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Voluntary initiatives in the mining sector and their principles and criteria on socio-economic sustainability

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STRADE is an EU-funded research project focusing on the development of dialogue-based, innovative policy recommendations for a European strategy on future raw materials supplies. In a series of policy briefs and reports the project will offer critical analysis and recommendations on EU raw materials policy.

This policy brief is the ninth in a series of research articles and reports to be produced under STRADE. This brief reviews socio-economic principles and criteria in voluntary and legally non-binding initiatives with particular relevance for the ore mining sector.

1. Introduction

The [Policy Brief 05/2016](#) [2] outlined the various socio-economic challenges in the ore mining sector, particularly in developing countries and in regions with weak governance. Due to the large number of voluntary initiatives of diverse actors responding to these challenges on top of legal regulations, it is increasingly difficult to maintain a comprehensive overview of the most relevant actors, their goals and their approaches. The previous [Policy Brief 06/2016](#) on environmental initiatives already provided a brief outline of the approach of voluntary and legally non-binding initiatives towards environmentally responsible mining, the underlying principles and the target groups. The present policy brief will do the same for social and socio-economic aspects and discuss them in connection with mandatory EU regulations.

In contrast to environmental initiatives, which mainly focus on mitigating or avoiding environmental impacts, the debate on the socio-economic dimension of mining is more complex. The challenge is not only to reduce human rights abuses and abate poor working conditions. Mining shall also contribute to the Sustainable Development Goals and have an overall net-benefit to human well-being. Taking up these two different challenges, this policy brief will examine which initiatives and principles aim at reducing social and socio-economic harm and which of them aim at improving socio-economic conditions. The two different strategies can be summed up as a “less bad”- or a “more good”-approach. Their principles will be outlined in the mapping of the most relevant responsible mining initiatives.

It is not the target of this policy brief to evaluate the effectiveness of the approaches. This will be the subject of a later policy brief. Instead, this policy brief aims to provide a basic understanding of the landscape of legally non-binding initiatives and their principles for social and socio-economic sustainability. Based on this insight, STRADE will determine in its coming dialogue processes which role the EU-policy can and could play in relation to these voluntary initiatives.

2. Scope

In the last 15 years within the mining sector, a large number of voluntary responsible mining initiatives were created with broad and diverse variations in their addressed topics and target groups. Some of the initiatives addressing socio-economic aspects focused on one type of commodity whereas others developed principles for a wide range of minerals. Differences also relate to the region (specific region or global view) and their focus (e.g. workers' health or financing armed groups). Furthermore, initiatives may differ in the target group, e.g. the large scale mining (LSM) sector, the artisanal and small scale mining (ASM) sector, the supply chain or the governing actors.

The following figure summarizes the scope of this policy brief with the boldly-marked initiatives in focus. All these initiatives include developing countries in their scope. The initiatives in non-bold letters will not be

presented so as to not overcharge this analysis. The analysis starts in Chapter 3 with initiatives which target LSM and ASM. Following chapters will analyse initiatives with relevance for conflict minerals and their relation to socio-economic aspects. Later, the policy brief looks at government-related initiatives addressing the mining sector. The scope differs from the scope of the previous policy brief on environmental principles, though it has strong overlaps.

The following figure classifies the selected initiatives, frameworks and approaches along the life cycle phases of a mine with different socio-economic challenges. Other classification schemes that classify standards and frameworks along the supply chain can be found in literature, e.g. in the recent analysis from the German Federal Institute for Geosciences and Natural Resources (BGR) [1].

Figure 1: Scope of the policy brief and selected initiatives

	Exploration	Consultation	Construction	Operation	Closure
Focus	Mostly juniors, intermediates	mostly majors and intermediates			
LSM	E3 PDAC	RJC, IRMA, ICMM, IFC/EHS, ILO			
		ASI, WGC, TSM			
ASM		Fairmined / Fairtrade, CTC, RCM, RJC			
Conflict Minerals			OECD, iTSCi, Chinese DD, WGC, RCM, CTC		
Government-related	Natural Resource Charter, IGF, EITI, Dev. Aid				

Abbreviations:

ASI = Aluminium Stewardship Initiative; CTC = Certified Trading Chains in Minerals Production; E3 PDAC = Prospectors & Developers Association of Canada e3 Plus Framework for Responsible Exploration; EITI = Extractive Industries Transparency Initiative; ICGLR RCM = Mineral Certification Scheme of the international Conference on the Great Lakes Region / Regional Certification Mechanism; ICMM = International Council on Mining and Metals; IFC/EHS = International Finance Corporation Environmental, Health and Safety Guidelines for Mining; IGF = Intergovernmental Forum; IRMA = Initiative for Responsible Mining Assurance; iTSCi = International Tin Supply Chain Initiative; RJC = Responsible Jewellery Council; OECD = OECD Due Diligence Guidance for Responsible supply Chains of Minerals from Conflict-Affected and High-Risk Areas; Chinese DD = Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains; TSM = Towards Sustainable Mining; Dev. Aid = Development Aid; WGC = World Gold Council; ILO = International Labour Organization

