

Application of the resilience pathway to Madagascar (2016)

Madagascar lies between stages 2 and 3 of the resilience pathway, with a few elements of stage 1, namely non-declaration of gold exports, massive impact of ASM in protected areas and negative effects on most Sustainable Development Goals (SDGs). This means that Madagascar could be considered a moderate or high risk country for responsible companies.

Recommendations for Madagascar include engaging the government in dialogue and regional and national ASM strategy, and to consult responsible corporations in the final stages of the strategy process. These companies should be invited to conduct due diligence and risk evaluation. There should be a process to identify illicit financial flows linked to gold. Furthermore, projects about responsible mining in forest landscapes and conducting a feasibility study for a national gold refining company would be useful to inform establishment of a responsible ASM sector in the country. There is need to improve efficient local governance models for ASM. Artisanal mining organisations could be the link to Fairtrade. It is urgent to develop tools to address the growing impact of ASM on protected areas, including containment and exit strategies and frugal rehabilitation methods (FRM).



Contact: Estelle Levin Limited (ELL)

Andrew Cooke, Senior Manager | andrew@estellelevin.com
Salisbury House, Station Road, Cambridge, UK, CB1 2LA

ELL confirms that the opinions expressed in this document are those of ELL and the authors but not those of GIZ or any other party.

The ASM Resilience Pathway: Introduction

Artisanal and small-scale mining (ASM) has the potential to contribute to sustainable development. To achieve this objective, the following minimum conditions need to be met:

- Good governance
- Engaging responsible business
- Civil society involvement
- Public aid to sector development
- Strong assurance and certification mechanisms

Establishing these conditions will help to drive the respective country along the so-called **ASM Resilience Pathway**. The ASM Resilience Pathway assessment tool identifies key milestones for this process and a framework to identify where a country finds itself on the way toward responsible mineral production via ASM.

For businesses interested in investing in a certain country, the stage at which the country finds itself on the pathway provides an indication of the level of risk affecting the planned investment. The information should also help governments and development agencies to identify tailored interventions for development of the ASM sector in the country.

A few **exemplary measures** to undertake to **improve ASM resilience**:

- Good governance: Tackle the issue of illicit financial flows; reinforce ASM formalisation; reinforce law application.
- Engaging responsible business: The companies operating in the country have to conduct due diligence to identify risks and develop mitigation and remediation strategies.
- Civil society involvement: Civil society has to be involved in each political process, above all in the development of remediation strategies.
- Public aid to sector development: Aid can help to promote mercury-free technologies, better environmental practices, and a better respect for human rights, amongst others.

THE ASM RESILIENCE PATHWAY

ASM TYPE RESILIENCE ATTRIBUTES	Stage 1 CRIMINAL ILLEGAL	Stage 2 ILLEGAL INFORMAL	Stage 3 LEGAL INFORMAL	Stage 4 FORMAL RESPONSIBLE	Stage 5 RESPONSIBLE ETHICAL
Governance status	ASM outlawed, bad enforcement and/or corruption	Governance focus on repression / eradication of ASM	Governance partial, anomalies with legal ASM	Stable governance virtually free of anomalies	Governance an example to other sectors
Sector policy status	Absence of or bad policy incentivises criminal behaviour	Policy incentivises non-responsible LSM	Policy incentivises legal LSM and ASM	Policy incentivises responsible LSM and ASM	Policy drives ethical LSM and ASM
Human rights status	Widespread human rights abuse, including worst abuses	Human rights status worse than the national trend, some worst abuses	Human rights issues mild but less good than national trend, maybe some worst abuses	Human rights issues are rare, generally in line with national trend	Positive net contribution to human rights – better than national trend
Sustainability status	Negative for all SDGs	Negative for most SDGs	Negative for certain SDGs (e.g. social & environmental)	Generally aligned with SDGs – social, environmental and economic	Positive net contributor to SDGs
Business involvement	Exclusively illegal business	Both illegal and informal business	Mainly informal legitimate and legal business	Mainly legal compliant businesses	Significant responsible & ethical business
Risk management	Risks generated by sector; exploited by criminals for profit	Risks generated by sector; some criminal exploitation likely	Some risks mitigated; remediation unlikely	Risks mitigated; remediation of worst abuses; positive development outcomes possible	Risks mitigated; remediation across issues; positive development outcomes actively pursued

The resilience pathway considers six different types of **indicators** to classify whether the operational context of a country incentivises responsible and ethical or criminal and illegal ASM. The countries find themselves somewhere on the scale between criminal/illegal and responsible/ethical.

Indicators of a criminal/illegal or illegal/informal ASM sector include: The government focuses on banning and repressing ASM; law application is weak and corruption widespread. Policy is absent or actively incentivises criminal or non-responsible behaviour. Human rights are widely abused, and the human rights situation in ASM is worse than the national average. ASM has a negative effect on most or all Sustainable Development Goals (SDGs). Illegal and informal business dominates the sector. Risks generated by the sector are exploited by criminals and there is no risk mitigation or remediation.

Indicators of a responsible and ethical ASM sector are: The governance of the sector is stable and exemplary for other economic sectors. The state takes measures against corruption and illicit financial flows. Law application is good and coherent and creates a stable environment. Policy incentivises companies and ASM miners to be responsible and ethical. ASM has a positive effect on human rights and on the SDGs. Many corporations are engaged in responsible and ethical trade. The risks generated by the sector are mitigated and remediated as a whole. Positive effects on development are actively pursued.