

## Feedback to the UN Secretary-General's Panel on Critical Energy Transition Minerals

by [Alliance for Responsible Mining](#)

With the global geopolitical agendas intensely focusing on the mining of minerals needed for the successful and timely energy transition, the UN Panel presents a very special opportunity to reflect on how this transition can be just and inclusive of vulnerable populations, such as women and men Artisanal and Small-scale Miners (ASM).

Although the ASM sector is a huge source of employment and income in rural communities, it has been largely invisible and underrepresented in global and local policy debates. This is slowly changing. ASM is here to stay, women and men artisanal miners are more organized and empowered than ever, and ASM is gaining ground in national legislations, university curricula, and policy dialogue. Multi-stakeholder initiatives like the European Partnership for Responsible Minerals or Public-Private Alliance for Responsible Minerals Trade, as well as most of the industry standards and sustainability initiatives, recognize the social and economic importance of the ASM sector and encourage global stakeholders to support its advancement and formalization.

The mining boom related to the energy transition is a unique window of opportunity for community-based mining, however, the opportunities must be mapped and diverse viewpoints represented in the principles that the Panel will work on. The background paper highlights the UN Panel's unique role "at the centre of multilateralism", and this makes it all the more important to **ensure that millions of people working in Artisanal and Small-scale Mining, have a voice and a seat at the table**. Given its scale, challenges, and most of all its potential to contribute to the Sustainable Development Goals, the ASM deserves a more prominent place in the UN Panel's recommendations and principles and a dedicated strategy that reflects its unique characteristics and potential.

### 1. **Benefit sharing, local value addition, and economic diversification**

#### **Why is it relevant?**

- **Employment.** According to [Industrial Union](#), Large-scale Mining employs 3.7 million people, 2.2 million of which are in developing countries. The ASM sector has an estimated 40-50 million people, almost exclusively in developing countries, which means it creates around 20 times more jobs in the Global South compared to industrial mining. As ASM is often taken up by entrepreneurial miners with little formal education, these jobs are often complementary to formal employment in large-scale mining, where job opportunities may require high level of specific technical education often not available to local populations.
- **Local content and economic diversification.** ASM is mostly performed by people from local communities, who also spend most of their income there, boosting the local economy. In addition to direct jobs, ASM contributes to creating indirect

employment through an ecosystem of supporting services. Capital acquired and accumulated through ASM is mostly invested locally, with some successful miners diversifying into other economic sectors.

- **Economic structural transformation.** While high-tech industrial mining provides an opportunity for investment in modern infrastructure and contributes to the emergence of a highly skilled workforce, it can likely have a limited reach in terms of the population involved. On the other hand, the ASM can promote the development of small businesses and offers an economic transformation that is more progressive, but more inclusive. This may be more appropriate given the population structure in developing countries with a lot of young people motivated to work but with limited capital and formal education. In the past, the wealth of many historical mining regions was by small-mining entrepreneurs, and this can still happen if proper conditions are enabled.

#### How can it be addressed?

- Facilitate a just and transparent **access to land and mining rights** for small and large mines, depending on the technical parameters of the deposits, but also the vocation of the local community.
- Policies and incentives that promote the **coexistence of different mining set-ups**, optimizing not only for the production capacity and efficiency but also maximizing inclusive employment through ASM to spread the mineral wealth across the population.
- Design the frameworks and **indicators** to measure the socio-economic success of mining in a way that **captures the social and employment contributions of ASM**, rather than focus exclusively on direct tax income.
- Create the infrastructure for **capacity building and technology transfer** that is aligned with special characteristics of the ASM.

## 2. Transparent and fair trade and investment

#### Why is it relevant?

- **ASM as “barefoot prospectors”.** ASM is often at the forefront of the exploration efforts finding new deposits. However, this rarely translates in rights to participate in the exploitation of the minerals.
- **Balance of power as a condition for fair trade.** ASM faces an imbalance of power, with asymmetric access to decision making and information compared to larger players. This has limited its potential to achieve optimal outcomes in terms of production, as well as ESG performance.
- **Fair trade needs equitable treatment for underrepresented stakeholders.** Because of its grassroots origin, and an often-informal character, the ASM requires a differentiated treatment in terms of policy, monitoring, capacity building and governance.

