



HELPING LARGE-SCALE MINERS BETTER MANAGE ARTISANAL AND SMALL-SCALE MINING

A Levin Sources Insights series

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ABOUT THIS DOCUMENT

This document is a collection of Insights by Levin Sources staff and associates on issues pertaining to the management of risks presented by ASM on or near the concessions of LSM. We decided to create this series in order to address some of the persistent barriers to good practice we have come across in over 15 years of advising mining companies on ASM management.

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MEET LEVIN SOURCES



Levin Sources brings together industry-leading expertise that operates at the intersection of the public and private spheres. We apply a unique lens, enabling us to provide practical and holistic solutions to the complex challenges the minerals sector and our clients face.

Our services bring innovative, multi-disciplinary problem-solving to industry challenges, so you can face them with confidence in the knowledge that we are at your side to continually offer support and advice when things change.

We deliver a sustainable minerals sector that builds enduring value for people and the planet, through better business and good governance.

Learn more about our services: <https://www.levinsources.com/what-we-do/services>

OUR APPROACH TO RESPONSIBLE MINING

Responsible mining respects human rights, delivers safe conditions for personnel and communities, and minimises environmental impacts.

In its optimal form, responsible mining forges net positive impact as an engine for sustainable development, and leaves positive legacies through the stimulation of shared value across stakeholders.

A wide range of stakeholders is impacted throughout the lifecycle of a mine. International guidance requires that responsible mining means engaging with these internal and external stakeholders to identify, minimise and remediate negative impacts.

Our approach to LSM-ASM engagement is outlined in the first blog of this insights series.

Explore our responsible mining services

https://www.levinsources.com/assets/pages/Levin-Sources-Responsible-Mining-Services_October-2020.pdf

LSM APPROACHES TO MANAGING ARTISANAL AND SMALL-SCALE MINING: TIME FOR PROACTIVE ENGAGEMENT

How should a large mine best manage risks arising from Artisanal and Small-scale Mining? Here is how we approach it at Levin Sources.

Access the article on the Levin Sources site: <https://www.levinresources.com/knowledge-centre/insights/lsm-approaches-to-managing-artisanal-and-small-scale-mining-time-for-proactive-engagement>

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At Levin Sources we've been helping mining companies handle artisanal and small-scale mining on and around their concessions since 2007. From Sierra Leone and Ghana to Senegal, Mali and Ivory Coast to Mozambique and DRC,

for gold, copper-cobalt, diamonds, and coloured gemstones, we have helped small, mid-size, and large mining companies build value by preventing issues arising from ASM and helping

secure the licence to operate with local stakeholders.

As part of our desire to empower mining companies to work better with ASM, we have developed a set of approaches that companies can adopt according to their values, risk profile, and the ASM situation they're confronting. Our approach to managing LSM-ASM relations rests on 4 main pillars, usually brought together under a tailored ASM management system:

- **Security and asset protection**, including a monitoring and reporting system, emergency procedures and security Standard Operating Procedures aligned with the UN Voluntary Principles
- **Compliance and reputational management**, including documenting or preventing impacts caused by ASM (environmental, health and safety, etc), and establishing an internal chain of custody
- **Strategic community engagement and investment** through integrating ASM stakeholders and recognising and supporting ASM as a viable and safe livelihood
- **Broader strategic interventions**, such as supporting national or international initiatives on ASM formalisation

We commonly use this four-pillar approach when our client's goal is to choose a **model where peaceful co-existence is the ultimate goal**. This model usually consists of defining different 'security zones' and different types of ASM activity, and devising a response plan for each. This often includes a 'no go zone', where voluntary departure is negotiated or displacement/resettlement takes place as last resort, and a mitigation hierarchy is applied to all actions. This model avoids escalation and keeps costs manageable, but needs to be based on an extremely thorough understanding of the local ASM context and dynamics. This model has worked best with clients that are hesitant to engage with ASM on a broader scale.

Besides the co-existence model, there are also other LSM-ASM management models that rest on these four pillars and can be successful and

innovative if the context is right. Some companies choose a **cohabitation model**, which can take two separate forms. One is where the LSM company supports **the establishment of a viable ASM zone or mine** in the surrounding area, but outside of their concession. This is usually done as part of a multi-stakeholder initiative, together with the authorities and civil society, which supports the ASM operator with formalisation and getting a permit, organisational capacity, or technical assistance. A second option is where a company **cedes part of their permit area to an ASM operator** under a formal agreement. This may be a part of the concession that is of less interest to the company but is still exploitable by ASM. This option helps improve relationships and protects the most valuable asset, but is only possible in certain legal contexts. In both options, a company can choose to work with the government and other partners to support the ASM operator proactively, by helping them to become formalised, and to make their practices safer, efficient, and more environmentally friendly.

A **collaboration model** takes this one step further and consists of leasing part of the concession to an ASM operator, and/or buying their product back through off-take or tributary arrangements. This usually involves a formal contract with the ASM as a supplier, including minimum standards of operation, a chain of custody system, and direct support for the ASM operator to help them operate responsibly and achieve the required standards, e.g. increasing occupational health and safety, reducing environmental impacts, or addressing child labour and other social issues. Often, a multi-stakeholder partnership between the company, Government, civil society organisations and the ASM operator is necessary to put this in place. This model comes with higher legal and due diligence requirements, but can be an innovative way to create a win-win situation for both LSM and ASM (and help improve ASM's operational practices).

Unfortunately, the initial instinct of many LSM companies faced with ASM on and around their concession is to apply none of these models, and **instead choose a path of confrontation and exclusion**. In this scenario, mining companies

only deal with ASM through a security-led approach, using forced evictions as the main tool, and not applying any of the other four pillars of an ASM management system. We have seen that this can lead to human rights violations, increases tensions, and can result in

violence against staff and assets, loss of license to operate, reputational damage, as well as potentially huge costs.

“Forced evictions are the greatest threat to the social license and it is thus critical to minimise such evictions. The success of diplomatic engagements with ASM depends heavily on company/community relationships built long before an ASM crisis develops.”

– Goldfields Community Relations and Stakeholder Engagement Handbook: Summary

In some cases, clients bring us in when it's too late – when people have died, when community relations are so deteriorated that it is disrupting operations, or when human rights have already been violated. **We therefore encourage LSM companies to consider ASM as a material issue and one of their salient human rights risks,** which should be dealt with from the beginning

and as an integrated part of other management systems throughout the mine life cycle.

The models presented above are a synthesis of our experience, but each case of an LSM-ASM relationship is different. We are keenly aware of this and always adapt to the context to generate win-win solutions. To learn more about how others have used our services, check out our case studies with [Gemfields](#) and [Metalkol](#).

