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Swiss Agency for Development and Cooperation – SDC
Sustainable Artisanal Mining Project

Claiming rights and changing minds: Pathways to success in ASM formalisation and responsible sourcing in Mongolia





Sustainable Artisanal Mining Project

- Implemented by SDC and the Ministry of Mining and Heavy Industry in Mongolia since 2005.
- Current and final phase 4 ends in 2019
- Built upon SDC's experiences of projects implemented in Ecuador, Bolivia and Peru in 1990s.
- Support Mongolia to legalize and formalize ASM, and strengthen capacity of ASM leaders to drive change in the ASM sector





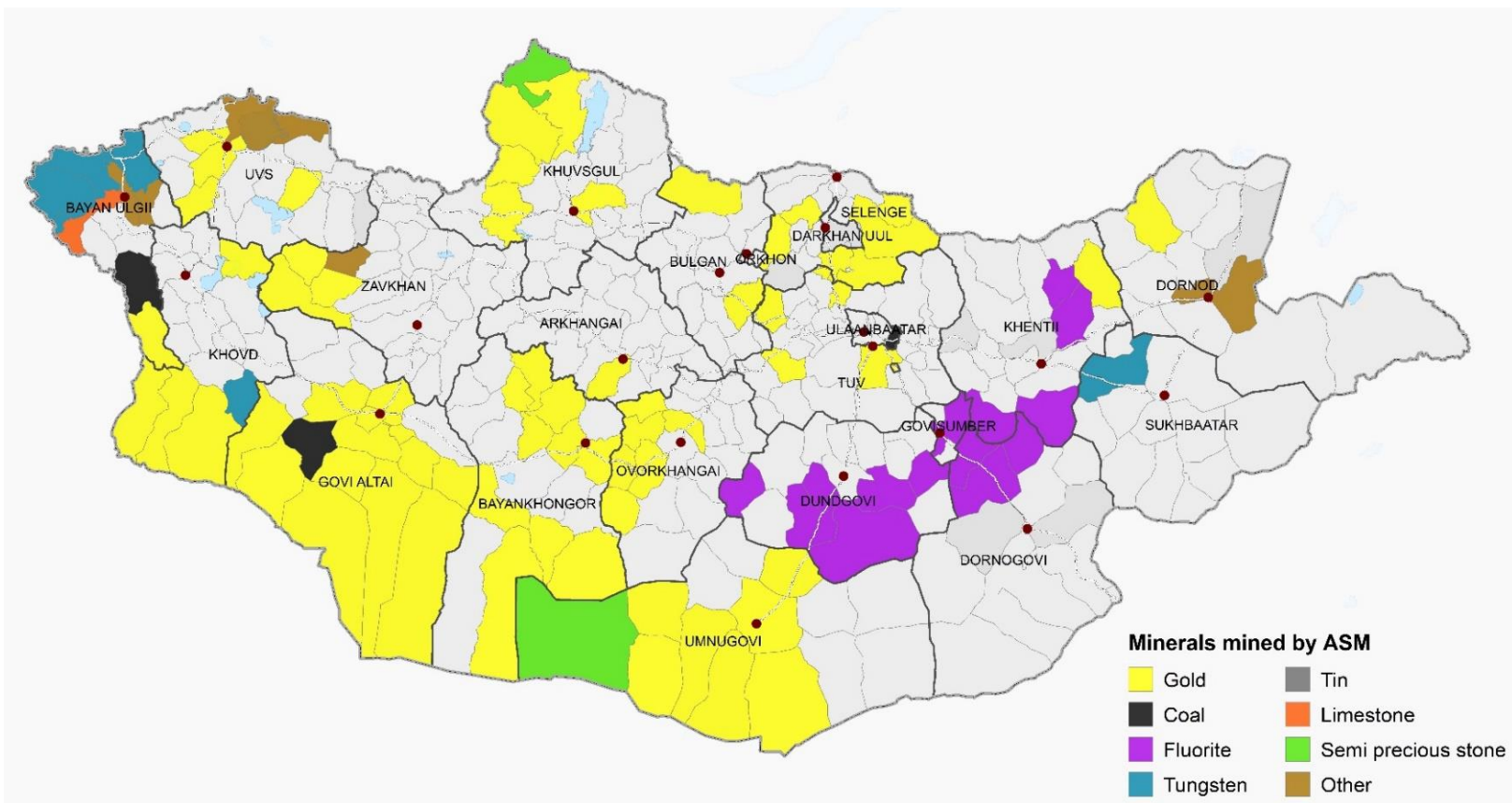
Background: ASM in Mongolia

- Emerged in the 1990s, due to transition to market economy; and livestock losses due to severe winters and droughts.
- An estimated 60-100,000 ASM, Official figures approx. 35,000 ASM (2013, MRAM)
- Main drivers:
 - Limited permanent employment opportunities in local areas and poverty of ex-herders
 - Lack of education and skills meeting requirement for labor market
 - Need in additional income for household with small number of livestock
 - Start up own business
 - Attractive commodity price





ASM in 18 provinces, 332 sites: 73% gold, 11% coal, 11% fluorite, 2.5% tungsten, 0.7% semi-precious stones (National Statistics Office, 2016)



Name of the presenter: ALTANBAGANA Bayarsaikhan
Title of the presenter: SAM Project Coordinator



ASM in the past..

- Illegal, “wild”, unorganized, marginalized,
- Conflicts
- Government crackdown, lack of capacity
- No institution in charge of ASM
- Environmental degradation
- Mercury use
- Poor health and safety
- Bad mining practice (poor safety, health)
- Human rights violations





Entry points for change

- Supported Government to legalize ASM, educate ASM communities, and organize trainings on ASM legal framework, community organizing and human rights
- Facilitated ASM organization and formalization
- Built capacities of ASMrs on responsible mining practices (safety, health and environmental rehabilitation)
- Applied human rights-based approach in ASM
 - Empowered miners to claim their rights and defend their interests
 - Facilitated an active, free and meaningful participation of ASMrs in public policy discussion and local decision making
 - Strengthened capacity of the Government stakeholders to execute its duties and obligations, and improve the State accountability