3. Socio-economic principles in guidelines for large-scale and artisanal and small-scale mining

This chapter briefly describes and analyses selected standards that have a set of socio-economic principles designed for application in Large Scale Mining (LSM) and Artisanal and Small Scale Mining (ASM) and that include the ore mining sector. The analysed LSM initiatives include the International Finance Corporation (IFC), with its Performance Standards on Environmental and Social Sustainability and its Health and Safety Guidelines for Mining (IFC/EHS), the International Council on Mining and Metals (ICMM), the Responsible Jewellery Council (RJC; also applied to ASM) and the Initiative for Responsible Mining Assurance (IRMA). The analysed ASM initiatives are Fairmined and Fairtrade (FM/FT), Certified Trading Chains scheme (CTC) and Regional Certification Mechanism (RCM). Many LSM and ASM initiatives refer to working standards of the International Labour Organization (ILO) conventions for selected issues.

Short introductions on each of these initiatives are compiled in the Annex. More detailed background presentations are given in the recent publications from the German Environment Agency [2] and German Geologic Survey [1]. Detailed information on the environmental principles in these initiatives can be found in the previous [Policy Brief 06/2016](#) [3] on environmental initiatives.

3.1. Specific socio-economic challenges and their consideration by mining frameworks

Due to the wide range of socio-economic challenges, the following analysis is limited to specific core topics.

- **Child labour:** All analysed initiatives approach the topic similarly by forbidding the worst forms of child labour. Most initiatives (CTC, FM/FT IRMA, ICMM, RJC and IFC) refer to the ILO Convention 182 on the worst forms of child labour which include all forms of slavery, prostitution and pornography, illicit activities and work that is likely to harm the health, safety or morals of children. Some initiatives (CTC, FM/FT, IFC and RJC) additionally refer to the ILO Convention 138 concerning the minimum age for admission to employment. RJC defines a basic minimum working age of 15 years, to enable children to complete compulsory schooling. Moreover RJC introduces remediation processes in cases of framework violation.
- **Forced labour:** All analysed initiatives forbid forced labour. Some standards (RJC, FM/FT and IFC/EHS) refer to the ILO Convention 29 on the abolition of forced labour. In addition, FM/FT and IRMA encourage the implementation of monitoring systems where risks for forced labour exist.
- **Working conditions:** Most analysed initiatives (CTC, FM/FT, RJC, IRMA and IFC/EHS) have very detailed sections on working conditions. They all address fair wages and freedom of collective bargaining as well as working hours. The IFC/EHS guidelines give detailed information on technical working conditions such as adequate illumination and temperature of shafts. The RJC and IRMA also refer to ILO Conventions 14 and 132 concerning working hours and holidays. The CTC refers to the OECD Guidelines for Multinational Enterprises and encourages companies to continuously improve their working conditions. A major goal of FM/FT is to formalize the ASM sector with the aim to improve working conditions. ICMM and RCM define no minimum working conditions to be compliant with the standard, but promote improvements in the working conditions.
- **Workplace health & safety:** All LSM initiatives address workplace health and safety in detail. IRMA refers to the ICMM Guidelines on occupational health and safety. The ICMM aims to continuously improve health and safety with the ultimate goal of zero harm. The IFC/EHS guidelines are very detailed, reaching from counter-measures against hazards to first-aid training and the adequate use of explosives. The ASM initiatives CTC and FM/FT address similar issues and refer to ILO Convention 155 on occupational health and safety: information and education on safety and health must be accessible for employees, risks must be monitored and a mine rescue plan must be in place. In addition, FM/FT also encourage applying ILO Convention 176 on safety and health in mines. The RCM does not address workplace health and safety.
- **Resettlement:** Resettlement is a LSM-specific topic and is addressed in detail by the IFC Performance Standard on Environmental and Social Sustainability (Performance Standard 5 Land Acquisition and Involuntary Resettlement). It aims in detail at avoiding involuntary resettlement. If resettlement is seen as unavoidable, property compensation at a rate higher or at least the same value has to be paid to the displaced individuals. IRMA refers to the IFC standard but specifies more details, including that, where involuntary resettlement is unavoidable, at least 80% of the households must agree to the resettlement. ICMM members are committed to minimising involuntary resettlement and compensating affected communities. Moreover, ICMM published recommendations for managing resettlement in 2015 [4].
- **Community health and safety:** All LSM initiatives and the ASM initiative FT/FM address community risks from operational accidents and require emergency response plans. In addition, IRMA and ICMM require control management on site; IRMA points out that the preventing or avoiding negative effects is prioritized over minimization. Different types of diseases are addressed in some LSM initiatives: IRMA especially addresses HIV/AIDS, tuberculosis and malaria, with prevention and mitigation strategies like free testing and providing protection from infection; ICMM published a report on community health programmes (on communicable diseases, nutritional deficiencies, maternal and perinatal conditions as well as non-communicable diseases like cancer); IFC addresses pesticides, communicable diseases and water-related diseases that result from project activities; and the EHS Guidelines include general recommendations (e.g. promoting collaboration with local authorities to enhance access to public health services and promote immunization for workers' families and the community). Ecological issues can have a relevant impact on community health and safety, like dam failures or water quality. These ecological risks are addressed in detail in [Policy Brief 04/2016](#) [5] and [Policy Brief 07/2016](#) [6]. Apart from FM/FT's requirement for emergency plans, ASM initiatives have no specific principles on community health and safety. They mainly focus on health and safety within the workforce.
- **Responsible security management:** Workers' or communities' protests must be encountered with human rights-respecting procedures. IFC and IRMA address the topic in detail and refer to the "UN

Basic Principles on the Use of Force and Firearms”. Security personnel are required to exercise restraint and utilize non-violent means before resorting to the use of force. Similarly, RJC and ICMM require security personnel to follow human rights principles. According to CTC a sufficient number of qualified security personnel must be employed, practices in case of protests are not specified.

