

PANNING FOR DATA

ARTISANAL AND SMALL-SCALE MINING (ASM) IN EITI COUNTRIES

INTRODUCTION

Artisanal and small-scale mining (ASM) is largely an informal sector with limited available information on production, revenues, operations and even location of activities. Regulation of the sector is often inadequate and its real contribution to national economy is difficult to estimate. Estimates of employment numbers and production levels in the ASM sector vary but show that it plays a significant role, particularly in the development mineral sector. Several EITI countries have explored options to address issues in ASM¹. In doing so, they aim to (i) improve access to reliable data on artisanal mining; (ii) understand the contribution of ASM to the national economy; (iii) raise awareness on ASM related issues such as mineral smuggling, and (iv) support capacity building activities for formalisation of the sector and feasibility studies on how to cover ASM in EITI reporting.

Many countries have included preliminary feasibility or scoping studies on how to extend the scope of EITI reporting to the ASM sector with a view to increase transparency.

Colombia and **Cote d'Ivoire** have included in their work plans studies to explore whether the scope of EITI reporting should be extended to ASM. Other countries, such as the **DRC**,

Ghana, Guyana, Mali, the Philippines, Senegal, Suriname, Tanzania, Togo and Zambia have already made the decision to include ASM in EITI reporting and are conducting scoping studies to map out challenges and design a reporting process applicable to the ASM sector. Other countries have started discussing ASM issues through forums and engagement of stakeholders, including **Afghanistan, Ethiopia, Liberia, Madagascar, Mongolia, Mozambique, Papua New Guinea, the Philippines, Tanzania and Zambia**. In **Burkina Faso, Mali and Guinea**, EITI communication campaigns have often targeted mining sites occupied by artisanal miners.

This brief documents the results that can be seen from countries that have decided to include ASM in the scope of their EITI process. These results can be divided into three categories: 1) increasing transparency in the sector; 2) contributing towards formalisation of the sector; and 3) sparking public debate and providing platforms for discussion.

This brief concludes by putting forward some opportunities for increasing transparency in the sector using the EITI framework.

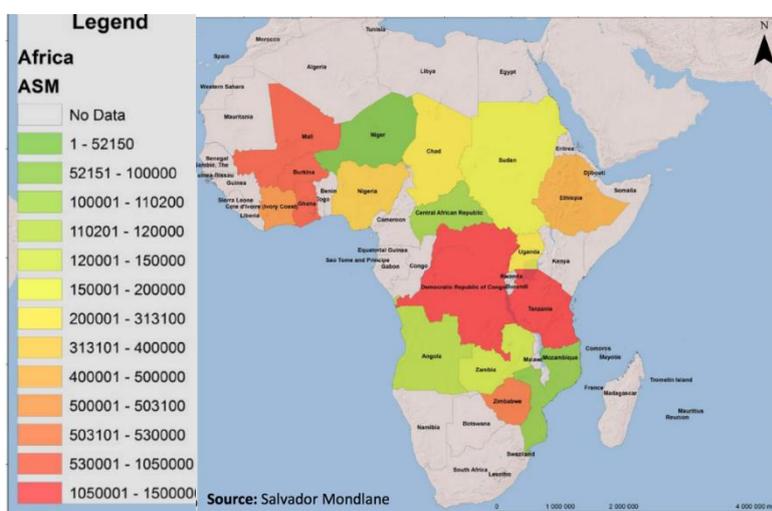


Figure 1: estimates for ASM employment in Africa. It is estimated that up to 10 million people in 16 countries work in the ASM sector.

¹ For more details, see www.eiti.org/ASM

1. INCREASING TRANSPARENCY IN THE SECTOR

- **Identification and mapping of ASM activities** – Due to the nature of ASM activities, the identification of their location and size is challenging for some countries. In **DRC, Ghana, Madagascar** and the **Philippines**, the EITI has helped in mapping ASM activities and their location through scoping studies and engagement of key actors. The **Philippines'** scoping study on ASM provides a list of registered and unregistered small-scale mining operations in the country and highlights the existence of ASM activities in areas where such activities are not allowed. The **Mongolia** EITI Report discloses ASM mining activities reported by 10 subnational units (aimags) including location, commodity, number of miners and partnerships. These are disclosed in detail, supplementing the regular reports submitted by the subnational units to national government. In Ethiopia, the EITI study on ASM revealed that more people than previously estimated are likely to be involved in ASM activities. While the government estimated 350,000 people, consultations in connection with the study showed that around 1.2 million people are actually involved in ASM activities.
- **Improved data disclosures and centralisation of ASM information** –The fragmented or sometimes absence of regulation of the ASM sector means that most countries have inadequate data base for revenues, production, and operators. To address this, some countries have included ASM data in their EITI Reports. In **Ghana, Sierra Leone, Tanzania, Togo and Zambia**, production data are disclosed. **DRC, Ghana and Liberia** have disclosed revenues from ASM in their EITI Reports. Where ASM data is existing elsewhere, the EITI process has been useful in centralising this information to enable more comparison and analysis. In **Madagascar**, EITI Reports compare figures from different sources to verify export volumes and values. The **Philippines'** scoping study on ASM compiles all relevant information in the sector including laws, regulatory framework, fiscal regime and available revenue and production data.