Additional resources:

- Owen, J.R. and Kemp, D. (2019) [A large-scale perspective on small-scale mining](#). Centre for Social Responsibility in Mining, Sustainable Minerals Institute, The University of Queensland: Brisbane.
- World Bank, CommDev, ICMM 2011: [Working Together – How large-scale mining can engage with artisanal and small-scale miners](#).
- World Bank. 2009. [Mining Together : Large-Scale Mining Meets Artisanal Mining. A Guide for Action. Washington, DC.](#)
- [IRMA chapter on ASM](#)
- [GRI / ICMM Mining and Metals Sector Supplement. Indicator MM8 on ASM](#)

Access the article on the Levin Sources site: <https://www.levin-sources.com/knowledge-centre/insights/lsm-approaches-to-managing-artisanal-and-small-scale-mining-time-for-proactive-engagement>

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UNDERSTANDING THE ASM-LSM RELATIONSHIP: RISK PERSPECTIVES

We look into the different risk perspectives of LSM and ASM. In upcoming posts, we will look at how to deal with issues of illegality and criminality, discuss common misconceptions of ASM by LSM, and outline what industry standards say about best practices in engaging ASM.

Access the article on the Levin Sources site: <https://www.levinources.com/knowledge-centre/insights/asm-lsm-relationship-risk>

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Artisanal and small-scale mining (ASM) and large-scale mining (LSM) cover a sliding scale of different types of mining operations. This spectrum ranges from simple methods of extraction, aggregation and processing to methods using enhanced technology; from high labour intensity to an increased reliance on machinery; and from low capital needs to higher investment. In many countries, this range of scale is also reflected in the legal framework, where different permit regimes exist for artisanal, small-scale and industrial mining. Why, then, is ASM often seen as operating in competition or in confrontation with LSM, rather than as one amongst many forms of mining, and as an integral part of the mining industry?

A clash of perspectives

The relationship between LSM and ASM is often perceived as one of competition over the same land and resources. LSM may be faced with ASM operating in the same location, and vice versa. This is not only due to the geological endowment, but may also be for historical reasons. In some situations, ASM will already be present and exploiting the minerals before LSM companies obtain their permit. ASM miners have been called ‘barefoot prospectors’ and are often the first to discover deposits in remote, inaccessible locations. Indeed, some juniors highlight the presence of ASM in investor prospectuses as additional evidence to the market that a deposit merits investment for scientific prospection. Conversely, ASM miners (and their financiers) commonly move into an area in pursuit of opportunity following the presence and drilling activities of a junior or LSM company.

This then often leads to perceived or actual competition over mineral resources, not least due to a clash of different perspectives. The LSM company will see itself as the legal user of the land and owner of the mineral rights, having obtained permits from the authorities and adhered to the legal requirements. At the same time, ASM actors may also see themselves as the *legitimate* -if not formal or legal - users of the land and mineral. This can be due to their long history in the area and embedded role in the livelihoods of local communities. Or it may be

connected to political power struggles, and a perception by ASM actors that LSM only benefits ‘wealthy foreigners’, government actors, and local elites. Lastly, the perceived legitimacy by ASM may also be derived from an overlap of the legal and the customary systems: ASM may have the implicit or explicit agreement of local landowners or customary authorities, sometimes even local state authorities, even though they might not have been able or willing to obtain a legal permit.

A short-sighted handling of risks

These different perspectives can lead to a conflictual relationship between LSM and ASM. LSM companies may face incursions and trespassing by ASM onto their concession, theft of minerals and other assets, damage to their infrastructure and equipment, and in the worst case also threats to the health, safety and security of employees and contractors. In such situations, LSM companies frequently choose to take a ‘hands off approach’, deciding not to engage with ASM and seeing this as the exclusive responsibility of the authorities. But this can later result in situations where LSM is forced to respond once the damage is done – with limited options except reactive firefighting, heavy handed crackdowns, and damage control. In this scenario, relationships commonly further deteriorate and tensions or the risk of violence increase. This can result in production losses with financial implications for the LSM company, lower investment ratings, or may in the worst case expose the company to allegations of human rights abuses, expensive law suits, cause reputational damage, or result in the loss of the social licence to operate.

From risks to opportunities

The different perspectives of LSM and ASM do not inevitably need to result in conflictual relationships. Proactive engagement and positive management of the relationship is possible. This can not only help mitigate the above-mentioned risks, but may in some cases turn them into opportunities, enabling multiple scales of mining to co-exist in an area. Various models of ASM engagement exist and have been trialled by LSM companies. Moving away from

passive, reactive measures towards a more proactive approach, companies have come to recognise ASM actors as one of their stakeholders and to take steps to constructively engage with them. Often, this is done in collaboration with the government or civil society and other initiatives – particularly where elements of informality or illegality need to be addressed.

Beyond this, the models that try to address not only the risk perspective of LSM, but also take into account the risk perspective of the ASM miners, buyers, and financiers, may turn out to be those with the greatest long-term benefits for both sides. For ASM, the opportunities of collaborating with LSM and the authorities can be significant. They may get support in the formalisation process and in obtaining their legal paperwork, they may receive technical support and assistance to professionalise and increase the safety of their operations and, through that, they may get access to responsible buyers and markets that have previously shied

away from sourcing from ASM. For LSM, the risk of direct or violent competition over mineral resources may be reduced over the long term. And for Governments, the different scales of mining foreseen in their legal framework may complement each other in transforming mineral wealth into benefits for local communities and the country as a whole.

A long way to go

Despite these opportunities, there is still a long way to go, and the majority of LSM-ASM relationships are still marked by competition and confrontation. More openness to testing out co-existence and collaborative approaches is needed. In our LSM-ASM blog series, we will explore these opportunities in further detail. In the upcoming posts we will look at good practices and standards for LSM's engagement with ASM, delve into the issue of 'illegality' and criminality and what it means for engagement, and discuss the most common misconceptions held by LSM about ASM. Stay tuned!

Access the article on the Levin Sources site: <https://www.levinsources.com/knowledge-centre/insights/asm-lsm-relationship-risk>

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ARE THEY ALL ILLEGAL?

A MORE NUANCED VIEW TO GUIDE LSM ENGAGEMENT WITH ASM

Understanding the many legal frameworks under which ASM operates is key to a successful ASM-LSM relationship.

Access the article on the Levin Sources site: <https://www.levinresources.com/knowledge-centre/insights/illegal-nuanced-guide-lsm-engagement-asm>

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<div>  <div> <div>ASM FRAMEWORK</div> <div>UNDERSTAND THE DIFFERENCE BETWEEN DIFFERENT TYPES OF ASM</div> </div> </div>		
LEGAL <ul style="list-style-type: none"> No explicit prohibition In accordance with the law 	FORMAL <ul style="list-style-type: none"> Process of fulfilling all requirements Having obtained permission 	LEGITIMATE <p>Consistent with the law, or "good faith efforts" (as per the OECD DD)</p>
INFORMAL <ul style="list-style-type: none"> Not having obtained all requirements (yet) An infraction of the law 	ILLEGAL <p>Prohibited explicitly by law</p>	CRIMINAL/ILLICIT <p>ASM benefitting crime: money laundering, criminal networks, etc</p>
LEVIN SOURCES. CF. HRUSHCKA 2013		

The perception of ASM as comprehensively illegal understandably makes large-scale mining (LSM) companies reluctant to engage with the ASM on or near their concessions. Where the 'illegal' label is applied generally to ASM, sometimes even used as a synonym for any ASM, engagement of ASM by LSM may be difficult from the outset. LSM also commonly believes that government authorities are uniquely or primarily responsible for engaging with ASM and 'solving the ASM issue'. At the same time, the presence of ASM on or off an LSM concession may pose inherent risks to LSM companies, and to manage such risks, getting the mode of engagement with ASM right is crucial.

