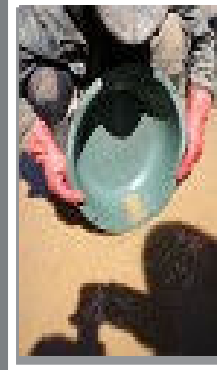


# Reflections on ASM Legalization

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ASM is not  
going to go  
away and  
we need them

80-100 Million  
people employed  
directly and  
indirectly

(Source: WHO and  
ARM)

## ...But ASM legalization is a difficult task



**Because,** it is difficult to

- ✓Distinguish ASM from other mining activities
- ✓Define and categorize the different activities of ASM
- ✓Understand the differences between the legalization of large scale mining and ASM
- ✓Clarify the objectives of the legalization process

ASM is not going to go away and we need them

Asia 7.2 M

Africa 3.7 M

Latin America 1.6 M

Developed Country  
0.5 M

(Source ILO)

### ... But ASM legalization is a difficult task



Because, there is a lack of

- ✓ Consideration of the different dimensions of the process of legalization
- ✓ Integration of the legalization process into a broader process of formalization
- ✓ Integration of the legalization process into a national plan of poverty alleviation, or other national plans
- ✓ Involvement and participation of the miners and their organizations in the elaboration of the public policy and regulatory frameworks

### Mongolia: Positive steps and challenges of legalization

- Rapid growth from 0-100,000 ppl
- Annual cycle because the climate
- No tradition in mining
- Low indices of illiteracy
- Strong presence of woman
- Alluvial mining does not use mercury but hard rock does
- Strong sense of community based in families



Government is taking action:

- ✓ Through temporary regulation and ASM sub program for development plan of ASM up to 2015
- ✓ Recent publication of modification of land law and mining code to include the subject of ASM
- ✓ Process of reform of the law under way
- ✓ Temporary regulation and sub-program challenges issues

Temporary regulation and sub-program challenges Issues

**Mongolia: Positive steps and challenges of legalization**



- ✓All ASM needs to be organized into partnerships
- ✓The regulation does not provide flexibility for other forms of economic organizations (as individuals, different types of companies, cooperatives).
- ✓Land allocation: ASM only can work in deposits that are not feasible or economic to other mining activities (include tailings). ASM is defined in the negative and in opposition.
- ✓The rationale behind the land allocation for ASM is that the last word belongs to the State organization in charge of geology and mining, because the decision will be made based on data from geologic surveys

- Country with mineral tradition
  - State companies dissolution generate a cooperative movement
- Cooperatives with special treatment
- Cooperatives with a model of work relations of companies

**Bolivia: Positive steps and challenges of legalization**



**Government mandate to promote ASM and Community Companies, reviewing the mining law, but –**

- ✓It is not clear what is the difference between cooperatives, ASM and other mining activities
- ✓Difference between cooperatives and community enterprises is not clear;
- ✓Special concession regime for cooperatives and for ASM mining contract type B: simplified approach a start. Not clear if it applies to Environmental Licenses and requirements

- Country with mineral tradition
- State company dissolution generate a cooperative movement
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### Bolivia: Positive steps and challenges of legalization



#### Bolivia: Positive steps and challenges of legalization

- ✓ Not clear if companies or enterprises can be part of the entities responsible for ASM (solo arrangements and cooperatives is clear)
- ✓ Joint venture possible but for only work in tailings and mining residues
- ✓ Not possible to transfer the mining concessions or contracts
- ✓ Special royalty regime for ASM, but difference between royalty paid by LSM (4%-7%) and ASM (1.5% -2.5%) may become a problem
- ✓ Improvements in consultation with communities needed (simple procedures may be required)

- Country with few mineral tradition
- Government with a mandate to promote Small Scale Mining
- Problems with illegal mining

### Ecuador: Positive steps and challenges of legalization



#### New mining law has a chapter and an ASM regulation that defines:

- ✓ Two categories of ASM (small scale mining and artisanal mining)
- ✓ Small scale mining has more status as mining sub-sector than artisanal mining that is consider a subsistence activity (e.g. it is not possible to transfer the artisanal mining license; technology restrictions for artisanal mining (simple and portable machines only)



## **Ecuador: Positive steps and challenges of legalization**

### **New mining law has a chapter and an ASM regulation that defines:**

- ✓ One concession for exploration and exploitation phases in ASM is good, but must recognize that ASM exploration is different process than LSM exploration
- ✓ Royalty for small scale is minimum 5%. Unclear if the general taxation regime applies to ASM (25% revenue taxation, 12% of utilities, 70% of the windfall tax and 12% of value aggregate to the product)
- ✓ Exemption for artisanal mining from royalties
- ✓ Association is promoted but not clear what that means (either internal to ASM or outside (for both small and artisanal with other mining actors))



***ASM Legalization is not an easy route but it is possible and is a necessary route to take***



**Thank you!**