- **Local Development:** Community development is mentioned in all analysed initiatives. ICMM gives details in its comprehensive Community Development Toolkit. The toolkit addresses issues like social infrastructure (e.g. schools, clinics), the management for social infrastructure’s ongoing operation after mine closure and local procurement of goods and services. However, the toolkit is an additional document for ICMM members and not mandatory. The World Bank gives guidance in its 2012 Source Book on Mining Community Development Agreements [7]

FM/FT foresee community-related development plans, which are required for certification within the so called “premium” approach that goes beyond the basic FM/FT standard. If an ASM organisation is compliant with the FT/FM Premium standard, it receives an additional payment in addition to the ore price from the customer. This additional payment seeks to enable investment in social, economic and environmentally sustainable development of the mine operation, the workers, their families and the surrounding communities. CTC also promotes local development measures such as cooperation with local enterprises and local procurement.

- **Stakeholder participation:** All analysed initiatives strongly focus on stakeholder participation. Main issues include identifying all relevant stakeholder groups (men, women, young people, cultural minorities, etc.), disclosure and dissemination of information and receiving feedback in an inclusive way. Furthermore, all LSM initiatives address implementing a grievance mechanism. ICMM has strengthened this issue in the last years and published the supporting 2015 toolkits “Stakeholder Research” and “Understanding Company-Community Relations”, with details in the stakeholder selection and participation. Except for FT/FM, ASM initiatives do not include grievance mechanisms with the same level of detail as LSM initiatives.
- **Cultural Heritage:** The protection of cultural heritage sites and particularly World Heritage Sites mainly concerns LSM and is therefore mentioned in all analysed LSM initiatives. The IFC Performance Standard 8 on protection of cultural rights gives detailed guidance on how to handle the removal of replicable and non-replicable cultural heritage in addition to national regulation. IRMA also refers to IFC Performance Standard 8. RJC and ICMM address cultural heritage only in the context of indigenous peoples. The ASM standard FT includes the criterion “sites of special significance”, which also covers cultural heritage and requires protection through engagement with the local communities.
- **FPIC (Free, Prior and Informed Consent – addressing indigenous people):** The fundamental idea of FPIC is to establish bottom-up participation and consultation of the indigenous population prior to beginning development on ancestral land or using resources within the territory of the indigenous population. All LSM initiatives as well as FT/FM refer to this approach. IRMA is even stricter and demands that mining-related activities not proceed if a company has not obtained consent from indigenous peoples. IRMA also gives guidance for the participation process. In the ASM standards CTC and RCM, neither FPIC nor indigenous or aboriginal peoples are addressed. However, CTC requires enterprises to organize regular consultations with local communities and authorities.
- **Post-closure planning:** Post-closure plans strongly focus on environmental aspects and financial funding of remediation processes. They are part of most analysed initiatives, as described in [Policy Brief 07/2016](#) [6] and foresee stakeholder participation (RJC, IRMA, ICMM, TSM, IFC/EHS). Social impacts of mine closure are mentioned by IRMA and IFC/EHS, with the aim that community health and safety performance last beyond mine closure. However, no further specifications and measures are provided. ICMM developed a comprehensive non-mandatory post-closure toolkit also addressing community development and health care. ASM initiatives do not address socio-economic aspects in their requirements for post-closure planning.
- **Lawful business practice** refers to transparent accounting and business practices that are free of illegal actions.

Corruption is only a marginal topic in most LSM standards. RJC and ICMM both mention the necessity for anti-corruption measures but do not specify particular actions. The IFC addresses the topic in detail in general framework documents.

In contrast, IRMA gives more details and encourages companies to train their contractors and employees on how to avoid corrupt business practices. It also requires a set of measures for disclosure of payments. CTC is the only ASM standard which requires mandatory anti-corruption measures and

refers to a number of documents, including the OECD Guidelines for Multinational Enterprises, EITI and the Kimberley Process.

RJC is the only analysed LSM initiative that explicitly addresses money laundering and thus responds to specific challenges in the gold trade. The application of “know your customer” (KYC) principles are recommended in order to understand the nature of business partners, monitor suspicious transactions and report them to designated authorities. Among the ASM initiatives, only CTC addresses and prohibits money laundering as well as any support of illegal organisations.

Tax evasion is only addressed by IRMA. The standard gives detailed information on how to publish payments in order to avoid tax evasion, with reference to the European Union Accounting Directive (Directive 2013/34/EU) and the European Union Transparency Directive (Directive 2013/50/EU). Moreover, members should actively support the EITI. The analysed ASM initiatives require companies to pay all taxes to become certified, but do not provide more details.