So when is it 'okay' to engage with ASM and when is it a no-go? We provide a guidance to differentiate types of ASM and what appropriate engagement measures could be.

ASM is not consistently illegal

ASM is not consistently illegal and a much more nuanced view is needed.

On a general level, many legal frameworks do not just distinguish between two categories, legal and illegal, but include various stages of infractions of the law and differentiate corrective measures or punishments connected to these. A single or even multiple infractions of the law do not make the whole activity or business illegal; a legal business may commit an infraction of the law, or may violate a regulation.

Illegal only designates what is *explicitly* forbidden in the law, as Felix Hruschka pointed out in an earlier blog. ASM may be explicitly prohibited in certain areas, for example in an LSM concession, a natural park, urban area or border zone. When ASM takes place in these explicitly prohibited areas, then, yes, the ASM is illegal. However, if ASM operates in areas where it is *not* explicitly forbidden (i.e. outside of LSM concessions, protected areas, border zones, or urban areas, etc.), the activity is *not* necessarily illegal, even though some specific actions connected to it may be an *infraction* of the law, for example not having a permit, or not completing an environmental

assessment. In such cases, the term *informal* ASM is used.

To give an example: If an ASM individual or organisation operates in an LSM concession with exclusive mineral rights, the ASM is *illegal*. If ASM operates outside the concession area, where it is not forbidden, but does not have a permit, it is not illegal but *informal*. It may also help to think of the example of a supplier or contractor to an LSM mine: A supplier may be fined because their workers were not compensated for overtime and the company was in breach of the labour law. This does not automatically make the supplier illegal. The infraction of the law is punished and expected to be corrected.

Besides the nuances between illegal and informal, the terms 'criminal' and 'illicit' are also often used interchangeably in connection with ASM. These are sometimes used to brand ASM as a whole, but they designate specific activities by specific actors that seek to benefit from ASM or the connected trade of minerals, with the purpose of financing criminal activities (i.e. illegal, explicitly forbidden activities) such as financing of armed conflict, drug dealing, money laundering, etc.

But with all those nuances, what type of ASM should LSM engage with?

Differentiating between these categories of formality is a crucial first step in understanding which types of ASM LSM companies can and should engage with, and thus what the modes of engagement could be. Building on this, a useful good practice guide has been developed in the sphere of responsible sourcing, which can be applied by LSM companies as well: The OECD outlines the concept of 'legitimate ASM' to guide downstream companies in their decisions on whether or not to buy minerals mined by ASM, as part of their broader OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD DDG). Legitimate ASM is defined as either being consistent with applicable laws, or, in the absence of a legal framework or if the legal framework is not enforced, as being able to show evidence of 'good faith efforts' to work within the legal framework (i.e. obtaining permits)

and pursue formalisation. Formalisation is a process of gradual acquisition of permits, compliance with regulations, payment of taxes etc. to become as legal as possible.

If ASM is making this effort, and is not contributing to serious abuses or conflict, then the OECD DDG recommends that companies work together with governments and engage with these ASM. It also encourages companies to support ASM in improving their operations and becoming fully formalised and legal, rather than disengaging or not engaging with ASM at all. The guidance recognises that this is a process that takes time and that companies cannot do it alone, collaboration with governments and other actors is crucial.

This means that LSM companies should not only engage with an ASM individual or entity that has a permit and is fully formalised, but may also engage with ASM that can be considered 'legitimate', i.e. is making credible efforts to become formal and legal. Consequently, LSM companies need to understand what types of ASM are happening on or around their concessions, and where they fit on the spectrum of formality. In cases where an ASM miner is not illegal but does not have a permit, the LSM company should find out why, before making a decision on whether or not to engage:

- If the ASM actors show no interest in obtaining a permit or make use of their informal status to finance criminal activity or to commit serious abuses, companies should not engage.
- If ASM actors are interested in obtaining the necessary permits and can show evidence that they are trying, but are slowed in their efforts by a complicated permit regime or a process that is difficult or infeasible for ASM, companies should collaborate with the government to engage with these ASM actors, and – where possible and feasible – support their process towards a formalised, improved operation.

Effective risk management requires a differentiated view

In order to effectively manage the risks inherent in LSM-ASM relationships, LSM companies need to engage with ASM. But proactive and effective engagement is only possible if LSM companies cease to equate ASM with illegality wholesale and start to take a nuanced view of different types of ASM. Good practice guidance on this already exists, and in our next blog we will further explore what industry standards say about good practices in LSM-ASM relationships.

Access the article on the Levin Sources site: <https://www.levinources.com/knowledge-centre/insights/illegal-nuanced-guide-lsm-engagement-asm>

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INDUSTRY EXPECTATIONS FOR LSM-ASM RELATIONSHIPS

WHERE DO WE STAND?

Standards provide a useful pointer for ASM-LSM relationships. Read a summary of these expectations, what they mean in practice, and key emerging trends.

Access the article on the Levin Sources site: <https://www.levinources.com/knowledge-centre/insights/industry-expectations-lsm-asm-relationships-current>

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For large-scale mining companies (LSM), managing relationships with ASM stakeholders is crucial in order to mitigate operational and financial risk and to maintain their social licence to operate. But there are other reasons too why LSM companies should pay more attention to ASM engagement and management. Increasingly, downstream buyers, customers and also investors are asking questions about how these relationships are handled by their LSM suppliers. This is accompanied by a growing body of industry standards and guidance on the topic.

These standards provide a useful pointer for companies that are trying to understand what is already expected of them or will be in the future. Even if not all the mentioned standards and requirements will be applicable for each LSM company or at each mine site, their expansion provides a view of the broader movement in the sector towards paying increased attention to ASM-LSM relationships. Below we present a summary of these expectations, discuss what they mean in practice, and highlight some of the key emerging trends.

What does industry guidance say about ASM-LSM relationships?

Several standards, industry requirements and expectations for ASM-LSM relationships have emerged in recent years. Today, two broad sets can be distinguished:

- expectations around engaging with and managing ASM as a stakeholder to an LSM mine site,
- and expectations on LSM companies sourcing or buying minerals from ASM producers, who become their subcontractors or suppliers.

a) LSM engaging and managing ASM

For **managing ASM around LSM sites**, three key expectations stand out in particular: LSM should (1) manage risks related to ASM, (2) engage with ASM as stakeholders, and (3) where possible support the improvement, formalisation and professionalisation of the ASM sector more

generally. Expectations have evolved over time, and the last requirement in particular is a more recent trend, recognising the role LSM can play in collaboration with other actors in enabling a formal, responsible ASM sector.

