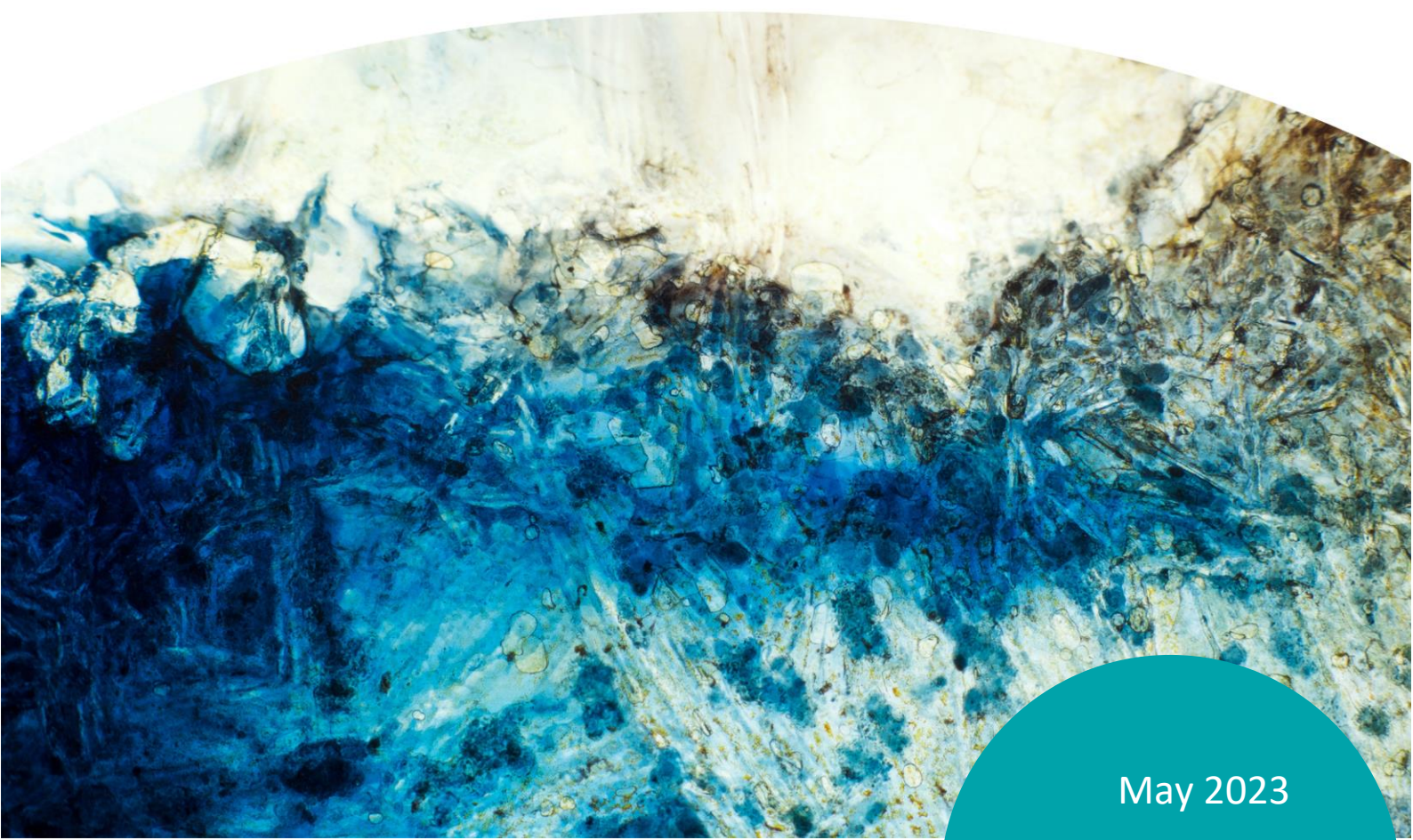




LEVIN SOURCES

# Levin Sources response to the UN Working Group questionnaire on the Extractive sector, just transition and human rights: Question 12

FOR THE ATTENTION OF:  
UN Working Group



May 2023



Levin Sources is a consultancy and social venture that moves more raw materials through systems where good governance and better business are the norm. We were born in 2010 from the conviction that the mining and minerals sector has tremendous potential as an agent of positive societal change and to move beyond its image of environmental destruction and human exploitation. The minerals sector is at the heart of accelerating digital transformations and the transition to a green economy.

We are a core team of strategists, researchers, project managers, educators and communicators with multidisciplinary abilities and collective expert knowledge in sustainable supply chains, extractives, minerals science & engineering, biodiversity and conservation, human rights and vulnerable groups, responsible business conduct and good governance.

