministry of Labour) about ASGM organization.

#### License and regulate ASGM
- Harmonize regional fees, tax, and royalty rates.
- Establish voluntary supply chain initiatives.
- Establish SGBPs.
- Engage stakeholders for mapping gold trade.
- Explore viable business relationships between ASM and LSGM.
- Facilitate and promote women’s access to finance.
- Build capacity among development and corporate banks.
- Build technical capacity among relevant government agencies and other relevant institutions.

#### Organize the supply chain
- Establish savings and loans groups in ASGM communities.
- Establish a financial inclusion strategy.
- Develop mobile financial services.
- Expand the presence of armed and criminal groups in ASM zones.
- Establish SGBPs.
- Engage LSGM companies for assistance and support in formalization.

#### Facilitate access to finance
- Develop educational programmes on ASGM.
- Establish SGBPs.
- Facilitate women’s access to markets.
- Explore viable business relations between ASGM and LSGM.

#### Facilitate access to assistance
- Introduce supply chain initiatives.
- Establish SGBPs.
- Facilitate women’s access to markets.
- Explore viable business relations between ASGM and LSGM.

#### Facilitate access to markets
- Use remote sensing technology.
- Establish Financial Intelligence Units.
- Monitor the presence of armed and criminal groups in ASM zones.
- Establish SGBPs.
- Engage LSGM companies for assistance and support in formalization.
- Establish SGBPs.
- Facilitate women’s access to markets.
- Explore viable business relations between ASGM and LSGM.

#### Monitor and enforce regulations
- Establish SGBPs.
- Facilitate women’s access to markets.
- Explore viable business relations between ASGM and LSGM.

Figure 14. Possible steps for formalizing the entire ASGM sector or sub-sector (Approach 1) or formalizing in ASM zones (Approach 2).
B) Practical steps

Example: developing a country-specific strategy for Zlotostan

- Conduct land use mapping
- Conduct geoprospecting
- Reserve and allocate land suitable for ASGM activity
- Appoint a neutral third party to mediate
- Establish an engagement mechanism between ASGM and LSM
- Negotiate limited access in protected areas

- Conduct a socio-economic study
- Provide information and facilitate inclusive dialogue
- Amend the legal framework to accommodate different forms of entities
- Facilitate the establishment of entities and provide ongoing assistance

- Legally recognize the various types of ASGM
- Design and award licenses
- Adopt pollution control, restrictions, and safety measures
- Design and disseminate regulatory guidelines for land rehabilitation and mine closure
- Establish a system of taxation and fees
- Educate ASGM actors about the regulatory framework
- Harmonize regional fees, tax, and royalty rates

- Investigate the supply chain
- License traders, goldsmiths, and exporters
- Facilitate the organization of traders, goldsmiths, and exporters
- Trace gold trade and export
- Engage supply chain actors and provide assistance
- Engage stakeholders for mapping gold trade
- Establish voluntary supply chain initiatives

- Conduct a financial needs assessment
- Engage stakeholders involved in financial inclusion
- Identify interested financial institutions
- Address financial literacy
- Reserve a dedicated budget to assist ASGM actors
- Build capacity among development and corporate banks and other relevant institutions about ASGM activity
- Facilitate and promote women’s access to finance
- Build gender competence in public institutions

- Conduct a needs assessment
- Provide administrative and organizational assistance
- Provide technical assistance
- Provide basic services
- Institutionalize expertise in ASGM entities, public bodies, NGOs, and legal frameworks
- Establish specialized training and research centers

- Simplify trade requirements
- Develop value-adding activities
- Introduce supply chain initiatives

- Designate responsibility and resources to monitor ASGM activity
- Educate ASGM actors about the regulatory framework
- Enforce soft coercive measures
- Train and deploy law enforcement agents in selected areas
- Build capacity among relevant monitoring and enforcement institutions

- Geoprospect and allocate land for ASGM
- Facilitate miners’ organization
- License and regulate ASGM
- Organize the supply chain
- Facilitate access to finance
- Facilitate access to assistance
- Facilitate access to markets
- Monitor and enforce regulations
### B) Practical steps

#### 5) Developing the strategy

#### Planning the details

<table>
<thead>
<tr>
<th>Key component</th>
<th>Steps and activities</th>
<th>Priority (high, medium, low)</th>
<th>Lead agency</th>
<th>Supporting agencies</th>
<th>Timeline</th>
<th>Budget</th>
<th>Funding sources</th>
<th>Expected results</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geoprospect and allocate land for ASGM</td>
<td>Conduct land use mapping</td>
<td>Medium</td>
<td>Min. of Land</td>
<td>Min. of Agriculture • Min. of Environment</td>
<td>Y</td>
<td>$200,000</td>
<td>National budget</td>
<td>Land use has been mapped by the Ministry of Land in gold-producing provinces X, Y, and Z by December 2020</td>
<td>Hectares of land mapped</td>
</tr>
<tr>
<td></td>
<td>Conduct geoprospecting</td>
<td>High</td>
<td>Geological Survey Dept.</td>
<td>Min. of Mines • University X • ASGM association Y • LSM company Z</td>
<td>X X</td>
<td>$500,000</td>
<td>LSM companies • Donor X</td>
<td>The Geological Survey Department has conducted geological prospecking in the country's greenstone belts in regions X and Y and has made the information publicly available by December 2021</td>
<td>Hectares of land geoprospected</td>
</tr>
<tr>
<td></td>
<td>Reserve and allocate land suitable for ASGM activity</td>
<td>High</td>
<td>Min. of Land</td>
<td>Min. of Mines • Min. of Environment</td>
<td>X X X</td>
<td>$200,000</td>
<td>Mining taxes, fees, and royalties</td>
<td>15 gold-rich ASM concessions have been allocated and approved by the Ministry of Lands by December 2022</td>
<td>No. of ASM concessions allocated</td>
</tr>
<tr>
<td></td>
<td>Build capacity among responsible institutions</td>
<td>Medium</td>
<td>Min. of Mines</td>
<td>University X • Geological Survey Department • NGO Y</td>
<td>X X</td>
<td>$300,000</td>
<td>National budget</td>
<td>Each regional office of the EPA and Ministry of Mines has two vehicles and staff has been trained on ASGM and mineral geology by June 2020</td>
<td>No. of vehicles in regional EPA and MoM offices • No of staff trained in EPA and MoM</td>
</tr>
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- Facilitate miners' organization
- License and regulate ASGM
- Organize the supply chain
- Facilitate access to finance, assistance, and markets
- Monitor and enforce ASGM regulations
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