As a starting point, the GRI standards on sustainability reporting include an ASM-specific indicator for companies in the mining and metals sector. This requires companies to report on the “number (and percentage) of company operating sites where ASM takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks.” It’s important to note that the guidance not only mentions risks to the company, but also risks that ASM poses to the companies’ stakeholders (e.g. communities), as well as risks that the company may itself pose to stakeholders, including ASM. To fulfil this requirement, LSM companies need a solid site-level monitoring and reporting system geared to the dynamic ASM situation, and include ASM in all risk assessments and risk management systems.

Several standards and industry guidelines go beyond this risk-based approach, also including requirements for on-going and proactive engagement with ASM stakeholders, as well as, where applicable, for a contribution to the improvement and formalisation or professionalisation of (legitimate) ASM more broadly. This may be done as part of a multi-stakeholder engagement programme, together with the respective government authorities and civil society, as well as with ASM stakeholders directly.

Examples include the Responsible Mining Index’s assessment criteria, as well as the Risk Readiness Assessment tool developed by the Responsible Minerals Initiative, which is used by downstream customers to assess risks related to their LSM (and other) sources. These extended requirements are also reflected in the Responsible Jewellery Council’s Code of Practices (RJC COP) and the Responsible Mining Standard developed by the Initiative for Responsible Mining Assurance. Although ICMM’s performance expectation regarding ASM remains more general, requiring,

“where appropriate” engagement with government to support improvement of ASM, many sector specific standards and guidelines include more detailed and expansive requirements, including [De Beers’ Best Practice Principles](#), the [Copper Mark](#), and the [World Gold Council’s \(WGC\) Responsible Mining Principles](#). The WGC has also published a list of [concrete suggestions for actions related to ASM to be taken by LSM companies](#). Fulfilling these requirements calls not only for solid monitoring and risk management, but also requires LSM companies to include [ASM stakeholders in ESIA’s, stakeholder engagement plans, resettlement and livelihood restoration plans, and community development plans](#), as a standard practice.

b) LSM sourcing from ASM suppliers

Along with the [variety of models for LSM management of ASM](#), industry guidance for a ‘collaboration model’ has also emerged, specifying the requirements and expectations for LSM companies who **source from ASM suppliers or sub-contractors**, where the legal framework permits such practices. These requirements mainly revolve around conducting appropriate due diligence and risk mitigation on and with the ASM supplier, in accordance with the [OECD Due Diligence Guidance \(OECD DDG\)](#). However, a few standards, such as the RJC’s COP and De Beers’ Best Practice Principles go beyond the OECD DDG and include requirements to mitigate additional risks such as mercury use and environmental impact, working conditions and health and safety, and providing direct or indirect support to ASM suppliers in achieving this. The RJC even includes the requirement to work towards offering ‘fair commercial terms’ for ASM suppliers, something few other industry standards mention but may be crucial [for the development and improvement of ASM communities](#) (and thus ultimately lowering the threat that disgruntled ASM communities may pose to the LSM neighbour).

Despite these emerging standards and guidelines, LSM companies who engage in a commercial relationship with ASM suppliers – including as a way to manage site-level relationships – still often face hesitancy and risk-aversion from their downstream business

partners and customers towards such models. However, this trend may be reversing slowly. Ensuring that (legitimate) ASM producers can reach responsible markets has been the recent focus of a variety of downstream market associations such as the [LME](#), the [LBMA](#), and the [WGC](#), who have (re)designed their requirements, principles and standards to enable and encourage inclusion of legitimate ASM in supply chains.

With all these standards and guidelines, what is the minimum LSM companies need to do?

Considering the current landscape of standards and industry expectations, and likely future trends, it becomes clear that no matter which ASM engagement or management model an LSM company chooses, it must consider and implement a few minimum requirements:

- Put in place robust ASM monitoring and reporting systems, which allow for a continuous information flow and enhance an up-to-date analysis and understanding of the ASM context and dynamics in all its facets.
- Feed this information into a process that enables the identification of ASM-related risks, the assessment and prioritisation of these risks, and the implementation of management or mitigation measures through cross-departmental controls.
- Include ASM in their stakeholder engagement plans, and conduct either direct or indirect engagement with such actors through an approach that is tailored to the specific (and often divergent) characteristics of the various actors within ASM. The OECD’s Guidance on Meaningful Stakeholder Engagement includes a set of key requirements for engagement with ASM stakeholders, which provide a useful starting point.
- Give consideration to or explore opportunities to support or facilitate the formalisation and professionalisation of the ASM sector, where feasible and appropriate, in particular in

collaboration with government and civil society.

Since one of the minimum expectations is engagement with ASM stakeholders, our next

blog in this series will provide concrete suggestions and examples of how LSM companies could approach and engage directly or indirectly with ASM stakeholders, and discuss some of the most common pitfalls LSM companies encounter in this process. Stay tuned!

Standard / industry guidance	Requirements / recommendations on LSM-ASM relationships (abbreviated in some cases – please refer to the original documents!)
Global Reporting Initiative Mining and Metals Sector disclosure requirement MM8	<p>Requires reporting on:</p> <p>“Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks”</p>
Responsible Mining Index Assessment requirement D.09	<p>Indicator requires:</p> <ul style="list-style-type: none"> • “D.09.1 Where applicable, the company has systems in place to ensure its operations facilitate ongoing and proactive engagement with artisanal and small-scale mining (ASM) communities and activities in and around their operations.” • “D.09.2 Where applicable, the company has systems in place to ensure its operations support technical assistance programmes and/or alternative livelihood programmes for ASM miners.”
ICMM Performance Expectations Principle 9.4	<p>“Collaborate with government, where appropriate, to support improvements in environmental and social practices of local Artisanal and Small-scale Mining (ASM).”</p>
<p>Initiative for Responsible Mining Assurance (IRMA)</p> <p>Responsible Mining Standard Chapter 3.6 (abbreviated)</p>	<p>Objective: “To avoid conflict and, where possible within the scope of national law, foster positive relationships between large-scale mines and artisanal and small-scale mining (ASM) entities, and support the development of ASM that provides positive livelihood opportunities and is protective of human rights, health, safety and the environment.”</p> <p>Requirements:</p> <ul style="list-style-type: none"> • Understand the ASM context • Engage with ASM entities and communities • Foster positive relationships and opportunities for ASM and communities, i.e. security forces are trained in VPs, demonstrate considerations for enhancing opportunities for positive impact of ASM • Perform due diligence in commercial relationships with ASM, where applicable <p>Other requirements include:</p> <ul style="list-style-type: none"> • ASM should be included in stakeholder engagement plans • ESHIA and HRIA need to include impacts on ASM • ASM should be included in the process to plan and determine community benefits • ASM should be part of resettlement action plans or livelihood restoration plans, where applicable • ASM should be involved in mine closure planning

