Artisanal and Small-Scale Mining and Sustainable Development Goals

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This presentation is developed from a paper prepared for the ninth session of the MYEM.

The views expressed in the presentation are of the presenter only, and do not represent UNCTAD views.

Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development

19 Octobre 2017
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Introduction

- Over the 15-year period during which countries need to reach the SDGs, the commodity sector in CDDCs will play a crucial role either by facilitating the achievement of the goals or otherwise.
- The relationships between developments in the commodity sector and SDGs involve a dynamic process of transformation of societies, creating opportunities to build sustainable and innovative economies.
- In the 2030 Agenda and its SDGs, three goals appear to be more specifically associated with CDDCs challenges:
  - achieving food and energy security,
  - adding value to commodities, and
  - improving the management of natural resources through increasing resource efficiency and renewable energy use.
Commodities provide opportunities when well managed

- Commodity export revenues are essential for a number of CDDCs.
- Despite the volatility of commodity prices and their uncertain effects on development, commodities have proved to be a blessing for a few countries, where the commodity sector has been managed well:
  - Chile, the world’s largest exporter of copper, has managed to use its mineral wealth to diversify the local economy, to some extent, by developing downstream linkages.
  - Argentina and Brazil’s soybean industry has helped these countries to improve their social and economic performance, although the environmental impact of the soybean industry has generated some debates.
  - Costa Rica has diversified its economy, from its specialization in coffee and banana, to more advanced manufacturing enterprises as well as services.
Commodities provide opportunities when well managed

- The sustainable management of commodities can also contribute to innovations and to structural economic transformation needed to reach the SDGs.
- For instance, Morocco is building the world's largest solar power station on the edge of the Saharan desert, to provide electricity for 1.1 million people.
- This structural transformation can be achieved through key policy actions targeting productivity improvements, innovations, and new export markets.
- Commodities actors can also stimulate demand for green technologies, goods, and services, which could create new job opportunities.
Commodity dependence has been associated with low human development and bleak development prospects

- Despite these opportunities, a negative link has been established between commodity dependence and human development in most countries.
- Several transmission channels through which commodity dependence negatively impacts development outcomes have been identified.
- These channels include direct as well as indirect links, the most important being:
  - terms of trade effects,
  - fiscal and monetary policy challenges,
  - microeconomic channels.
ASM provides opportunities when well managed

- ASM can contribute to development by:
  - Providing employment,
  - increasing local purchasing power,
  - stimulating local economic growth
  - slowing urban migration
  - Facilitating technology transfers
- ASM can also build development linkages between large scale mining (LSM) and local communities. ASM contribute to the development of knowledge basis on mining. It may also help in exploration activities, and in post-mine closure plans...
- It can also bring resilience to rural communities helping them stabilizing their incomes.
ASM is also a source of Social and Environmental Concerns

- **Social unrest**: Sudden influx of workers and conflicts with existing miners, communities, and indigenous populations.

- **Sanitation and basic health care** are often lacking in ASM areas and substance abuse, alcoholism and communicable diseases often increase. The lack of formality in the ASM sector also affects worker safety.

- **Environmental degradation due to ASM** (water pollution through mercury use, dam construction, a build-up of silt, poor sanitation, and effluent dumped in rivers) can also affect local communities

- **Financial challenges for governments** result of high informality (miners not paying tax or royalties, utilization of ASM revenues to fund corruption, launder money, and support guerilla activities…)

Artisanal and Small-Scale Mining and Sustainable Development Goals
The main challenges for local government and development partners are to:

- Provide an adequate and effective regulatory oversight. This is needed to tackle informality and:
  - reduce externalities
  - bring public revenues
  - Strengthen local business
- Promote a "good job" agenda for ASM, making available the necessary knowledge and technological resources to increase productivity coupled with provision of social protection and fair labour standards at the workplace.
- Strengthen development linkages between ASM and other aspects of local economy - to foster rural development.
Transforming the ASM curse into a blessing: tackling informality

- The informal sector is characterized by:
  - easy entry -
  - small scale of operations; difficulty for governments to control value creation due to information asymmetries
  - skills gained outside of a formal education.
  - a lack of stable employer-employee relationships
- It prevents the enforcement of social, safety and environmental regulations.
- It involves the formal sector as well: ASM needs to sell its output to buyers, which will re-sell on international markets.
Transforming the ASM curse into a blessing: tackling informality

- Actions focusing on miners alone have been shown to have limited success in formalizing ASM.
- This requires assisting national governments in artisanal mining formalization.
- Effective public action involves working on mineral and metal value chains, instead of ASM alone:
  - As exemplified with the Minamata Convention on Mercure, in the case of the utilization of specific inputs or technologies that can be harmful for health and the environment.
  - Clean supply chains, or fair trade minerals, can diffuse the principle of responsibility across the supply chain—whether companies, manufacturers, smelters, buyers and traders, and national governments.
  - ASM may also engage into formalizing their activities as they are included in the Corporate Social Responsibility strategies of Large Scale Mining companies.
Transforming the ASM curse into a blessing: Strengthening development linkages

- Artisanal mining's added value is part of rural livelihood diversification strategies, being one avenue of income generation.
- Artisanal mining assists rural households in building more dynamic and resilient livelihood strategies portfolios.
- Further, it is a stimulus for trade and subsidiary business development around mine sites just as evidence in industrial or larger-scale mining operations.
- More is needed to better understand how mining interplays with other aspects of local economies—and how to promote better integrated rural development strategies to capture mineral benefit distribution.
Transforming the ASM curse into a blessing: Promoting a "good job" agenda for ASM

- Transforming the ASM sector will imply important changes in the job market itself.
- Some activities within this sector will be at risk of job destruction, raising the need to support the re-allocation of workers between old and expanding activities.
- Building workers' skills and local content policies are both essential and additional for ASM to support the adaptation of its labour forces.
- The potential for job creation is very important as illustrated by recent trends in job creation.
Conclusion

- Artisanal and Small-Scale Mining has a critical role to play in the achievement of SDGs:
  - Socio-economic development and poverty eradication
  - Local development and economic transformation
  - Environmental sustainability
- Major knowledge gaps need to be filled in to improve policies supporting ASM. This involves:
  - Improving knowledge sharing on ASM.
  - Reducing ASM marginalisation and lack of effective representative bodies in many countries so that their experience can fully acknowledged.
  - Creating multi-stakeholder space where ASM individuals and organisations can come together to build trust, learn, innovate and find shared solutions.