

Transcript

Claiming rights and changing minds: pathways to success in ASM formalisation and responsible sourcing in Mongolia (SDC)

Agenda:

Date and Time: Thursday, 25 April 2019, 09:00 – 11:00

Venue: Conference Room CC13, OECD Conference Centre

Organized by: Swiss Agency for Development and Cooperation in Mongolia

<p>Opening session (30 mins)</p> <p>09.00 – 09.30</p>	<p>Opening remarks and SAM Presentation</p> <p>Mr. Altanbagana Bayarsaikhan, SAM Project Coordinator, SDC in Mongolia</p> <p>Mr. Bayarsaikhan will share how SAM's human-rights based approaches to legalisation, trans-ministerial cooperation, institutional strengthening (including institutionalisation of ASM at central and local governments), supply chain decentralisation, environmental management (including of mercury, mining in protected areas, and rehabilitation), knowledge management, building a national ASM database, and supply chain certification have moved the formalisation rate from 0 to 16% of miners by 2018, with 50% of ASM provinces having created access to official ASM land</p>
<p>Panellist Interventions (50 mins)</p> <p>09.30 – 10.20</p>	<p>Armchair Discussion</p> <p>Representatives from the Mongolian government and ASM communities will deliver their remarks on Mongolia's experience on ASM formalisation, supply chain rationalisation, and taking a human rights-based approach.</p> <p><i>Moderator, Mrs. Estelle Levin-Nally, CEO and Founder, Levin Sources</i></p> <p>Speakers:</p> <ul style="list-style-type: none"> • Mr. Khangai Davgadorj, Head of Mining Production and Technology Department, Mineral Resources and Petroleum Authority of Mongolia • Ms. Munkhtsetseg Gan-Ochir, Executive Director, ASM National Federation of Mongolia • Ms. Saruul Jargal, artisanal miner, Mongolia • Mr. Felix Hruschka, tbb.hru and Chair, the Alliance for Responsible Mining • Mr. Erdenesaikhan Nyamjav, National Programme Officer, Swiss Agency for Development and Cooperation in Mongolia
<p>Interactive Discussion (30 mins)</p> <p>10:20 – 10:50</p>	<p><i>Moderator, Mrs. Estelle Levin-Nally, CEO and Founder, Levin Sources</i></p>
<p>Closing Remarks (10 min)</p> <p>10:50 – 11:00</p>	<p>Closing Remarks</p> <p>This session will conclude the event with closing remarks from Mr. Altanbagana Bayarsaikhan, SAM Project Coordinator, SDC in Mongolia and Estelle Levin-Nally.</p>

Welcome

Estelle:

- Welcome and thanks to everyone for joining us. Thank you to the OECD for allowing us to host this meeting.
- My name is Estelle Levin-Nally and I'm the founder and CEO of social venture consultancy Levin Sources. We support our clients to build sustainable, valuable, and equitable minerals sectors. I've been fortunate to work in Mongolia on several occasions. In 2014, I worked with Jennifer Hinton and Felix Hruschka to design the fourth phase of the program and went on to design the knowledge hub, and then support an assessment, funded by SDC and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), into potential routes for ASM value addition within the Mongolian jewellery sector. In 2015, Levin Sources facilitated the Knowledge Hub workshop for phase three of the SAM project, convening international ASM stakeholders to learn from key insights of ASM formalisation in Mongolia.
- The purpose of the event is to hear from key stakeholders engaged in the Sustainable Artisanal Mining project that has been funded by the Swiss Agency for Development and Cooperation in Mongolia since 2005. It's unusual for development programs to run for so long.
- The programme has been world-leading in its successful rate of ASM formalisation.
- Now in its final year, the coordinators are reflecting on the achievements and lessons learned. In the spirit of the program, we wanted to share that with you today.
- Today we will learn more about the experience of ASM formalisation in Mongolia, unpacking how minds were changed to support the sector and how rights were successfully claimed.
- Our panellists will share their insights, many of which we hope will be applicable across other artisanal mining contexts.
- *Overview of the event format (presentation, armchair discussion, interactive discussion from the floor, closing remarks)*
- There will be some brief introductions and Mr Altanbagana will present the SAM project. We will have an armchair discussion amongst the panellists. Then I will open to the floor to invite interventions.
- *A note on consecutive interpretation*
- *Introductions to esteemed panellists by Estelle*