<p>Responsible Jewellery Council Code of Practices, requirement 35</p>	<p>“Members in the mining sector shall, where artisanal and small-scale mining (ASM) not under their control occurs within their areas of operation:</p> <ul style="list-style-type: none"> a. Engage directly with the ASM community as appropriate and seek to maintain a continuous dialogue with them as a distinct group within the stakeholder engagement programme (COP 32 Stakeholder engagement), social and environmental impact assessment and ongoing risk management activities (COP 34 Impact assessment). b. Actively participate in initiatives, including multi-stakeholder ones, that enable the professionalisation, formalisation and certification of ASM, as appropriate to the situation.” <p>There are also requirements for sourcing from ASM. The requirements are outlined in more detail in the RIC COP Standards guidance, which also provides further examples of initiatives/actions LSM can take.</p>
<p>Responsible Minerals Initiative Risk Readiness Assessment Tool, norm relating to ASM</p>	<p>“To engage artisanal and small-scale miners (ASM) and facilitate their formalization and improvement of their environmental and social practices, where there are known to be legitimate ASM in the sphere of influence of the site / facility.”</p>
<p>Copper Mark Requirement 25</p>	<p>Requirement 25 (based on the above Risk Readiness Assessment Tool):</p> <p>“To engage artisanal and small-scale miners (ASM) and facilitate their formalization and improvement of their environmental and social practices, where there are known to be legitimate ASM in the sphere of influence of the site / facility.”</p>
<p>World Gold Council Responsible Gold Mining Principles, principle 3.3</p>	<p>Principle 3.3: Market access for ASM</p> <p>“3.3 We support access to legitimate markets for those artisanal and small-scale miners (ASM) who respect applicable legal and regulatory frameworks, who seek to address the environmental, health, human rights and safety challenges often associated with ASM activity, and who, in good faith, seek formalisation. We will consider supporting government initiatives to reduce and eliminate the use of mercury by ASM.”</p> <p>The WGC's Conflict-Free Gold Standard also includes requirements for sourcing from ASM along the OECD Due Diligence Guidance, and a commitment to support the formalisation of ASM and to not exclude legitimate ASM from supply chains.</p> <p>As a guidance for LSM companies in their role in supporting dialogue and engagement, the WGC also published a list of concrete suggestions and options for action.</p>
<p>De Beers Best Practice Principles, Assurance Programme Requirements 2019, D7</p>	<p>Requires:</p> <ul style="list-style-type: none"> “D . 7.1 Mining Facilities will, as appropriate, participate in initiatives, including multi-stakeholder initiatives, which enable the professionalisation and formalisation of artisanal and small-scale mining (ASM), where it occurs within their areas of operation.” “D . 7. 2 Where artisanal and small-scale mining operates on or around a Mining Facility, the entity will engage directly with them as part of their Social and Environmental Impact Assessment and community engagement processes.” <p>Additional requirements apply if an entity is sourcing directly from ASM operators (B7).</p>

OECD

[Guidance on Meaningful Stakeholder Engagement in the Extractives Sector. Annex E \(abbreviated\)](#)

Requires (abbreviated):

- Understanding the ASM context
- Ensuring that ASM stakeholders are properly identified and prioritised
- Designing appropriate and effective engagement activities and processes

Access the article on the Levin Sources site: <https://www.levinources.com/knowledge-centre/insights/industry-expectations-lsm-asm-relationships-current>

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THE IMPORTANCE OF THINKING AND WORKING POLITICALLY IN FINDING ‘BEST FIT’ SOLUTIONS TO ASM-LSM COHABITATION

Understand how to effectively engaging the powers and interests behind all ASM situations and at all levels by thinking and operating politically.

Access the article on the Levin Sources site: <https://www.levinsources.com/knowledge-centre/insights/political-framework-solutions-asm-lsm-cohabitation>

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The interaction between artisanal and small-scale mining (ASM) and large-scale mining (LSM) can be dizzyingly complex. In a single site, some miners may be financed by international criminal networks and others may scrape by each month with less than a gram of gold to avoid starvation. There may be rival self-defence groups staking out different territory, or all miners may be under strict control of a dynamic local chief who gets a share of ore each week and invests it in community infrastructure.

The government's response is often equally bewildering: a local mining official may be paid off by miners while shutting down some sites for those who do not pay up. A high-level member of government may be waging a public PR campaign against illegal miners. The military may be pressuring LSM companies to contribute to their fees in return for clearing their concessions of ASM. Environmental NGOs may expose mercury poisoning, while a party in power may use the pretext of mercury poisoning to annul permits and snatch up prime sites for cronies.

Even in stable situations the complexity can be overwhelming. And while it's true that it's hard to see beyond the tip of the iceberg, there *are* tools and practices that can help clear the waters enough to get a sense of what lies below. In fact, understanding the bigger picture and working to engage less superficially is essential for avoiding the conflict, loss and risk associated with poor ASM-LSM cohabitation.

A key aspect is learning how to think and operate politically. This doesn't mean operating in a partisan manner, but rather understanding and effectively engaging the powers and interests behind all ASM situations and at all levels. It also means avoiding cookie-cutter 'best practice' solutions and instead fostering processes that develop 'best fit' solutions tailored to each circumstance.

Political economy analysis (PEA) is a broad field that offers some useful tools including the following categories, summarised in a [2017 UKAID guide](#):

- **Structural and contextual analyses.** These broad-level analyses help understand the big picture in terms of political dynamics, economic trends that may be driving ASM behaviour, and so on. For example, how is an upcoming election influencing the situation on the ground? How involved with ASM are political parties locally and nationally? How are agricultural land pressures driving an expansion of ASM?
- **Stakeholder analysis.** This is crucial to understanding both the individuals and the institutions that wield power and influence on the ASM-LSM situation. A local chief may be vocal, but does he command the respect of the miners? Is a member of parliament pulling the strings behind the scenes? Who funds the excavators given to miners? These are all questions that good stakeholder analysis can help answer.
- **Analysis of bargaining processes.** As most community relations professionals in LSM companies know all too well, negotiating with villagers can follow a completely different logic from negotiating for a new research permit. Money talks, but so do cultural norms and other unwritten rules of the game. More than just business transactions, an analysis of bargaining processes sheds light on *how* actors engage with each other, constrain each other and reward each other.
- **Analysis of incentives and ideas.** Understanding incentives is crucial for effective engagement with ASM. For example, in some situations a local chief may be motivated by money received from ASM but also a sense that he is not respected enough by the government or the LSM operator. Harmful ideas and beliefs may also hold influence, such as xenophobia against certain ethnic groups involved in mining.

These general analysis tools have been further developed to specifically gain a better understanding of political economy in ASM and connected supply chains, for example in

the [Handbook for identifying financial flows \(IFFs\) linked to artisanal and small-scale gold mining](#).