Fraud is mainly addressed by all initiatives in the context of human trafficking. CTC considers eliminating fraud to be a key component in pacifying the Great Lakes Region. RCM requires risk management systems to be installed in order to eliminate any form of fraud in the supply chain.

- **Armed conflicts:** Most LSM initiatives do not mention armed conflicts. However, IRMA requires their members to not knowingly participate in financing armed conflict. In contrast to LSM, all ASM initiatives consequently address conflict minerals and require certified companies to absolutely avoid financing illegally armed groups. Further voluntary and mandatory initiatives that address conflict minerals are presented in chapter 4.

In addition to the guidelines analysed above, this policy brief briefly describes the Chinese Guidelines for Social Responsibility in Outbound Mining Investments, issued by the Chinese Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCIM) in 2014. These Guidelines refer to Chinese companies’ activities in foreign countries and also address environmental issues. The document gives guidance on the issues organizational governance, fair business practice, human rights, labour issues and occupational health and safety. The CCCIM document includes a benchmark to other standards, such as ICMM or IFC/EHS. Though it seems to be less comprehensive than most of the formerly analysed guidelines, the Chinese Guidelines offer a good starting point for responsible mining practice.

3.2. Conclusion on social aspects and their embedding in LSM and ASM standards

The analysis of LSM and ASM standards shows that many potentially negative impacts from mining on workers and communities, as outlined in the previous [policy brief No. 05/2016](#) [8], are addressed by requirements on working conditions, workplace health & safety, resettlement, community health & safety, cultural heritage, stakeholder participation and FPIC. Significant progress in social performance can be expected from a successful implementation of these standards, particularly in countries lacking adequate governance. Thus, the current major task for mitigating negative social impacts is the broad implementation of existing frameworks. This is far more important than creating new standards and coincides with mining and downstream companies’ complaints about an excess of standards and certification schemes leading to a lack of clarity and fears of excessive administrative efforts [9].

Potentially adverse effects from broader standard implementation are unintended market shifts from small scale mining towards the more regulated LSM sector. Many ASM sites do not have the access to skilled staff and safety technology, which is required to meet the high standards. They might lose their jobs if they do not receive sufficient external support for the improvement of their management capacities and their social and environmental performance. ASM customers and national governments play an important role in providing support to mitigate these risks.

3.3. Conclusion on socio-economic development aspects and their embedding in LSM and ASM standards

The focus of the above discussed social aspects is the minimization of negative impacts. The aim is the mitigation of impacts and “less bad” performance. This is in coincidence with environmental principles which mainly focus on the mitigation of impacts. In addition to this important goal of minimizing negative impacts, the policy brief on socio-economic challenges in mining [8] shows clearly the even bigger effort which is needed to derive socio-economic development from mining and gain an overall net-benefit from mining activities. The consideration of a net-benefit is a conceptual shift away from mitigation of impacts to an encouragement of contribution [10]. Areas which are supposed to deliver a positive contribution (“more good”) mostly target continuous job generation and socio-economic development and have links to local and national economic development and transparent business practices.

In coincidence with this concept of “more good”, some standards and/or guidances address **improvements in community health & safety** and **local development** not only during mine operation but also in the post-closure phase (FM/FT Premium, CTC, ICMM, IRMA). The FM/FT actively supports this approach by connecting the compliance to advanced mining performance and **extra funding** by customers for use for miners’ and communities sustainable development. Some initiatives (FM/FT, CTC, ICMM) promote the elaboration of **development plans** in stakeholder processes. This instrument helps to meet specific local needs and supports local dialogues processes. The ICMM, whose members belong to the biggest global mining companies, has a broader approach and promotes large mining companies’ contribution to **national economic development**. Regional and national development plans shall support economy’s diversification and reduce the mining countries’ dependency on mining operations. ICMM includes this aspect in mandatory position statements and provides comprehensive guidance documents on this issue. The analyzed standards partly also promote a **positive business environment** and the fight against corruption, tax evasion, money laundering, fraud and armed conflicts.

This brief analysis shows that mining operation’s benefit to socio-economic development is already addressed in some standards. However, due to the complexity of the related issues, the principles remain vague and detailed measures are not precisely described but must be developed locally according to communities’ needs. Widely applied concepts for providing sufficient financial resources for responsible mined minerals - if an effective regulatory framework is lacking - are not available, e.g. additional payments or long-term price guarantees. Despite these challenges in successful financing and implementation, the analysis reveals mining companies’ and stakeholders’ rising awareness of the necessity to derive a net benefit from mining. Besides this, governments play a key role and must significantly engage for an overall net-benefit. Therefore, government-related initiatives are in the focus of chapter 5.

4. Socio-economic criteria in conflict-focused initiatives

Many of the initiatives which were investigated in the foregoing chapter also address conflict minerals. This section will not take them up again and will only analyse those initiatives that were not in the scope of previous chapters. The first sub-chapter will briefly outline the mandatory initiatives and the OECD framework document to understand the context of the voluntary initiatives building upon them.