Panel Introductions

Estelle:

Mr. Altanbagana Bayarsaikhan, Project Coordinator, Sustainable Artisanal Mining Project, SDC

- Mr. Altanbagana is the SAM Project Coordinator.
- He has more than 10 years' experience in development project management and the extractives sector.
- He previously worked as Deputy CEO of Development Solutions NGO and Deputy Program Manager at Global Communities where he managed US-government funded SME development projects.
- Prior to joining SAM in 2016, Altanbagana was Manager of External Affairs at SouthGobi Resources, a leading coal miner in Mongolia. Whilst there he oversaw the company's CSR and community relations.
- At the SAM project, he has been instrumental in advocating for the approval of new ASM regulation and decentralizing formal gold purchases by the Central Bank.

Mr. Khangai Davgadorj, Head of Mining Production and Technology Department, Mineral Resources and Petroleum Authority of Mongolia (MRPAM)

- Mr. Khangai worked for the MRPAM's ASM division as a mining engineer from 2006 to 2016 until he was appointed as the Head of Mining Production and Technology Department at the same agency.
- His department is responsible for ASM legal framework implementation and supervision.
- Mr. Khangai has extensive knowledge and expertise of ASM organisation and formalisation in Mongolia.

Ms. Munkhtsetseg Gan-Ochir, Executive Director, ASM National Federation of Mongolia (ASM NF)

- Before being chosen as the Executive Director of the National Federation at the beginning of this year, Ms. Munkhtsetseg has spent over 2 years as the Legal Specialist of the Federation, where she was involved with ASM formalisation, implementation of the Fairmined Standard and business development among artisanal miners.
- Specifically, during 2017, she has been actively involved in including views and voices of artisanal miners in the new ASM regulation.

Ms. Saruul Jargal, artisanal miner, Mongolia

- Ms. Saruul is an artisanal miner and head of Bayanbumbugur ASM NGO. In Mongolia, they define ASM enterprises as an NGO.
- She has been in this sector since 2002.
- Ms. Saruul is a pioneer and leader in organisation, formalisation and small business development among the miners in her own province.
- In addition to working in artisanal mining, she manages a small sewing shop employing fellow miners and three savings groups created by artisanal miners.

Mr. Felix Hruschka, tbb.hru and Chair, the Alliance for Responsible Mining

- Felix Hruschka is a mining engineer with a PhD in mineral economics.
- He is based in Austria and has provided consulting services through his company, tbb.hru, since 1992.
- Long-term assignments in Ecuador and Peru, as resident project manager of Swiss-funded development projects in the artisanal and small-scale gold mining (ASGM) sector from 1993 to 2006, have provided a sound basis of expertise on a wide range of development issues of the minerals sector.
- Since 2004 he has enriched this experience through short-term consultancies in Asia, Latin America and Africa, including an extensive role in the creation and development of the SAM project in Mongolia.
- Felix has also been involved with the Alliance for Responsible Mining since 2005.
- In 2007 he was appointed advisor to the board and for many years he acted as ARM's Standards Director, leading the development of the FAIRMINED Standard and the CRAFT Code.
- In 2015 Felix was elected member of the Board of Directors, and since September 2018 he serves as Chair of the Board.

Mr. Erdenesaikhan Nyamjav, National Programme Officer, Swiss Cooperation Office in Mongolia.