To the list above one might also add **policy analysis**, to help uncover the official and unofficial ways a given government treats ASM. This is crucial because official statements and laws alone can be misleading. In some contexts with harsh restrictions against ASM inside of exploration concessions, the government in practice may turn a blind eye or even encourage LSM operators to accommodate the ASM. On the other hand, some governments may apply strong political pressure to stamp out ASM despite a conciliatory official policy.

Analysis of legal systems and cultural dynamics is equally relevant. In many countries in francophone Africa, for example, civil servants are trained not to manage dynamic situations but to apply the letter of the law and regulations. If the law says that ASM miners must get a decree from the minister in order to operate, then that's what they must apply. They may also rely on top-down orders and be wary of trying anything new. By understanding such dynamics, an LSM operator may know that they need to get the mining minister to sign an official order to try an ASM-LSM accommodation, or they may know who to call in the capital to get the local official to act.

Indeed, understanding the policy and institutional framework is also a precondition for influencing it. LSM operators often underestimate their clout when it comes to ASM policy. Governments often want to please their large foreign investors, and they respond to cues from the companies. If companies are telling them to send in the military, that might influence their actions just as if they tell the government to create a viable ASM zone near a concession.

Mining companies can be reticent to engage on such sensitive issues, but not doing so can lead to

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sub-optimal outcomes, such as expensive and ineffective military operations that may further degrade relationships with communities, generate human rights abuses or mask what is really going on. In those cases, engaging through trade groups, mining chambers and diplomats can be particularly effective. A mining chamber can have an official position on ASM policy, for example, or might organise seminars and invite experts and government officials to debate key issues and make new decisions.

Indeed, a sound understanding of political dynamics is not enough; companies must also learn how to engage politically in a sustained and effective manner. One way to do so is to train personnel and create internal practices that constantly feed relevant information to decision makers. For example, the community relations team can be encouraged to share insights on a regional mining official or an influential relative of a chief, so that executives understand what is going on.

Externally, companies can engage in local and national processes that foster dialogue and reform. For example, mining trade groups can participate in and encourage governments to have a national multi-stakeholder working group on ASM and ensure the LSM perspective is understood by policymakers, diplomats and NGOs. Local multi-stakeholder groups can also be set up to create spaces for bargaining and finding durable solutions.

While PEA done poorly can cause insight to be lost in jargon, systematically using its tools to think and act more politically can help make change more durable and effective. Indeed, complex problems like ASM-LSM cohabitation require tailored and constantly updated solutions; we want 'best fit' and not 'best practice'. Then, and only then, can LSM operators faced with challenges from ASM meet bottom-line objectives while contributing positively to the places where they work.

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Access the article on the Levin Sources site: <https://www.levinsources.com/knowledge-centre/insights/political-framework-solutions-asm-lsm-cohabitation>

ENGAGING WITH ASM: WHERE TO BEGIN?

Explore different options for concrete, practical ASM engagement, which can help LSM companies include ASM stakeholders in their comprehensive stakeholder engagement plans.

Access the article on the Levin Sources site: <https://www.levinsources.com/knowledge-centre/insights/engaging-asm-where-to-begin>

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Engagement with ASM stakeholders is a minimum requirement for large-scale mining companies (LSM) when dealing with ASM on or around their permit areas. But for many companies this is easier said than done. The often illegal or informal status of ASM activities, its highly dynamic nature, and the related safety, security or compliance concerns make it difficult even for experienced community engagement teams to find appropriate ways to engage with ASM stakeholders.

So how can LSM companies engage with ASM actors and stakeholders in a meaningful way? This blog discusses different options for concrete, practical ASM engagement, which can help companies include ASM stakeholders in their comprehensive stakeholder engagement plans. It also highlights some of the key issues companies need to consider when deciding which of these options are most suitable to their context.

Getting it right from the start

It is crucial that LSM companies get ASM engagement right from the beginning – including at the exploration and constructions stages – especially in cases where no such engagement or communication has occurred previously. As well as the messages they would like to convey to ASM actors, companies need to think through their strategy and the channels of communication they will use. Due to the nature of ASM and its associated challenges, these may need to be quite different from ‘normal’ community and stakeholder engagement. LSM companies should therefore consider tailored approaches that are rooted in an in-depth understanding of the local ASM context and include both direct and indirect engagement (see below).

Companies’ initial engagement with ASM stakeholders will become the foundation for trust and relationship building, and should therefore be carefully planned. Consideration should be given to those channels, means and methods that most effectively enhance trust between the company and ASM actors. Some

methods may not be appropriate for building trust in certain contexts. For example, where a company decides to engage with ASM only indirectly via governmental authorities, the building of trust could be undermined if ASM actors are afraid to engage with government agents because of their informal/illegal status, or because the government has shown a heavy handed and repressive approach towards them in the past, or even because some government agents may be actively implicated in ASM themselves. Similarly, companies need to consider carefully any participation of company security guards in ASM engagement activities, where the safety of employees and the building of trust with ASM has to be carefully balanced.

Direct engagement

In some cases, it is possible and desirable for LSM companies to engage directly with ASM stakeholders and their representatives or leaders. This is often the case in contexts where ASM has existed for a relatively long time, is relatively well organised (as opposed to rush situations), and consists at least partially of ‘legitimate’, formal and/or legal activities. Especially where no previous engagement has occurred, a stepwise approach may be appropriate:

1. *As a first step, casual, informal conversations* with ASM actors or their representatives can be useful to build a preliminary relationship. Some departments within the mining company may already have informal encounters or conversations with ASM anyway (e.g. Exploration, Security, Community, Production, etc), or some of the company’s local employees may be familiar with ASM actors and have social connections with them. These contacts could be built on for low-level conversations and building familiarity, paving the way for more formal meetings with ASM leaders.
2. *Initial meetings with ASM leaders:* It may be beneficial to first engage a smaller

group of ASM leaders or representatives, or conduct informal one-on-one meetings to establish a relationship with leaders, before meeting them as a group. These meetings can be used to jointly develop a more formal plan for engagement and meetings, including who should be meeting on which issues and when, and under which jointly agreed rules.

3. *Meetings with a bigger group of ASM representatives:* In the initial stages of engagement it may also be beneficial to extend the engagement to a larger group of ASM representatives beyond the key leaders. This should enable the participation and engagement of commonly marginalised groups (e.g. women, migrants, youth, the elderly, certain ethnic groups, ex-combatants, and so on) and representatives of different roles in the ASM system. This helps ensure that a wide diversity of ASM stakeholders are represented and different perspectives are heard. For the LSM company, this offers the advantage of gaining a nuanced picture of the ASM dynamics and a sense of internal struggles, including over the representativeness of certain leaders, for example.
4. *Site visits:* After initial relationships have been established and a certain level of trust has been built, site visits can be a complementary way to engage with ASM stakeholders. Such visits should be organised jointly with ASM leaders and representatives, ensuring that the purpose of the visit is clearly communicated. Site visits allow for an in-depth observation of the workings at the site, and conversations with different ASM workers (diggers, washers, transporters, etc) who may be unable to attend formal meetings. Site visits may also help to build common

ground and understanding between the two parties ('miners visiting miners').