4.1. Mandatory initiatives and the OECD and Chinese framework documents

In 2010, the **US Dodd-Frank Act 1502** was passed, which requires US stock-listed companies to report their use of conflict minerals from the DRC or bordering countries. First reports from the Act were due in 2014 [11].

The **OECD** developed the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, which by principle includes all minerals. The definition of so-called ‘high-risk areas’ leaves some room for interpretation but generally aims at also including areas with widespread human right abuses and violations of national or international law^[1] [12] The 3TG-minerals are addressed in a supplement. The guidance explicitly addresses socio-economic aspects such as forced labour, any form of inhuman treatment, worst forms of child labour, gross human rights violation and lawful business practice. It proposes that supply contracts allow downstream companies to immediately suspend or discontinue engagement with upstream suppliers where a reasonable risk is identified that any party commits serious human right abuses.

Similarly, a **future EU regulation on 3TG** probably to be adopted early 2017 foresees mandatory due diligence requirements in line with the OECD due diligence guidance by importers of 3TG minerals and metals from conflict and high-risk areas. The EU regulation refers to the OECD due diligence guidance and therefore addresses the same socio-economic aspects.

The **Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains** addresses all Chinese mining investments outside of China. It includes principles for a wide range of socio-economic issues like child or forced labour, corruption and FPIC. No detailed measures are specified for these issues.

4.2. Voluntary initiatives

Many voluntary initiatives from various stakeholders (authorities, associations, companies, CSOs) have developed frameworks for preventing armed conflict financing from mining revenues and the continuation or aggravation of conflicts by mineral trade and respond to the Dodd Frank act and/or the OECD Framework

[1] See OECD Due Diligence Guidance, page 13: “High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterised by widespread human rights abuses and violations of national or international law”

document. Most of these initiatives focus on tin, tungsten, tantalum (and their ores) and gold – the so-called 3TG-minerals – from conflict-affected and high-risk areas such as the African Great Lakes Region, in particular the Democratic Republic of the Congo (DRC). The following paragraphs give a short introduction to two widely applied guidances and their relationship to socio-economic issues. Additional initiatives such as the RJC, FM/FT, CTC and RCM are already introduced in chapter 3.

The most prevalent due diligence system in the region is the **International Tin Supply Chain Initiative (iTSCi)**, which focuses on 3T Minerals and monitors more than 1,200 ASM sites in the DRC and Rwanda. It does not include gold [13]. For socio-economic issues, iTSCi refers to the OECD Guidelines Annex II and addresses the same socio-economic risks. [13]

Gold from LSM is mainly addressed by the World Gold Council’s (WGC) **Conflict Free Gold Standard (CFGS)**, covering around 23% of the world’s gold production [14]. The CFGS refers to the OECD Guidelines and the EITI, among other standards. Many socio-economic issues like child labour, bribery, grievance and stakeholder participation are addressed.

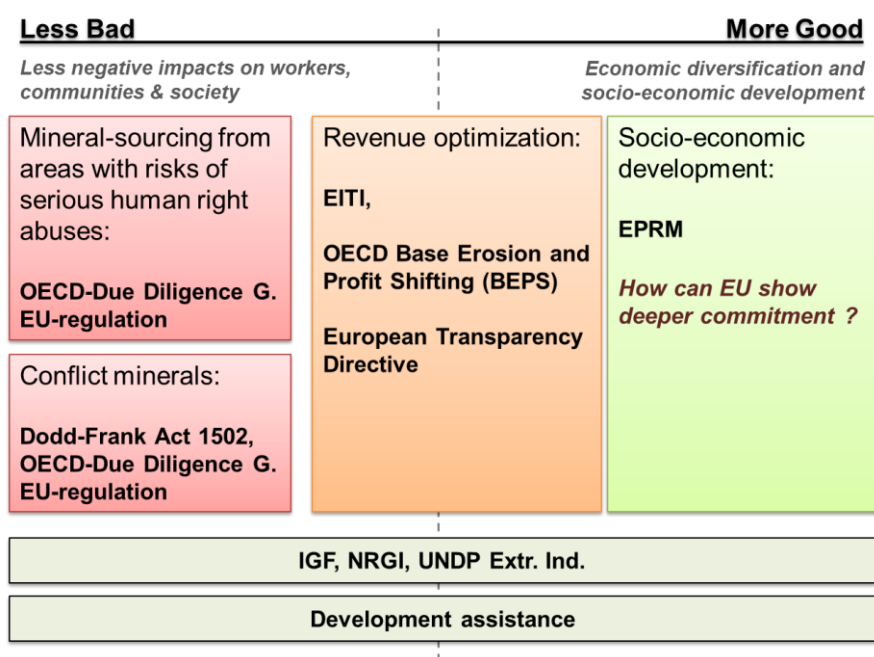
4.3. Outcome of the analysis and draft recommendation

The brief analysis reveals that most conflict-focussed initiatives and regulations also address socio-economic principles but vary in the degree of detail. Debates continue over further extending certification and due diligence schemes specialized in conflict minerals by more detailed social or socio-economic issues. However, the STRADE team recommends not overloading these initiatives with more socio-economic principles since the implementation of the current requirements still poses a huge challenge, especially for ASM gold. Introducing further requirements at that stage is not realistic. Instead, the highly complex local interrelationship between the mining activities and the various socio-economic and political processes must be considered, as well as the general limitations of certification and due diligence schemes. Their unintentional and potentially adverse effects, such as unemployment in the ASM sector due to more sourcing from the regulated LSM sector, must be carefully taken into account, attentively monitored and encountered by downstream companies’ and governments’ active engagement for local development.