- He worked with Phase-3 of SAM and was involved in the initiation, planning, monitoring of phase-4 of SAM and he is heavily involved in the exit phase, and knowledge capitalisation of SAM at SDC.
- He also oversaw the implementation, monitoring and closure of ASM-specific environmental project "Engaging Stakeholders in Environmental Protection".
- Besides ASM portfolio, Erdenesaikhan looks after projects in air pollution and health, combating gender based violence, gender mainstreaming across the country strategy, DRR project - urban search and rescue, and formerly on the education for sustainable development project at SDC Mongolia.

Altanbagana's Presentation

Thank you everyone for coming and the OECD for giving us the opportunity to host this session.

SAM

- Implemented by SDC and the Ministry of Mining and Heavily Industry in Mongolia since 2005, in the 14th year, this is the final year and phase.
- It's been built on the experience of the SDC projects in South America led by Felix in the 1990s.
- Aim of the project to support Mongolia to legalise and formalise ASM sector, building the capacity of ASM champions to drive change in the ASM sector.

ASM in Mongolia

- Compared to other parts of the world, not large ASM sector: estimated 60-100,000 in the sector but the population of Mongolia is 3 million, half of which live in the capital city.
- Emerged in the 1990s following the harsh winters and severe droughts. Many of those working in agriculture lost their livestock and thus their livelihoods.
- In parallel, the Mongolian economy began to transition from a centrally planned to market economy. One impact of this was the closure of state-run factories and consequential job losses.
- Shortages of employment opportunities locally, lack of education and the appeal of the price of gold drew Mongolians to ASM.

Mineral Resources of Mongolia

- Mongolia is relatively unexplored in terms of mineral resources

- Mongolia has 21 provinces, 18 of them contain ASM. 73% gold (NSO, 2016)

ASM in the past

- There are herders who work as an artisanal miner to supplement their income. There are others who work full-time in ASM.
- Previously ASM was illegal, wild, unorganised and marginalised. There were 10,000 people working in one location.
- Conflict with the herding communities and LSM.
- There had been government crackdowns; government lacked capacity and understanding to manage ASM effectively.
- Environmental degradation
- Mercury use
- Poor health and safety
- Human Rights violations

Entry Points for Change

- SDC supported the government to legalise the sector. We supported them to provide training for artisanal miners on the ASM legal framework, community organising and human rights.
- We worked with the ASM communities to help them organise themselves into partnerships and NGOs.
- We took a human rights-based approach through the following interventions:
 - o We empowered miners to claim and defend their rights, voice concerns to the government and participate in local and national decision making.
 - o We provided the public with positive and correct information about ASM. ASM used to be regarded as “ninja miners” due to their dress - carrying the pan on their back. Perception has changed.
- Government and Law
 - o We strengthened the capacity of government stakeholders to execute its duties and obligations.
 - o Up until 2010, there was no legal environment. There had been efforts to pass a law in 2008 – temporary regulation.
 - o In 2010, law passed and reflected in mining and minerals law that people can work in ASM. The law provided a good foundation for formalisation.
 - o In 2014, ASM recognised in state policy on the mineral sector.
 - o We have a dedicated government agency for ASM – ASM Unit, MRPAM.
 - o After the years of implementation, we’ve seen a number of ways you can revise ASM legislation. In 2017, revisions to regulation to mainstream ASM across policies and institutions.
 - o Previous province restrictions on artisanal mining; now miners can freely move.
 - o Increased inter-sector cooperation – ASM and Development. ASM goes beyond mining, one must coordinate with other agencies.
- We worked with the ASM national federation, we facilitated establishing it in 2013.

Human Rights Based Approach

- Before 2010, these people had been regarded as illegal which resulted in conflict with agencies. People had their gold or equipment confiscated, held by authorities.
- After 2010, people continued to be marginalised and lacked land access. This pushed them into illegal mining. We worked with the national human rights commission to enhance the capacities of state government officials to respect, protect and fulfil rights of ASMrs. Increased training on human rights and gender. It has been going for 6-7 years.
- We worked with artisanal miners to teach them to build their capacity. They’re human, they’re Mongolian, have the right to mine. Resulting in the creation of ASM organisations.
- We laid the foundations for introducing more responsible ASM practices.