5. *Formalised engagement:* Once a certain level of trust has been established through initial meetings, more regular and formalised mechanisms of engagement can be envisaged. LSM companies should hold discussions with ASM representatives about their preferred forms of engagement and what the jointly agreed rules should be. In some cases, it may be appropriate to include ASM stakeholders in the wider community engagement spaces that the company has set up. In other cases there may be a need for separation, if ASM and their leaders are distinct from the local resident community. In all cases, the mechanisms for engagement should be geared towards reflecting the diversity of views and perspectives within ASM and enable marginalised actors to participate as well.

Indirect engagement

Sometimes, such direct engagement with ASM may be difficult or problematic for LSM companies, especially at the outset. This can be the case where the ASM is mostly illegal or informal, and where there are already tensions or conflicts between the company and ASM stakeholders. On one side, ASM actors may be unwilling or afraid to engage due to the informal or illegal nature of their activities, and on the other, there can be safety and security risks involved for company employees.

Rather than seeking direct conversations, and thus potentially aggravating suspicions on both sides, in such cases it can be a better solution to work with and through a third party that already has contacts and has built trust with the ASM stakeholders – at least at the initial stages of engagement. Such third parties could, for example, be the government agency tasked with formalising the ASM sector, though, as noted above, ASM stakeholders acting

illegally/informally may be equally hesitant to engage with government representatives. Other options for third party engagement could be local NGOs and civil society organisations, traditional authorities or religious leaders, or a multi-stakeholder initiative bringing together all these actors.

Relationships take time

Whether through direct or indirect engagement, building constructive relationships and trust with ASM stakeholders takes as much time and effort as ‘common’ community engagement. LSM companies should commit to a long-term process and accept that there will be no ‘quick fixes’ in a

dynamically evolving ASM context. While engagement with ASM stakeholders is the minimum requirement for, and a crucial component of, managing LSM-ASM

relationships, it needs to be embedded in a broader ASM management strategy. Ultimately, the formalisation and professionalisation of ASM can only be achieved if a broad coalition of actors, from LSM companies to governments, NGOs and international industry associations, collaborate.

In our next blog, we will discuss some of the most common misconceptions and pitfalls encountered by LSM companies in the process of engaging with ASM, and share tips for avoiding these. Stay tuned!

Access the article on the Levin Sources site: <https://www.levinsources.com/knowledge-centre/insights/engaging-asm-where-to-begin>

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STEPPING INTO THE LIGHT: WHY ASM IS GAINING ATTENTION FROM BUSINESS AND GOVERNMENT

This article was a preview of the first even panel on ASM to take place on the Mining Indaba Main Stage in February 2020 and chaired by Levin Sources Founder and CEO Estelle Levin-Nally. It featured panellists Professor Saleem Ali (University of Delaware), Pamela Fierst-Walsh (U.S. State Department), and Ferial Zerouki (DeBeers).

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The panellists will share their experience and advice, addressing questions of key importance to the sector today:

- Are we experiencing a tidal shift in the status of ASM as an acceptable provenance for responsible minerals and as a legitimate member of the minerals sector?
- How can ASM be engaged in the pursuit of the SDGs (as is happening in over eighty countries)?
- How can investors, mining companies and governments work collaboratively with artisanal miners to generate compliant, productive and commercially viable business relationships?

Interest in ASM and their legitimisation as an economic actor represents a growing trend

With ASM featured on the Mining Indaba Main Stage for the first time, it is a reminder of the increased public prominence of ASM and its growing relevance in the minds of investors, buyers and regulators. This is reflected in our work, where we see a number of current trends in the relationship between ASM and the wider industry.

Trend 1: Market expectations are changing. In the last few years we have seen a rapid expansion in expectations concerning the responsible production and trade of minerals. This has moved from the management of the worst human rights abuses and white collar crimes in the world of 'conflict minerals', to the incorporation of other issues such as environmental impacts and working conditions, and from a narrow focus on 3TG (tin, tantalum, tungsten and gold) and the African Great Lakes region to a growing variety of minerals and a global scope.

Trend 2: ASM is increasingly recognised as a legitimate part of the industry. Unlike some years ago, market actors, civil society and governments are increasingly encouraging engagement with ASM and condemning business decisions that lead to the marginalisation and exclusion of ASM. While they still recognise the problems

ASM faces and the risks this activity generates for buyers, they also acknowledge that these problems are best addressed through constructive engagement and step by step improvements. Today, companies (including mining companies) are publicly commended for engaging with ASM where they do so with appropriate risk management systems and impact objectives in place.

Trend 3: Both companies and governments have already started to make use of the opportunity presented by ASM.

- **For governments**, engaging with ASM can foster economic, social and environmental benefits. Formalisation of the sector, i.e. by providing jobs, livelihoods and income for the local population (including the least skilled), economic diversification and increased government revenues support local and national development. Kenya, Mongolia, Nigeria, and Tanzania are just a few examples of countries that have taken steps to formalise their ASM sectors in recent years. Dialogue and inclusion in ASM strategy and policy setting paves the way for trust building, opening avenues for cooperation, stability, and conflict prevention. Fulfilling the duty to protect human rights generates social benefits, including improved protections for vulnerable groups involved in the sector and gender-responsive policy and technical assistance.
- **For companies downstream**, sourcing from ASM can present an opportunity for positive impact where those ASM are involved in initiatives that seek to advance the SDGs. Initiatives such as the Better Gold Initiative, and companies such as Chopard, Fairphone and Valcambi (as well as many others) are now engaged in responsible sourcing and due diligence programmes around ASM sources.
- **For upstream companies**, engaging with ASM through structured and well managed processes can enhance their social licence to operate, open access to

new supply, and improve the management of ASM relationships as a material risk. All of which prevents disruption to their operations, protects reputation, and can ultimately mitigate the risk of economic loss and even earn them recognition as leaders. One example is the [Chemaf/Trafigura](#) project with Pact and Kumi in the DRC. Companies such as [Newmont](#), [Anglo Gold Ashanti](#), [Barrick](#) or [Goldfields](#) also engage with ASM or have developed strategies for engagement.

What can mining companies, investors and governments do to work constructively with ASM?

