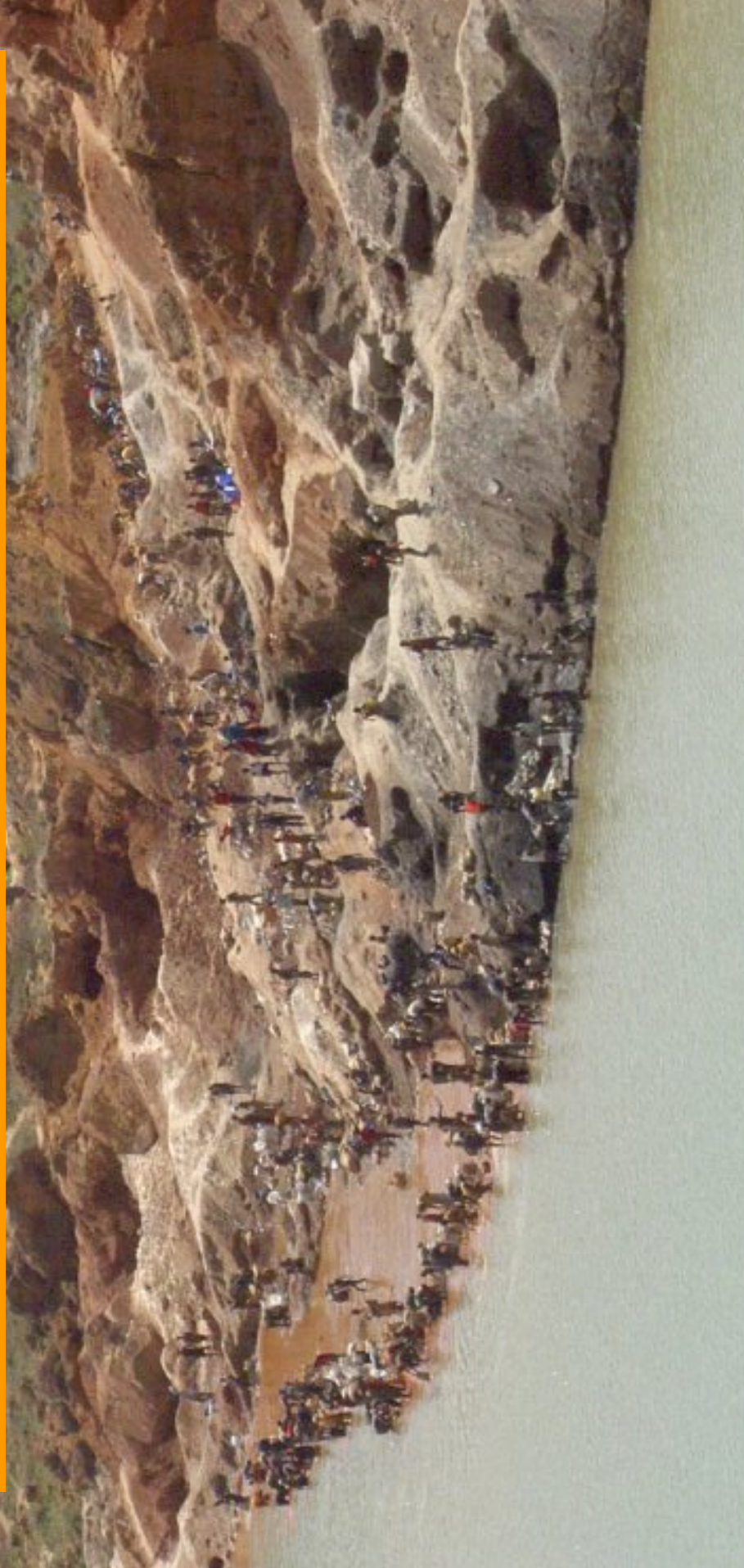


# Managing artisanal mining risks

## An investor perspective

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# INTRODUCTION

**Mining investors facilitate project development**

**This role involves (for investors):**

## **Internally**

- **Understanding operational & reputational risks**
- **Ensuring these risks are properly managed**

## **Externally**

- **Shareholder accountability (groups, countries..)**
- **Scrutiny & public pressure (NGOs, public, politicians....)**

# IFC RISK MANAGEMENT FRAMEWORK

- Artisanal mining poses significant operational AND reputational risks for mining companies & financiers
- IFC requires compliance with IFC Environmental & Social Performance Standards to manage these types of risk
- Equator Principles – IFC standards also used in DRC by some bilateral financiers (e.g. FMO), commercial financiers (e.g. Standard Bank), export credit agencies...
- Key areas: assessment, disclosure & consultation, security/conflict, working conditions, mitigation measures

# **IFC PERFORMANCE STANDARDS**

- 1. Environmental & Social Assessment & Mgt Systems**
- 2. Labour and Working Conditions**
- 3. Pollution Prevention and Abatement**
- 4. Community Health and Safety**
- 5. Land Acquisition & Involuntary Resettlement**
- 6. Biodiversity Conservation**
- 7. Indigenous Peoples**
- 8. Cultural Heritage**

# IFC RISK MANAGEMENT FRAMEWORK

- Artisanal mining poses significant operational and reputational risks for mining companies & financiers
- IFC applies Performance Standards (environmental, social, occupational health & safety, labour)
- Equator Principles – IFC standards used by bilateral financiers (e.g. FMO), commercial financiers (e.g. Standard Bank), export credit agencies...
- Key areas: assessment, disclosure & consultation, security/conflict, working conditions, mitigation measures

# TYPICAL REQUIREMENTS (1)

## **ASSESSMENT** - *understanding the risk*

- Collect baseline data
- Establish numbers, history/duration, origin(s), attitudes...
- Identify and assess key risks and alternatives
- Develop & communicate clear AM management strategy

## **DISCLOSURE & CONSULTATION**

- Undertake & record a structured consultation process
- Involve all key roleplayers in a transparent manner
- Establish and communicate clear project timelines
- Develop mutually understood protocols for interaction, where necessary negotiate relocation protocols





# TYPICAL REQUIREMENTS (2)

## MANAGING SECURITY / CONFLICT RISKS

- Follow Voluntary Principles – screening of security providers, training, incident investigation...
- Avoid confrontation by briefing staff & contractors, pursue negotiated solutions
- **Where armed police / military personnel are deployed**
  - Communicate company intent (Governor, Snr Commander)
  - Restrict unnecessary contact between police / military and artisanals
  - Negotiate security agreements involving paid ex-AM's (unarmed) where feasible to reduce friction
  - Exert maximum possible influence over security provider behaviour







# TYPICAL REQUIREMENTS (3)

## LABOUR & WORKING CONDITIONS

- Establish signed protocols/agreements barring child/forced labour
- Register AM's on the concession and actively limit further influx
- Assist AM's to eliminate high risk activities & improve conditions
- In supplier relationships, investigate direct intervention (PPE, contracts, supervision / monitoring etc)

## MITIGATION MEASURES

- Facilitate access to legal alternative sites (where feasible)
- Consider transitional support (e.g. food, cash, short-term jobs...)
- Incorporate AM-related support into Community Development Programs (e.g. alternative livelihood projects, vocational training...)
- Compensation for mineral resource not applicable