5. Socio-economic principles in government-related initiatives and EU engagement

The following graphic shows selected EU and cross-continental international government-related initiatives and regulations and their engagement towards “less bad” and “more good”. In order to keep this chapter concise, brief background information on these initiatives are presented in the Annex.

Figure 2: Overview of selected government-related initiatives and mandatory regulations



Similar to the mining-company initiatives for responsible mining in the LSM and ASM sector (see previous chapter), both categories, “less bad” and “more good”, are partly addressed. Mandatory approaches such as the US Dodd Frank Act (Section 1502) and the future EU regulation on conflict minerals and minerals from

high-risk areas target at mitigating negative impacts. EITI (Extractive Industries Transparency Initiative) and the OECD project BEPS (Base Erosion and Profit Shifting) aim at financial benefit optimization with impacts in both categories: Firstly, these finance-flow related initiatives support the mitigation of negative impacts by reducing revenue losses from corruption or tax evasion. Secondly, they aim at contributing to socio-economic development by strengthening a good revenue management. EU complements the global Extractive Industries Transparency Initiative (EITI), by requiring large European extractive companies to disclose their payments to governments if they exceed 100 000 €¹.

International frameworks such as the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF), the Natural Resource Charter from the Natural Resource Governance Institute (NRGI) and the UNDP's 'Strategy for Supporting Sustainable and Equitable Management of Extractive Industries', have a broad scope, ranging from "less bad" at the mining sites and the surrounding communities to "more good" with financial and socio-economic benefit optimization on the regional and national level.

EU development assistance also incorporates the "more good"-approach by supporting mining-related good governance and economic developments, e.g. within the EU's National Indicative Programmes or within EU funding for the UNDP's 'Stones for Development' (2015) programme, which supports small and medium-sized enterprises in ACP states within the low value mineral sector, such as construction materials and ornamental stone [15]. The concept of the Joint Africa EU Strategy (JAES)² also aims at providing "more good". However, African experts complain of poor implementation beyond the cooperation in the field of geological surveying and evaluation of deposits [8]. Therefore, JAES is not included in the figure. Other EU engagements such as the Raw Material Initiative (RMI), the European Innovation Partnership (EIP) and dialogues with partners might pave the way for deeper EU engagement towards a positive contribution from mining.

A complementary approach is urgently needed to avoid potentially negative side effects from the upcoming EU regulation on conflict minerals on local workers and communities (see Chapter 4.3). Otherwise, the EU regulation could possibly cause unintended losses of jobs and income in some segments of the ASM sector, as a result of potential business responses that avoid sourcing raw materials from any conflict-affected and high-risk areas, and subsequent market shifts to the more regulated LSM sector. Such undesirable impacts must be encountered by positive contributions to local development and active dialogues. Such a "more good"-approach has been taken by the recently launched multi-stakeholder initiative European Partnership for Responsible Mines (EPRM)³ with EU participation, aiming at complementing responsible sourcing of conflict minerals with support of ASM workers and local communities.

The 2015 EU Trade Strategy acknowledges that European consumers are concerned about social and environmental conditions in production sites around the world and increasingly scrutinise the effects of free trade agreements (FTAs) on other countries, notably developing countries. It concludes that the EU's trade and investment policy must respond to consumers' concerns by reinforcing corporate social responsibility initiatives and due diligence across the production chain. It is the task of the subsequent working units and dialogue processes to clarify the goals and translate the overall targets in concrete action. This process must also consider developing countries' opposition to FTAs which exclude or exacerbate export taxes on minerals, and which are regarded as a potential instrument for implementing a domestic raw-material processing chain in developing countries ([see policy brief 5 on African Evaluation of European Union's Approach to Raw Materials Engagements](#)).

6. Conclusion

The analysis shows that many potentially negative impacts from mining on workers and communities are widely addressed by the described standards addressing LSM and ASM sites. Poorly managed mining sites could profit significantly from stringent standard implementation. The crucial point is that successful and broad implementation is seen as being far more important than the elaboration of further frameworks.