- Provided public with correct and positive information on ASM
- Introduced international best practices on ASM





Policy, legal framework and formalization

- Brought ASM issue into public debate
- First attempts to legalize ASM in 2008 (temp. regulation)
- ASM reflected in Minerals Law and approved ASM Regulation in 2010
- Recognized in the State Policy towards Minerals Sector in 2014
- Establishment of ASM Unit at MRPAM
- ASM community partnerships, NGOs and ASM National Federation (umbrella organization) established in 2013
- Revised ASM regulation with main focus to mainstream ASM across policies and institutions in 2017
 - Increased ASM recognition in other sectors' policies & legislations
 - Mandated ASM roles to relevant Government institutions at all levels





Applying HRBA in ASM

- Despite the ASM legal framework in 2010, many ASM are still marginalized and informal and denied access to mining land title
- The situation pushed thousands of miners to illegal mining operations with poor health and safety conditions

Therefore, SAM worked with national human rights institution and human rights defenders to:

- Enhance capacity of State to respect, protect and fulfill rights of ASMrs
- Empower ASMrs to claim their rights and demand accountability from the State, and employ socially and environmentally responsible mining practices

Taking an HRBA laid the foundation for successful and sustainable introduction of more responsible mining practices by ASM





Community organization, empowerment & participation

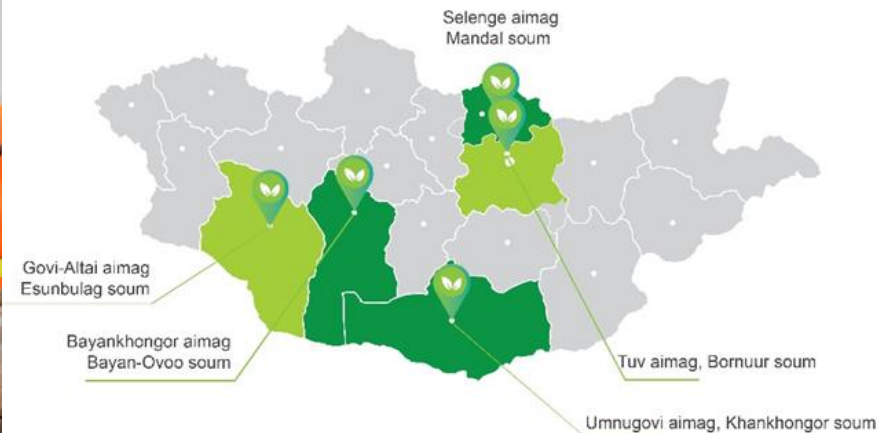
- Increased capacity of ASM organizations to protect their rights, provide services to its members at national, provincial and sub-provincial levels.
- Increased advocacy and participation of ASMrs in decision making at local and national levels.
- ASM National Federation is still young but they actively voice miners' opinions on ASM issues to policy and decision makers
- ASM NF demonstrate strong potential for sustainability with increasing membership fees and interests from other donors
- ASM organizations focusing on mining management and investing mining profits into other businesses
- Increasing contribution to local economy and communities (local procurement, increase in taxes paid, cash and livestock donations, biodiversity offset etc.)