90%

of the global mining workforce is made up of women, children and men working in the ASM sector.

Source: World Bank and PACT

2. CONTRIBUTING TOWARDS THE FORMALISATION OF THE SECTOR

- **Systematic evaluation of ASM sector governance.** Weak government systems contribute to low revenues and discourage operators from complying with regulations. The **DRC** scoping report on ASM pointed out deficiencies in the tax collection system, as well as the existence of informal taxes collected by intermediaries. Stakeholders in **Madagascar** are using the EITI process to estimate the loss in government revenues by analysing export and production data from ASM. In **Mongolia**, EITI Reports supplement the regular activity reports on ASM submitted to government. The ASM study commissioned by the MSG in the **Philippines** identified gaps in regulation such as inadequate revenue collection procedures, tedious permitting processes, and inability to monitor gold trading.
- **Building capacity in understanding the sector**—In **DRC**, the EITI process has helped in identifying for the first time the actors operating along the supply chain in the formal and semi-informal ASM sector. EITI also provides an overview of revenues streams at the provincial and national level by centralising information from several agencies.
- **Enabling policy discussions**—Most EITI countries that have included ASM in the scope of their process aim to contribute to the formalization of the sector. **DRC, Ghana** and the **Philippines** are using the EITI as platform to discuss government reforms, challenges and national strategies to formalise the sector. In **Mongolia**, EITI reporting triggered public debate on ASM and led to amending the regulation on formalising artisanal mining activities. From 2017, local

governments are mandated to report on ASM operations by administrative districts (soums). In **Sierra Leone**, EITI representatives contribute to discussions on the artisanal mining policy and provide guidance in the provisions on the policy pertaining to transparency and accountability.

- **Engaging key actors**—Key actors in the ASM sector are sometimes difficult to identify as they are often beyond the government’s regulation. The EITI process in **DRC** was the first to propose reporting templates adapted to this sector, enabling actors along the supply chain to proactively participate in data collection. In **Ghana**, consultations on artisanal and small-scale mining gave rise to the opportunity to engage stakeholders from the ASM sector, such as gold dealers and buyers, the association of artisanal and small-scale miners, host community representatives, and the Ministry of Lands and Natural Resources. In **Liberia**, artisanal and small-scale miners are represented in the EITI multi-stakeholder group.

3. SPARKING PUBLIC DEBATE AND PROVIDING PLATFORMS FOR DISCUSSION

- **Stimulating public debate**—Outreach activities in ASM communities have stimulated a vibrant debate on the issues confronting the sector and possible reforms. In **DRC**, activities undertaken by the EITI has put a spotlight on loss of fiscal revenues for provinces. The EITI in **Ghana** is considered by the ASM sector as a forum to discuss their grievances. A forum conducted in one region in the **Philippines** sparked discussions on possible revenue leakages due to the existence of 2,000 tunnels for small scale mining, some of which are unregulated.
- **Building trust among stakeholders**—**Zambia** EITI is recognized by government as an important channel of communication between the government and the artisanal and small-scale mining sector, as ZEITI could initiate conversations related to reporting on production and revenues with small-scale miners in a way that encourages more cooperation from ASM stakeholders.

OPPORTUNITIES

Addressing challenges in the ASM sector requires long-term solutions and sustained efforts. The EITI is just one tool that can be used. As some countries have shown, EITI’s transparency framework provides opportunities for the following:

1. Providing clarity in the regulatory framework and suggest reforms that could contribute to formalisation;
2. Improving engagement with ASM stakeholders
3. Compiling, collecting and disclosing ASM data (exploration, production, exports and employment)
4. Evaluating the comprehensiveness and reliability of available ASM data.

The EITI collaborates on ongoing efforts to improve transparency and accountability of ASM, such as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development, the African Union’s prioritisation of development minerals as part of their industrialisation agenda and other partners leading efforts to improve transparency and accountability in the ASM sector and the mineral supply chain.

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