We are trusted by the full diversity of players in the minerals system, from Fortune 500 companies and SMEs to industry associations and certification bodies to NGOs and civil society to governments in fragile states and in G20 economies.

For more information, please visit [www.levinsources.com](http://www.levinsources.com)

Given that Levin Sources has a lifelong expertise in the extractive sector and in artisanal and small-scale mining in particular, we wish to contribute and reply to the UN Working Group questionnaire on the extractive sector, just transition and human rights, by providing a response to question 12, which focuses on the role of artisanal and small-scale mining.

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## QUESTION 12. WHAT ROLE CAN THE INFORMAL ECONOMY (E.G., ARTISANAL AND SMALL-SCALE MINERAL EXPLOITATION, INCLUDING SUPPLY CHAINS) PLAY IN ADVANCING A JUST AND HUMAN RIGHTS-BASED ENERGY TRANSITION?

Artisanal mining can be formal, informal or illegal and operates predominantly with rudimentary technologies. Small-scale mining can also be semi- mechanised, or mechanised, and/or have a greater degree of capitalisation than artisanal mining. Together we call these operations artisanal and small-scale mining (ASM). Although ASM is used as an umbrella term for a diverse range of mining activities, it is normally characterized by being labor-intensive, low capital intensive and poorly mechanized.

**It is estimated that the ASM sector produces about 20% of global gold and diamond supplies, 80% of global sapphire supply, 25% of global tantalum and tin, and 10% of global cobalt supplies.<sup>1</sup> ASM is also relevant in tungsten, coal, sand, gravel, and clay.** Cobalt is considered a critical transition mineral, but tin and sand also have an important role in the energy transition as they are used for the infrastructure to support renewable energy.<sup>2</sup> Given that many of ASM mined minerals and metals are relevant for the energy transition and that ASM is thought to grow<sup>3</sup>, ASM can and should play a role in advancing a just and human-rights based energy transition.

ASM can include individuals of any gender in families or groups, in partnership or as members of a cooperative or other types of legal associations. **Estimates suggest that at least 150 million people depend on ASM across 80 countries in the Global South.**<sup>4</sup> Motivations range from poverty to earning an income. However, the majority of ASM operations are informal and generally used as a route out of poverty or to complement insufficient income.<sup>5</sup> **Many in the informal economy have been historically marginalized and excluded, and the sector has many different challenges that differ from region to region. Challenges range from occupational health and safety, environmental damages, to serious human rights abuses or child labour.** In other words, informality exposes miners to poor and unregulated working conditions, which exposes them to health-related risks, and also results into destructive impacts on the environment.

Recognizing the legitimacy, understanding miners motivations and needs, and supporting the formalisation of the informal mining sector and making it forest-smart<sup>6</sup> are all a crucial steps in a just and human rights-based energy transition. Not only because the informal economy produces significant volumes of minerals and revenues are shared across much more people than large scale operators, but also because if the informal economy is included and takes part of decision-making processes, marginalised and vulnerable ASM groups could challenge and overcome unequal power relations. It has already been observed that the ASM sector can contribute considerably to the economic development in rural areas of some countries. One study points out at

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<sup>1</sup> IGF (2018) Global trends in artisanal and small-scale mining (ASM): A review of key numbers and issues. URL: <https://www.iisd.org/system/files/publications/igf-asm-global-trends.pdf>

<sup>2</sup> <https://www.woodmac.com/news/opinion/tin--the-forgotten-foot-soldier-of-the-energy-transition/>

<sup>3</sup> IIED (International Institute for Environment and Development). 2017. "Global Trends in Artisanal and Small Scale Mining (ASM): A Review of Key Numbers and Issues." Report prepared for the Intergovernmental Forum on Mining, Minerals and Sustainable Development. IISD, Winnipeg.

<sup>4</sup> IGF (2018) Global trends in artisanal and small-scale mining (ASM): A review of key numbers and issues. URL: <https://www.iisd.org/system/files/publications/igf-asm-global-trends.pdf>

<sup>5</sup> IGF (2018) Global trends in artisanal and small-scale mining (ASM): A review of key numbers and issues. URL: <https://www.iisd.org/system/files/publications/igf-asm-global-trends.pdf>

<sup>6</sup> The World Bank Program on Forests (PROFOR) defines forest-smart as "a development approach that recognizes forests' significance for sustaining growth across many sectors, including agriculture, energy, infrastructure, and water. It is sustainable and inclusive in nature, emphasizing that forests are part of a broader landscape and that changes in forest cover affect other land uses as well as the people living in that landscape. It transforms how sectors operate by identifying opportunities for mutual benefit and creating practical solutions that can be implemented at scale".