¹ The first reports will be published for the year 2016. Further countries such as the United States (Dodd Frank Act 1504) and Canada (Extractive Sector Transparency Measures Act) have similar public disclosure requirements; see <https://www.sec.gov/spotlight/dodd-frank/speccorpdisclosure.shtml>, <http://www.nrcan.gc.ca/mining-materials/estma/18180>

² The Joint Africa EU Strategy (JAES) focused among others on natural resource governance, investment, mining development corridors, local content and value-addition, mineral policy and related regulatory frameworks and the promotion of Corporate Social Responsibility (CSR). http://www.africa-eu-partnership.org/sites/default/files/documents/03-jeas_action_plan_en.pdf

³ Members are: EC, foreign & Commonwealth Office, Ministry of Foreign Affairs of the Netherlands, intel, Philips, Solidaridad, cfsi., IPIS. http://www.resolv.org/site-ppa/files/2016/06/joint-press-statement-EPRM_def-version.pdf

Most conflict-focused initiatives and regulations also address human rights issues. However, policy makers and regulators must consider the highly complex local interrelationship between mining, society and the economy, and the limitations of regulations and due diligence schemes. Their potentially negative side effects, such as job losses in the ASM sector due to unintended market shifts to other mining regions and/or the more regulated LSM sector, must be carefully considered and accompanied by positive contributions to improved ASM performance and local development.

Broader-focused LSM and ASM standards pose similarly the risks of unintended market shifts from small scale mining towards the more regulated LSM sector. High standards require know-how, skilled staff and access to training and education. Many ASM sites do not have the access to these resources and risk losing their business if they do not receive sufficient external support for the improvement of their management capacities and their social and environmental performance.

The focus of the voluntary and mandatory frameworks for mining site performance and conflict minerals is the minimization of negative impacts and “less bad” performance. In addition to this, a large step towards a positive contribution (“more good”) is needed to stimulate socio-economic development and an overall net-benefit from mining activities. This aspect is already partly included in some mining site-related standards. However, due to the complexity of the related issues, the principles remain vague. Detailed measures must be negotiated locally according to communities’ needs between companies and local population. Another severe restriction for “more good” within operational standards is the need for financial resources, particularly in the ASM sector. Sustainable concepts for closing the financial gap, e.g. additional payments or long-term price guarantees for responsibly mined minerals must be developed. In addition to mining companies’ engagement towards positive contribution, governments play a key role in development and must significantly be engaged for an overall net-benefit.

A number of international government-related initiatives broadly address both categories “less bad” and “more good”, and deal with the mitigation of negative impacts, transparent accounting, tax evasion and financial and socio-economic benefit optimization.

The aspect of “more good” is partly addressed by EU development assistance programmes. The STRADE team will explore in upcoming dialogues if this approach is sufficient, and how an alternative systematic “towards contribution” policy can complement raw material policies, which currently strongly focus on supply security and free access to markets. This might include a revival of the Joint Africa-EU strategy in terms of joint efforts for broad socio-economic development.

The 2015 EU Trade Strategy postulates to address European consumers’ concerns about social and environmental conditions in developing countries’ production sites when negotiating future FTAs. The necessary dialogue processes on the translation of these overall targets into concrete action should pave the way for a new mutual partnership approach, and also consider developing countries’ opposition to EU’s FTAs.

ANNEX

This list provides brief background information on the initiatives analysed in Chapter 3 and 5:

- The World Bank Group launched the **International Finance Corporation (IFC) Environmental and Social Performance Standard** and the **Environment, Health & Safety (EHS)** guidelines for mining. These standards are not only applied to World Bank financed projects but also to publicly supported export projects from OECD member states and to around 80 international private and public banks committed to the Equator Principles
- The **International Council on Metals and Mining (ICMM)** includes 23 major mining companies and associated mining associations such as the Minerals Council of Australia, Euromines, the Chamber of Mines of South Africa and the Nickel Institute. The 23 full-member companies commit to the 10 ICMM principles and very comprehensive guidelines for most environmental protection areas. Each member must conduct an annual third-party audit and publish its results. In 2014, ICMM member companies operated in 58 countries at 950 operational mining sites and had a share in global production of 54% for copper ore, 29% for iron ore and 30% for gold, 25% for nickel, 45% for platinum group metals, 15% for lead and 21% for zinc [16].
- The **Initiative for Responsible Mining (IRMA)**, with members from Civil Society Organisations (CSO), communities, mining companies and downstream companies, is developing a best-practice standard for large-scale mining. It is not yet implemented; currently, the second draft is being reviewed. Implementation is expected in 2017.
- The **Responsible Jewellery Council (RJC)** was founded by 14 companies and trading associations in 2005. The RJC Code of Practice (RJC CoP) is a performance standard for diamonds, gold and platinum mining. The RJC grew rapidly after its founding and in 2014 had 320 CoP certified member companies along the supply chain, among them 7 mining companies and 14 refineries. [1],[2]
- The **International Labour Organization (ILO)**, a United Nations agency, brings together governments, employers and workers organisations of 187 member states to set labour standards, develop policies and devise programmes promoting decent work for all women and men. The standards are either legally binding conventions, which are ratified by member states, or non-binding recommendations. Two of the fundamental conventions are the “Minimum Age Convention” (No. 138) and “Worst Forms of Child Labour Convention” (No. 182). The conventions need to be ratified by each member state and can be adapted to each country. For example, the “Minimum Age Convention” adopted in Botswana has a minimum age of 14 and in China 16. Some countries require stricter minimum working ages in underground mining (e.g. Panama defines the general minimum working age of 14 years, but sets to minimum age for underground mining to 18 years). There are also mining-specific ILO conventions such as the “Safety and Health in Mines Convention” (No. 176) adopted in 1995. The conventions are complemented by recommendations like “Safety and Health in Mines Recommendation” (No. 183) [from 1995] or “HIV and AIDS: Guidelines for the mining sector” [from 2013]. Also, small-scale mining has become an important issue, for example is addressed in the recent project “Convening stakeholders to develop and implement strategies to reduce child labour and improve working conditions in artisanal and small-scale gold mining (COSTREC-ASGM)”.
- The BGR developed the **Certified Trading Chains scheme (CTC)** which aims to certify responsible mining practices or “ethical” production and trade of minerals, notably the 3TGs from ASM. It has been piloted in Rwanda and is being implemented in the DRC with with the objective of certifying responsible mining practices or “ethical” production and trade of minerals, notably the 3TGs from ASM [17].
- **Fairmined and Fairtrade (FM/FT)** refer to gold, silver and platinum mining from ASM and aim to improve social and environmental performance. They are similar standards, as they were developed jointly within multi-stakeholder initiatives in 2011. Fairmined and Fairtrade are already implemented in several mining organizations in Colombia, Peru, Bolivia and Mongolia [1].
- The **Regional Certification Mechanism (RCM)** refers to the minerals tantalum, tin, tungsten and gold in the African Great Lakes region. Currently, only two countries, DRC and Rwanda, have implemented the initiative. Uganda is preparing implementation by setting up respective legislation. The overall aim of RCM is to stabilize the region and states, increase tax income and avoid financing rebels through the illicit trade of 3TG. The ASM in the member states shall be formalized, and transparency in the addressed product chain shall be ensured from mining to trade/export. RCM refers to the OECD Guidelines and works together with iTSCi and CTC [18].