- **Low capital investment.** ASM is much less capital intensive compared to industrial mining. However, the almost complete lack of access to formal investment opportunities further limits the possibility of the sector to thrive.
- Wide Tax generation Capital from ASM, even if informal, flows into local economies, boosting the sales of goods and services, and **generating indirect tax income.**

#### How can it be addressed?

- Mining and investment **policies that include an ASM strategy**, recognizing their role in finding new deposits and employment creation.
- Strengthen the governance and **leadership of ASM representative bodies**, such as federations and associations, to ensure that the sector has a meaningful and proportional participation in policy dialogue. Many of them could be engaged through the [Delve Exchange platform](#) for Artisanal and Small-scale Miners.
- This dialogue should reflect the **gender perspective and reflect the diversity** of local populations, especially the vulnerable groups.
- Design **investment products fit for the ASM**, drawing on experiences of other sectors with high levels of informality.
- **A tax regime for ASM** that makes formalization viable, considering factors such as employment creation, indirect tax income through increased consumption, as well as the social and environmental costs of informality. [Fiscal modelling and analysis for ASM in Andean region by ARM and GIZ](#) provides interesting lessons learned.

### 3. Sustainable, responsible and just value chains

#### Why is it relevant?

- **Exploitative supply chains.** Traditional supply chains, both global and within producing countries, are often set up in a way that exploits the most vulnerable participants, especially women artisanal miners.
- **Due diligence obligations and risk of disengagement.** Proper due diligence helps shed light on the complexities of the supply chains. However, downstream companies may prefer to de-risk their supply chains, rather than contribute to positive outcomes, thus leaving the ASM to the least scrupulous market actors.
- **Systemic ESG challenges.** ASM sector has an important potential for development, but it also faces several social and environmental challenges, that are part of wider systemic issues of poverty, informality, and limited state presence in mining areas. As such, they must be addressed through collective action with the participation of all the supply chain actors, and relevant stakeholders.
- **Low carbon mining opportunity.** As an activity that is low-tech and labor intensive, ASM can also be less-carbon intensive, per volume of mineral and especially per job created.
- **A long game.** ASM transformation is a long-term process that requires a progressive change of practices, beliefs, and mindset. Downstream stakeholders and the legislators in the minerals importing countries should consider this, working with

frameworks and standards that account for this progressive improvement, and focus on positive change.

#### How can it be addressed?

- **Collaborative multi-stakeholder initiatives** can be an important vehicle to support the development of a thriving ASM sector in the transition minerals space, by focusing and optimizing efforts and investments, while helping companies jointly manage the risks of engaging with ASM.
- **Build on existing initiatives and standards**, that allow for a step-by-step progressive improvement. [The CRAFT Code](#) is an open-source standard, developed through collective effort to match the realities on the ground with market and regulatory expectations. It is fully aligned with the OECD Guidance and [recognized as an Upstream Mechanism](#) standard by the Responsible Minerals Initiative.
- Increased transparency of the supply chains upstream and **safeguards to ensure that the ASM is not abused** by traders, processing facilities, and other intermediaries.
- Innovative ways to guarantee fair prices to producers, even when the visibility and control of the whole supply chain is not yet possible. Promote the **uptake of “ASM mineral credits”**, a book and claim approach akin to green electricity that incentivizes more responsible ASM production, already tested for [gold by ARM](#), and for [cobalt by Fair Cobalt Alliance](#), proving its adaptability to minerals and geographies.
- **Make the energy transition work for the producers.** While the ASM is already likely to have a lower carbon footprint compared to industrial mining, there are plenty of opportunities to improve it further by investing in clean energy and rehabilitation, benefitting the local communities.

#### 4. Mineral value chain stability and resilience

##### Why is it relevant?

- Diversity builds resilience, and that also applies to mineral value chains. The inclusion of different mining stakeholders can help make the supply of the minerals **more responsive to demand fluctuations**, and ensure that deposits that may not be viable for industrial mining are efficiently mobilized.
- ASM production is much more **flexible and faster to bring on and offline**, which is important given the long lead-in times to discover and develop new industrial mining projects.
- Many communities consider the **ASM as a legitimate and traditional activity**. Excluding the ASM from the mining strategy may lead to long-term **conflicts** around mining areas, which can put the stability of the supply chain at risk.

##### How can it be addressed?

- More **research on the existence of ASM for energy transition and critical minerals** to identify and address the activity early on, turning it into an opportunity rather than

waiting for it to become a problem. A [recent study by ARM, Copper Mark, and GIZ on ASM of copper in Peru](#), illustrates such a “discovery” of a previously invisible sector.

- High-level and project-based strategies to **integrate the ASM at an early stage** of mineral deposits’ development to prevent future conflicts and disruptions.
- **Map the opportunities** and proactively support the integration of ASM production into the global mix of minerals powering the energy transition.