

# Artisanal and Small-Scale Mining and Sustainable Development Goals

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

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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 knowlegde 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...)



## Transforming the ASM curse into a blessing

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 du 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 Mercury, 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.

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