Mercury free processing technology

- Mercury ban in 2007 resulted in clandestine mercury usage
- Introduced mercury-free processing technology for gold ore and piloted a centralized processing plant
- The pilot plant was successful and the technology is being replicated in four more areas
- However, mercury is still being used in ASM in Mongolia





Environmental protection

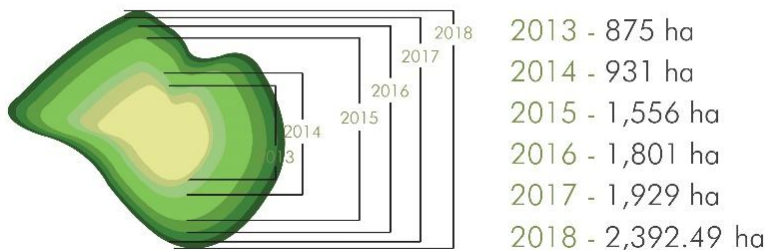
- Frugal Rehabilitation Methodology (FRM) is the product of action research-based approaches in rehabilitation demonstration, stakeholder consultation and over two years of effort in training and capacity-building
- Developed by the Asia Foundation, as part of the SDC-funded Engaging Stakeholders in Environmental Conservation Phase II (ESEC II) project
- Demonstrated to be successful across 17 frugal rehabilitation demonstration projects across the country
- Approved by the Government as an official ASM rehabilitation guidance in 2017



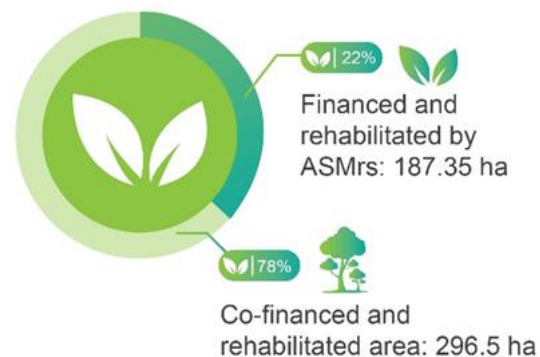


Progress towards ASM organization and formalization

ASM Official Land Approval: ¹



Environment rehabilitation



ASM Formalization Process:



Occupational health and safety

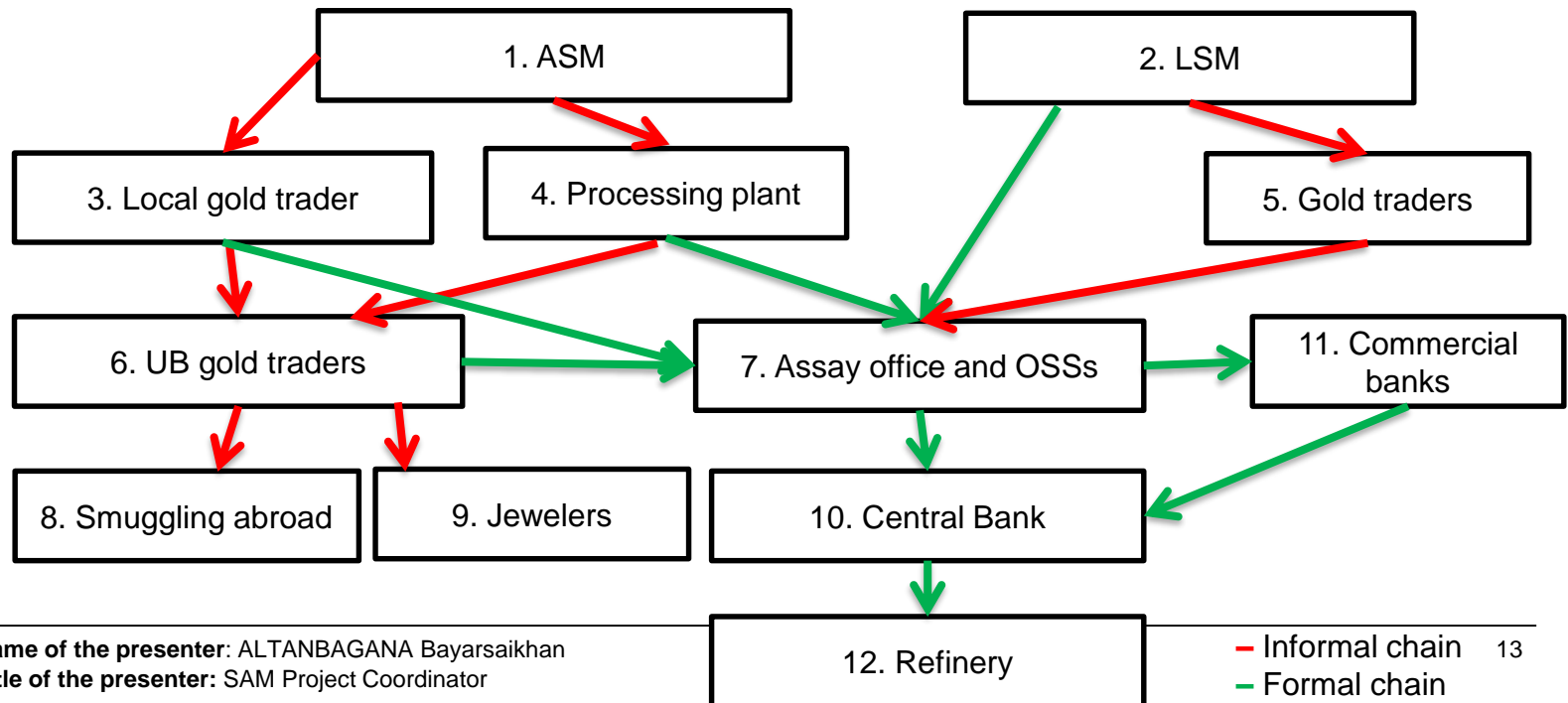


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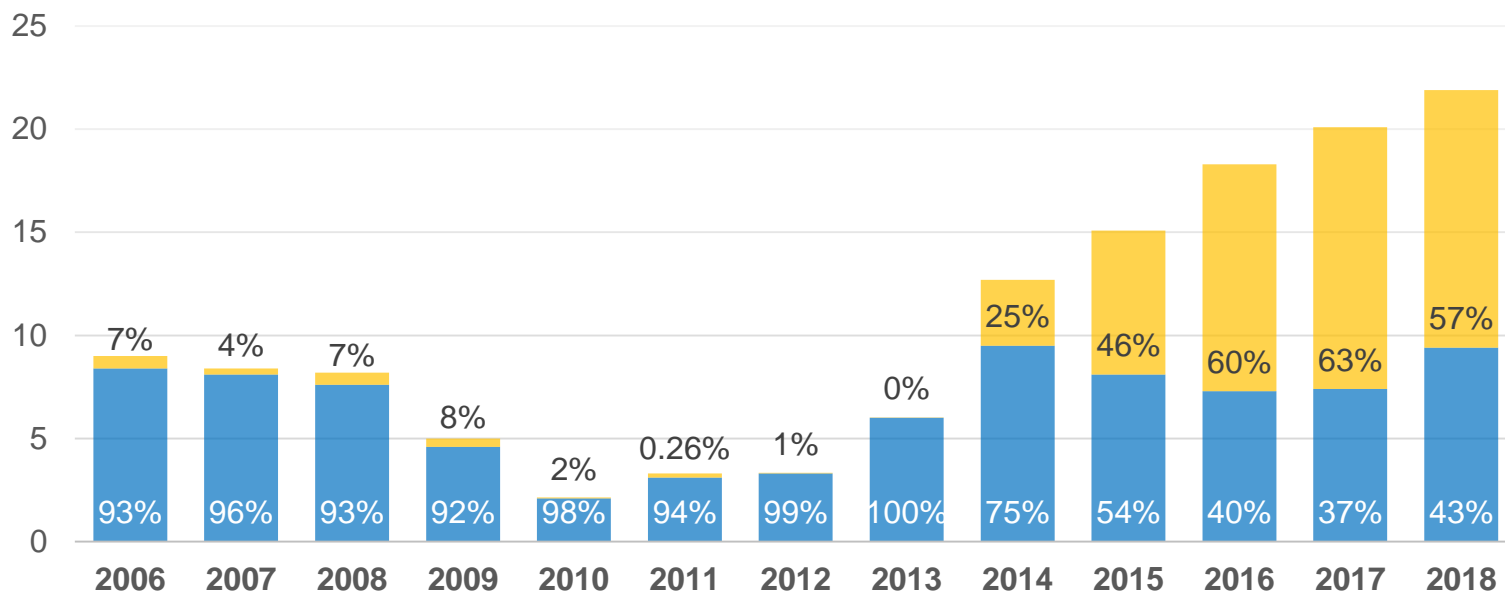
ASM supply chain situation