Community organisation, empowerment and participation

- Increased the capacity of ASM organisations to protect their rights, provide services to its members at national, provincial and sub-provincial levels. They focus on mining management and investing mining profits into other businesses.

- Increased advocacy and participation of artisanal miners in decision making at local and national levels.
- The ASM National Federation (NF) is the biggest ASM organisation in the country. The Government goes to the federation when there's an issue. Very big success.
- NF capable of taking forward issues post-SDC involvement.
- When you talk about ASM, it's about sustainability. The organisation works with other donors, successful in getting other funding. They also get income from membership fees. I'm very proud to have them here today.
- Empowerment of local communities. The ASM organisations started investing in their communities – taxes, donations environmental rehabilitation. Key to local economy.

Mercury free processing technology

- 2007 Mercury national ban but no alternative so led to clandestine use. People started to use it in their homes, risking their children's health.
- Introduced mercury free technology – uses gravity to separate gold. Piloted a centralised processing plant – replicated in four additional areas.
- Mercury is still being used in ASM, especially in the Western area.
- I'm glad GEF Gold is starting in Mongolia to help tackling mercury.

Environmental protection

- We worked with the Asian Foundation, following the ESEC II project to pilot the Frugal Rehabilitation Methodology. Demonstrated in 17 projects - the Hanga region, Gobi region. Tested in a variety of environments. Proved to be successful.
- Became official guidance for ASM rehabilitation in 2017.
- Best practice on ASM rehabilitation. I would encourage other donors to look at the technology. Can be replicated.

Progress towards ASM organisation

- Land approval increasing for ASM
- Formalisation of ASM rate increasing
- Environmental rehabilitation financed by miners and agencies
- Decreasing accidents and fatalities – high attendance of H&S training
- Almost no accidents on formalised sites, issues occurring in remaining informal sites

Previous ASM supply chain

- Gold bought by central bank – formal gold buyer, exports to international market, in Capital city
- All the ASM gold used to be sold through informal channels locally – 15-35% discount
- Lack of regulation on local gold trading
- Lack of understanding and buy-in by government stakeholders

Gold purchased by central bank

- Central bank buying increased percentage of ASM gold in the last 5 years.
- The reason for this is because as well as artisanal miners formalising, seeing small and large mining companies selling gold through artisanal miners and traders because of taxation issue.
- Corporate income tax higher than artisanal miners – 10-30%

Rationalising ASM supply chain

- Media campaigning and advocacy to make sure key decision makers and ASM communities understood the importance of responsible sourcing, traceability and formalising the supply chain.
- Developed a policy recommendation for formalising ASGM supply chain and submitted it to the government.
- Worked with ASM communities to introduce responsible sourcing standards - Fairmined. 2 ASM organisations are certified.
- Created decentralised gold purchasing. All the gold is bought in the capital city but ASM sites can be 1000km away, creating a lot of middle men.
- One-stop services

- We created gold assay and purchase areas in 2 ASM areas (Darkhan-Uul and Bayankhongor) in 2018 and banks buying gold at the market rate in these locations. Gold sold to the commercial bank.
- It creates opportunities for the miners now they're selling at the market rate.
- It costs \$404,000 to set this up. It's very profitable for the bank. Now the bank wants to open another one in 2019.
- It's really needed for miners, helps them sell gold at higher price.
- As of March 31, 2019, 284 kg of gold were assayed and purchased through the two services.
- Plan to open another one-stop service in 2019.

Responsible Sourcing and certification

- Worked with ARM to certify Mongolian NGOs
- Central Bank supports initiative and have agreement that they will export to Fairmined jewellers.
- Streamlines the export process for the international market. Makes it competitive.

ASM database

- Issue of disaggregated information, variation between local governments. Lack of information on minerals sourcing, registration and traceability.
- We are working to put all this information together and make it available to stakeholders.
- Database will provide decision makers with information and coordinate efforts for ASM formalisation.
- This will help us to differentiate genuine from illegal ASM miners.
- It will be operational in 2019.

