



COVID-19
RESPONSE
SERIES

A yellow icon representing a network or connectivity, with a central point and several lines extending to smaller points.

EMPLOYMENT IN MINING DURING COVID-19:

IMPACTS, RESPONSES, AND FUTURE OUTLOOK

WEBINAR

Wednesday, June 10
9am Ottawa / 3pm Geneva

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ON THE AGENDA

What **immediate responses** have governments and mining industries taken to respond to COVID-19 challenges faced by workers?

What does **the future outlook** for employment and skills development look like?

How can we **balance** the need to secure employee health and safety and provide jobs?



IMPACTS OF COVID-19 ON EMPLOYMENT IN MINING



1. Background

COVID-19 is possibly the most disruptive global event since the 1929 Great Depression.

Though it is a health pandemic, COVID-19 has grown into an unprecedented social and economic global crisis. International institutions¹ are revising the world's economic outlook regularly throughout the outbreak. Within the first few months, revisions are worsening and are likely to become more severe, depending on the speed and scale at which economic activities recover.

COVID-19 is unleashing multiple economic shocks. On the supply side, lockdown measures are disrupting global supply chains as a result of sudden factory closures and the temporary suspension of air, maritime, and land transportation, among others. On the demand side, restrictions on the movements of people and the closure of non-essential economic activities have significantly cut down on consumption. These are leading to [massive capital outflows from emerging markets](#) as investors' confidence tumbles, exports and revenues decline, and commodity prices

collapse, creating a perfect storm for a looming deflationary economic crisis.

Mining is an economic bedrock in many resource-rich countries, with developed and developing nations alike benefiting from its meaningful role in poverty reduction, inclusive growth, and social development. Like other economic sectors, however, the mining industry has not been spared from the negative consequences of COVID-19 outbreaks. Tight working conditions at mine sites are placing workers in the frontline in terms of health and safety risks, prompting the industry to quarantine workers when national lockdown regulations did not force them to do so.

This briefing note looks at the impact of the pandemic on employment in the mining sector and provides an overview of immediate responses taken by governments and mining companies. Acknowledging that this crisis is unprecedented—and such events may occur in the future—the paper suggests additional measures governments and the mining industry, individually or collectively, could take to strengthen the resilience of employment in the sector moving forward.

COVID-19 is unleashing unprecedented health and economic shocks around the world. It is exposing weak points in the global labour market, with up to [305 million full-time workers](#) in all economic sectors at risk of losing their jobs in the second quarter of 2020.

Global mine sites are temporarily closing to protect workers' health and safety. Employees are being laid off. Supply chains are slowing or halting production entirely. The impact of this pandemic on employment in mining cannot be understated, and governments must act now to foster a resilient job market and protect their communities' livelihoods.

Remote areas are more dependent on large-scale mining. Large-scale mining has a more significant impact in remote regions, where other major economic sectors are often scarce or underdeveloped. Mining, therefore, plays a critical role for host communities, as the main—if not the sole—job creator and provider of vital social services.

Large-scale mining brings income and economic opportunities to host countries. Mining activities create indirect and induced employment along with business opportunities for local and national economies that can contribute up to 15% of a country's national income.

What Should Governments and Mining Companies Do?

RELIEF: SHIFTING FROM BLANKET MEASURES TO TARGETED SUPPORT

Effective long-term relief packages must be tailored to respond to the realities of the labour situation in mining.

- Any COVID-19-related short-term government support provided to mining companies, contractors, or suppliers must be conditional on keeping jobs and salaries throughout the pandemic.
- Non-permanent staff, such as temporary, contractual, and migrant workers, must be included in wage and social protection schemes, as well as having more security for unforeseen crises built into their contracts.
- Health and safety standards must be applied consistently to protect all workers, in all mining companies, in any jurisdiction.
- Social dialogue, including with labour unions, should be formalized to ensure oversight on working conditions in the future.