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- The **European Partnership for Responsible Mines (EPRM)**, which claims that ‘legislation alone will not enable us to directly improve the situation of miners in conflict areas’. On this foundation, EPRM is designed as a multi-stakeholder European public-private partnership, aiming at complementing responsible sourcing of conflict minerals with support of ASM workers and local communities. Members are: EC, foreign & Commonwealth Office, Ministry of Foreign Affairs of the Netherlands, intel, Philips, Solidaridad, cfsi, IPIS.
 - The **Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF)**, founded in 2002, is a platform for governments to work collectively to achieve their sustainable mining goals. European members include France, the UK, Germany, the Netherlands and Romania. The members are committed to the Mining Policy Framework (MPF) that compiles governments’ tasks to ensure a financial and socio-economic benefit optimization, good social and environmental standards and successful post-mining transition.
 - The **UNDP ‘Strategy for Supporting Sustainable and Equitable Management of Extractive Industries’** broadly addresses the four key issues in its framework, services and projects with developing countries: i) participatory legislation, policy and planning, ii) people-centered exploration and extraction, iii) prudent revenue collection and management and iv) investments in human, physical, financial and social capital [19,20].
 - The **Extractive Industries Transparency Initiative (EITI)**, a pioneer global standard founded in 2003 and implemented in 52 countries, promotes the open and accountable management of oil, gas and mining industry resources. The standard requires countries and companies to disclose information along the extractive industry value chain, from the point of extraction, following revenues through the government, to how they ultimately benefit the public. EITI reports from individual member countries provide information on the licensing and contracting processes, fiscal and legal arrangements, revenue payments, locations of allocated revenues, and economic contributions. EITI implementation in a country is guided by a national multi-stakeholder group, with contributions from companies, state organisations and CSO’s. In Europe, Norway is compliant with the standard, and the UK and Germany have candidate status.
 - The **G20 / OECD’s Base Erosion and Profit Shifting (“BEPS”)** project is an important global initiative against tax avoidance and profit shifting, and highly relevant for ensuring that developing countries have full access to adequate taxes from mining activities. BEPS was developed in participation with over 80 developing countries and provides tools and instruments aiming to ensure that profits are taxed where economic activities generating the profits are performed and where value is created. In July 2016, the BEPS inclusive framework had 85 member states committing to implementing common standards and launching a monitoring process. [21,22].
 - The **Natural Resource Governance Institute (NRGI)**, with its 2010 National Resource Charter of 12 best-practice principles for managing resource wealth and provisions of policy advice for governing resources, also addresses social and environmental issues. The Charter was developed in a multi-stakeholder consultation, and the NRGI relies on funding from a wide range of global donors (governments, banks, companies).

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Project Background

The Strategic Dialogue on Sustainable Raw Materials for Europe (STRADE) addresses the long-term security and sustainability of the European raw material supply from European and non-European countries. Using a dialogue-based approach in a seven-member consortium, the project brings together governments, industry and civil society to deliver policy recommendations for an innovative European strategy on future EU mineral raw-material supplies.

The project holds environmental and social sustainability as its foundation in its approach to augmenting the security of the European Union mineral raw-material supply and enhancing competitiveness of the EU mining industry.

Over a three year period (2016-2018), STRADE shall bring together research, practical experience, legislation, best practice technologies and know-how in the following areas:

1. A European cooperation strategy with resource-rich countries
2. Internationally sustainable raw-material production & supply
3. Strengthening the European raw-materials sector

Project Identity

Project Name	Strategic Dialogue on Sustainable Raw Materials for Europe (STRADE)
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