Here are a few insights from our research and work with both governments and companies along the supply chain about how the mining industry can engage with ASM and help address its challenges:

Solution 1: Work together. Mining companies or companies in the mineral value chain cannot solve the issues presented by ASM by themselves. Governments play a crucial role in the formalisation of the sector, but companies can act as facilitating business partners, transferring and mobilising knowledge and capital and setting conditions that can remove barriers to responsible production and trade by ASM. The best results are achieved when governments and companies work together, and also involve representatives of ASM communities and civil society. Such multi-stakeholder initiatives may be complex and relatively slow, but often fruitful in the long term

Solution 2: Co-exist with ASM. LSM and ASM can co-exist peacefully and even be mutually

beneficial. Some mineral deposits may not be economically viable for large scale, industrial exploitation; in many places a mix of mining scales and methods will be the most efficient way to extract mineral wealth. Mining companies can also mobilise their technical expertise and knowledge to support governments in establishing viable ASM areas or concessions, where ASM can operate formally and co-exist rather than compete with LSM, reducing the risk of invasions or clashes. Together with the government authorities, companies may even provide technical assistance to (legitimate) ASM in their vicinity, so that they can professionalise and improve their operations. [We talk about further options for co-existence here.](#)

Solution 3: Collaborate with and buy from ASM. Companies in the mineral chain should not be afraid to buy from ASM and to collaborate with ASM. ASM sources can present a lot of risk, but so can LSM sources. The key is to have an appropriate due diligence system in place and to find ways to collaborate with suppliers to address and mitigate risks. In the case of ASM sources, this requires on-the-ground spot checks or having a local organisation that can take on the monitoring of risk. Beyond this, there is the opportunity to not only address risks and minimise harm, but to create positive impact for ASM and local communities – for example by supporting initiatives that help miners to make their operations safer, more professional and more environmentally friendly, to improve their organisational capacities, or to help them access credit and finance. While this takes effort and a tolerance for improving over time, we have seen that companies taking this step have been lauded publicly and [enhanced their reputation for working with instead of against ASM.](#)

Access the article on the Levin Sources site: Access the article on the Levin Sources site:
<https://www.levinsources.com/knowledge-centre/insights/asm-trends-mining-indaba-2020>

LSM AND ASM RELATIONSHIPS: FROM RISK MANAGEMENT TO POSITIVE IMPACT

During the Investing in Mining Indaba 2020, the USAID-funded Commercially Viable, Conflict-free Gold Project (CVCFC), implemented by Levin Sources and Global Communities, organised an informal discussion between leading mining companies, industry associations, standard setters and academics. In this blog, we share some of the key messages identified during those discussions.

Access the article on the Levin Sources site: <https://www.levinources.com/knowledge-centre/insights/lsm-asm-relationships-risk-management-positive-impact>

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Much of this is emerging thinking and will provide key themes for future engagement by CVCFC with large scale mining (LSM) and their stakeholders, as we continue to unpack what good ASM engagement looks like, and what role others have in supporting constructive ASM-LSM relations. As the dinner took place in the early days of the global Covid-19 pandemic, our suggestions don't reflect the rapidly-evolving situation, but we are in constant contact with our partners on the ground to understand the novel coronavirus' impact on the sector.

During the dinner, we considered how LSM and ASM relationships could move beyond risk management towards positive impact. We also explored how donor-funded programmes, like CVCFC, could provide avenues for reduced-risk engagement with ASM by LSM companies. The companies involved have already been tackling ASM issues across west, central, and southern Africa. Below, we summarise the main messages for governments, mining companies and NGOs.

Producer nation governments should:

- Fulfill their responsibilities towards ASM and their duty to protect human rights.
- Acknowledge that ASM requires a medium to long-term socio-economic strategy. ASM is often driven by high unemployment rates, poverty, and the ability of miners to earn more than other available professions – understanding these choices is crucial. Mining companies can't tackle these issues on their own.
- Work with companies and ASM to identify long-term incentives for the eventual transition of people out of ASM into other economic sectors, especially where there is a threat to LSM.
- Avoid unnecessary force where ASM must be contained or moved out of an illegal site, to mitigate the risks of conflict and human rights violations.
- Lower the risk for LSM to engage with ASM, by considering legislation to make it easier for LSM to act as facilitating partners with ASM, or working with donors and other stakeholders to support constructive LSM-ASM engagement.

Market nation governments should:

- Appreciate the broad implications of their legislation. For instance, the Dodd Frank Act had an impact on producer nation governments, disrupting and reshaping supply chains. For one mining company, this external pressure encouraged their government to help them deal with the issue of ASM.
- Consider using their influence and technical assistance from donor arms within producer nations to de-risk LSM engagement with ASM.

Mining companies should:

- Be realistic about ASM and the incentives required to encourage miners to leave. Seek to increase their understanding of ASM.
 - Have a more nuanced view of ASM. Do not categorise all miners as either 'noble', valiantly struggling to gain a livelihood, or 'criminal', using violence to steal what is not theirs. ASM miners have diverse demography, motivations, vulnerability and ability to change practices.
- Open a dialogue with ASM, for instance:
 - Do they want to continue mining somewhere else? Can they work with the government to identify a nearby site and consider investing to make it more productive?
 - Do they want to be employed in LSM? Is this viable and, if so, at what parts of the mining life cycle?
 - Do the migrant miners want to return home? Would support help?

- Manage communications and expectations with ASM and their stakeholders very carefully.
- Consider effective community development programmes to build people's economic options and ensure diversity in the local economy.
- Work in partnership with government, but be clear on mutual roles and responsibilities.
- Share their vision for better collaboration or cohabitation with artisanal mining with the government and how responsible industrial mining is good for the country.
- Create a safe space for internal conversation to avoid this becoming binary and shutting down productive exchanges, including:
 - Encouraging executives to understand that ASM is not a 'problem' that will go away once miners are removed. It needs constant monitoring, management and investment – in collaboration with government
 - Encouraging honest and frank internal conversations across different roles, priorities and opinions.
- Prioritise training ASM on good health and safety practices.
- Make sure LSM management understands the complexity around child labour.
- Clarify how traceability systems measure their impact in addressing the underlying goal – reducing trade of illicit minerals – and evidence the positive impact of such programmes on ASM.
- Use development resources to drive commercial impact. Building schools isn't helpful if people have no revenue to pay the fees for their children. Instead:
 - Support what is really needed, such as subsidies or interest-free loans to cover the upfront costs of formalisation by ASM.

NGOs and donors should:

- Create financial structures that enable diverse stakeholders, including private enterprises, to jointly finance a) upgrades to ASM production methods to help formalisation, b) de-risking of private sector investment in ASM formalisation, and c) provide debt finance for working capital to overcome cash flow issues.
- Consider putting in place a billion-dollar credit authority to work in several African countries to guarantee loans from financial institutions to artisanal businesses and traders.
- Report on ASM with nuance to ensure downstream buyers do not stigmatise the group.

Overall, the participants concluded that building a responsible and sustainable ASM sector is primarily the responsibility of the government; while the private sector – whether mining companies, financiers, or mineral buyers – can help facilitate responsible ASM. They should use their leverage as either business partners or stakeholders to influence and support formalisation, professionalisation, improved production practices and greater benefits to ASM communities. Solving the problem of ASM on one concession rarely solves the problem in the longer-term: it usually displaces it elsewhere.

Success relies on a range of factors:

- Partnerships underpinned by good cooperation between government and business, with support from other stakeholders such as donors and market nations
- A good value-proposition for the ASM miner, his/her financiers and buyers to formalise
- Evidence-based decision making
- Excellence in communications within and between institutions/stakeholders
- Setting strategies that work with realistic timeframes
- Allocating resources to the right things