ASM having a positive influence on democratization and political participation in remote areas,<sup>7</sup> which can contribute to a fair allocation of the benefits and harms associated with the transition.

**Case study. La Cascada Mine, Caldas, Colombia<sup>8</sup>**

Colombia, and in particular Caldas region, contains significant mineral deposits accessible by ASM, albeit with a high degree of informality. The region also contains many protected areas and is the second-largest coffee producer of Colombia.

The high level of informality of ASM activities in Caldas exposed miners to adverse working environments and toxic chemicals, which resulted in deteriorating workers' health and provoked accidents. Informality also resulted into destructive impacts on the environment.

In order to address informality, the regional government designed legal ASM areas where miners had to commit to certain low-impact mining methods, and implemented training programs for the miners.

One of these formalized areas is La Cascada mine cooperative, which holds a concession of 220 hectares. Since formalization, the mine has progressively implemented substantial improvements in employment systems, health and safety, environmental protection and provision of training to miners. In recognition of these good practices, La Cascada was awarded the Fairmined certification in 2017 and is now able to commercialize legally their gold internationally.

Some of the mechanisms implemented to reduce their negative environmental impacts include the following: limiting the extent of the mine, becoming mercury-free, filtering gray-water from the mine to reuse, monitoring of emissions to water, soil and noise levels, using closed-loop cyanide plants, and using certified wood for infrastructure, within others.

The recognition, formalization and implementation of low-impact mining methods in La Cascada mine, helped miners overcome unequal power relations, provided greater protection to them, reduced environmental impacts, and contributed to a fairer allocation of the benefits and harms.

**Recommendations for states:**

- **Adopt coherent policies and legislative frameworks on ASM.** Effective policies and regulations become even more critical as countries transition from low income to high income, as normally financial capital and mechanization become more readily available to ASM operators, and thus more negative impacts are produced. For countries where ASM producers contribute to critical minerals production, government should ensure mining policies and their implementation are inclusive towards the specificities of the ASM sector, guaranteeing equitable access to land, technical support and opportunities from participation in the sector. For countries and regions likely to source ASM produced critical raw materials, due diligence policies should take into account the challenges of the sector which often do not depend on the lack of responsibility of ASM producers, but from broader challenging operating contexts.

<sup>7</sup> Bryceson, Deborah F., Eleanor Fisher, Jesper B. Jonsson, Rosemarie Mwaipopo (2014) (Eds.): Mining and Social Transformation in Africa. Mineralizing and democratizing trends in artisanal production. London and New York: Routledge.

<sup>8</sup> Summarised from case study provided in The World Bank Program on Forests (PROFOR) (2019) Identifying Good and Bad Practices and Policy Responses for Artisanal & Small-Scale Mining in Forest Landscapes. URL: [https://www.profor.info/sites/profor.info/files/Forest%20Smart%20Mining\\_ASM%20REPORT.pdf](https://www.profor.info/sites/profor.info/files/Forest%20Smart%20Mining_ASM%20REPORT.pdf)

- **Recognise the legitimacy and support the formalisation of the ASM sector.** Although the ASM sector is often stigmatised for its informal character, more efforts should be made to identify motivations and root causes for informality and/or limited access, incentives or resources to formalise. When ASM operates informally, it often results in ASM being unable to sell products legally, provide fair employment, and implement health and safety measures, etc. Therefore, in order to realise the socio-economic potential of the sector and protect the miners from and minimize negative impacts, the ASM sector should be recognised and included in legislation and economic development strategies, in combination to support systems and services to increase formalization, mining techniques knowledge and miners' ability to access formal markets, and manage social and environmental impacts.
- **Recognise and protect local communities' tenure and rights.** Recognised land tenure rights, particularly for indigenous and other local communities is essential in ensuring their rights are protected.

#### Recommendations for companies:

- **Refrain from stigmatizing the sector and applying responsible sourcing requirements which result in exclusion strategies.** Long-term engagement of supply chain actors, investments to support the development of ASM operations and commitments toward continuous improvement have proven to be more effective strategies to integrate ASM producers in global supply chains<sup>9</sup>.
- **Effectively engage with ASMs and other relevant stakeholders** to find suitable solutions to address any risks or challenges and ensure respect for environment and human rights, ensuring to listen to ASM producers perspective for effective inclusion and solutions which take miners' perspectives into account.

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<sup>9</sup> 2021, How "Beyond Conflict-Free can succeed: The case of the New Bugarama Mie Ltd, <https://www.levinsources.com/what-we-do/case-studies/conflict-free-tungsten-fairphone>