IMPACTS OF COVID-19 ON EMPLOYMENT IN MINING

Large scale mining (LSM) directly contributes to 1 – 2% of jobs on av. at national level

BUT: Two important factors:

- LSM plays a critical socio-economic role in remote areas;
- LSM has spillover effects, through indirect and induced jobs (up to 15% of national income)

Immediate impacts:

- Direct jobs: risks higher in underground mining; employment status affects job security and salaries; status of project development has an impact on numbers
- Indirect and induced jobs: supply chain disruptions and business closures caused many people to be out of jobs

Longer-term impacts:

- Lower CAPEX may slow down future job prospects
- Employment models may change: Are models based on FIFO; DIDO; migrant workers sustainable?
- Drive to automation: Safety + productivity bonus : Will COVID accelerate uptake of more automation?



EMPLOYMENT RISKS ALONG THE VALUE CHAIN

	Exploration	Construction	Extraction / operation	Mineral processing	Closure and decommissioning
Labour intensity	High tech Low jobs	Low tech High jobs	High capital Mid-job	Mid-to high tech, Mid-job	Mid-to high-tech Low job
Risk level per group of workers					
Direct employees					
- Highly skilled					
- Technical					
- Low-skilled					
Contractors					
Suppliers					
Suppliers of goods					
Service suppliers					
Risk scenarios that can exacerbate the impact on employment					
<i>Extended lockdown, with negative implications on employment, productivity and future investment plans</i>					
<i>Stop-go policies due to new waves of virus spread, causing new lockdowns</i>					
<i>Credit crunch facing less resilient mining companies (juniors, mid-sized companies etc.), leading to reduced operations and investments</i>					
<i>Local supply chain risks and knock-on effects on jobs, due to bankruptcies of SMEs</i>					
<i>Lower investors' confidence in the future global economic prospects</i>					
<i>Commodity price slumps⁴ due to uncertainties over global demand and/or supply of raw materials recovery</i>					
	Low	Low - med	Med - high	High	



SPEAKERS

Isabelle Ramdoo, Senior Associate and Development Economist,
IGF (Moderator)

Dr. Gabriel Mota Maldonado, Director, Department of Sustainable
Development in Mining, Government of Brazil

Dr. Nicky Black, Director, Social and Economic Development,
ICMM

Alette Van Leur, Director of Sectoral Policies Department, ILO



GOVERNMENT AND PRIVATE SECTOR EXPERIENCE

with Dr. Gabriel Mota Maldonado,
Government of Brazil, and
Dr. Nicky Black, ICMM





BRAZIL

What were the immediate measures the Government of Brazil has taken to support direct jobs and salaries in the industry?

Were there similar measures for suppliers?



PRIVATE SECTOR

Many companies provided immediate responses to limit job and income losses, which ICMM has documented well.

In the context of recovery, do you see **trends** coming up in the industry to anticipate future risks with people?



BRAZIL

How do you see the future outlook?

Will there be **longer-term responses** to support livelihoods of the most vulnerable workers? What would this look like?



PRIVATE SECTOR

Innovation and bold solutions are needed to improve the sector's contribution to host communities and for the social license to operate.

What can be done differently to **strengthen the resilience** of the mining workforce?



THE FUTURE OF WORK IN MINING

with Alette Van Leur, ILO





PROMOTING DECENT WORK

What advice would you give to governments so they do not lose sight of the longer-term imperative of ensuring decent work conditions in the mining sector?



COVID-19 AND MINING PREVENTION AND CONTROL CHECKLIST

This checklist is a tool to help implement and continuously improve practical actions to prevent and mitigate the spread of COVID-19 in mining.

How to use this checklist

- ▶ Appoint a small group of people with different functions, to ensure a variety of perspectives.
- ▶ Brief and train the team on how to implement the checklist, complete it, and record results.
- ▶ Within the team, prioritize what actions should be taken - by whom, and when - to address any questions marked "No".
- ▶ Present these suggestions to the safety and health committee, senior management or board for planning the implementation of the suggested improvements.
- ▶ The team should not hesitate to seek clarification from occupational safety and health authorities, labour inspectorates, national safety and health associations, employers' and workers' organizations.



NEW IGF REPORT

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THE IMPACT OF COVID-19 ON EMPLOYMENT IN MINING



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