- Gold sold through informal channels locally (15-35% discount)
- Formal gold buying only in the Capital city by Central bank (pre-2018)
- Lack of regulation coordinating ASM gold trading at local level
- Lack of understanding and buy-in by government stakeholders





Gold purchased by Central Bank (in tons)



Individual	0.6	0.3	0.6	0.4	0.04	0.2	0.04	0.03	3.2	7.0	11.0	12.7	12.5
Entity	8.4	8.1	7.6	4.6	2.1	3.1	3.3	6	9.5	8.1	7.3	7.4	9.4



Rationalising the ASM supply chain

- Conducted media campaign and advocacy activities to improve understanding of key decision makers and ASM communities on responsible sourcing, traceability and formalizing supply chain
- Developed a policy recommendation for formalizing the ASGM supply chain and submitted to the Government
- Introduced responsible sourcing standard to ASM communities (Fairmined)
- Established one-stop services for gold assaying and purchasing in 2 ASM dense areas (co-funded by key stakeholders)
- ASM integrated database development





Decentralising formal gold purchase

- OSS: Formal gold assaying and selling in one building. Purchase done by commercial banks at market rate
- 2 one-stop services established in Darkhan-Uul and Bayankhongor provinces in October 2018
- A total of 404 thousand USD investment by all stakeholders (using existing standardization and metrology offices)
- As of March 31, 2019, 284 kg of gold were assayed and purchased through the two services
- Planned to open another in 2019





Responsible sourcing and certification

- Promoted responsible supply chain initiatives through supporting ASM organizations to get certified with the Fairmined Standard
- 2 ASM organizations certified
- Central Bank supports the initiative by exporting the gold to Fairmined jewelers





ASM integrated database

CHALLENGE:

- Disaggregated ASM information at all levels of government
- Lack of information on minerals sourcing, registration, traceability
- Genuine ASM vs. illegal miners

SOLUTION:

- Creation of integrated ASM database based on web-geographical information system which will combine and share all information from all key ASM stakeholders (MRPAM, local governments, Central Bank, and Assay office)
- The database will provide decision makers with information and coordinate their efforts for ASM formalization
- Expected to be operational in mid-2019





Empowering Mongolians and others through best practice knowledge exchange

- Study tours to Colombia, Ecuador, Peru, Bolivia, the Philippines and the PRC
- Hosted visits from Tanzania, Zimbabwe, and Ethiopia to learn about mercury-free processing technology
- In-country peer-to-peer learning between provincial governments and ASM organizations
- Enabling partners to attend int'l events (CASM, Asia-Pacific regional conference, OECD forum etc.)
- Support to other initiatives such as “Ratification and early implementation of the Minamata Convention on Mercury in Mongolia”, “Developing NAP for reducing mercury emission in in ASM”, and GEF GOLD child project
- ASM Knowledge Hub for repository of Mongolian ASM information, knowledge and best practices www.asmhub.mn





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SUPPLY CHAIN AND ECONOMIC
DEVELOPMENT



OCCUPATIONAL SAFETY AND
HEALTH



ASM COMMUNITY AND LOCAL
GOVERNMENT



HUMAN RIGHTS AND GENDER



ENVIRONMENT AND
REHABILITATION



MERCURY AND TOXIC CHEMICALS



RESULTS, SUCCESSES AND
ACHIEVEMENTS



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