Empowering Mongolians through best practice knowledge exchange

- We have had a study tour to a number of countries, mostly in South America, and visits from other countries in sub-Saharan Africa.
- Facilitated in-country peer-to-peer learnings between provincial governments and ASM organisations as not all provinces are at the same level in terms of knowledge.
- We also enabled partners to attend international events.
- Support other ASM projects in Mongolia, especially on mercury reduction.
- Created ASM knowledge Hub – everything I've spoken about today can be read on the hub. Please do look at the website to learn more. www.asmhub.com

Arm Chair Discussion

Mineral Resources and Petroleum Authority of Mongolia: Mr. Khangai

Estelle: What were the motivations for formalisation? How did you do it (formalisation)?

Good morning everyone, it's my pleasure to share the experience of Mongolia and thank you for taking time to share this issue.

In early 2000, we were faced with a phenomenon of people rushing to mine in an unorganised and chaotic way. We were surprised and didn't know how to handle it. We started looking at what the situation of the miners was, with no regulation. We looked at international experience. We started to seek help from other countries.

The number of people involved was so many that the government couldn't deal with it. After discussion and looking at experience, we thought it would be best to regulate them through some regulation and a labour framework. We had some temporary regulation.

Starting from that point, we called this process one of formalisation. Organising miners and giving them a formal role. The first step we did was to organise the miners. We looked at how we could allocate the land where they were mining. Looking at the two sides, all the aspects like Health and Safety are important to consider here.

The negative impacts of ASM were multiple and outweighed the positive ones. Starting with formalisation helped reverse this question following temporary regulation and working on areas of mining. Then we saw the positive side of ASM and could see potential positive impacts.

At the development stage, we realised the temporary legislation wasn't enough to tackle the ASM issues. We were looking at it from the mining aspect but then we realised it needed other aspects of the government. More than 32,000

miners on one site which meant public services were over capacitated. We realised we needed a multi-stakeholder approach.

We decided to continue and expand the temporary nature of our first regulation, and we had the miners organised on a larger scale. We had numerous consultations with the miners, government departments and services. 3 revisions of the regulation.

Estelle: I'm aware there has been a lot of emphasis on inter-ministerial cooperation for governing the ASM sector. Why did the Mongolian Government take this approach? How has it helped you better manage artisanal mining and supply chain issues?

Thanks for the question. In the Mongolian law on minerals we have an article that permits ASM and gives details that it should be governed by all standards and procedures. Within the ASM specific regulation, we included different ministries including local governments and their roles and responsibilities. Only in that way can government organisation work. This cooperation benefited the ASM sector.

Estelle: Not only did you add responsibilities to the law, but you put it into people's job descriptions. How critical was that to motivate people to support the process?

I want to say again that ASM mining because of its nature can't be dealt with only the ministry of mining. It requires protections: labour, social and health protections. All of the agencies need to have a person in charge of the responsibilities. This ensures that the civil service follow laws and job descriptions. Since 2007, the mineral agency is the first to have an ASM unit.

Estelle: Mr. Khangai: What are the government of Mongolia's plans to make sure the ASM sector is increasingly sustainable after SDC withdraws funding from the SAM project?

Since the start of SAM project, we, the Mongolian Government and the project, have actively cooperated on building the capacity of state organisations and their staff; the roles and responsibilities of different agencies and ministries around ASM has been clarified and included in respective legal documents. ASM interventions are being budgeted in respective fields and my agency has dedicated staff to ASM. Thus, I am sure that ASM will be sustainable after SAM project closes. And when we create the inter-sectorial council, I think we will have improved and coordinated approach involving all related stakeholders. Formalisation will continue to be a key issue and we will focus on that.

Artisanal Miner: Ms. Saruul

Estelle: Ms. Saruul, could you talk about when you first learned about the human rights-based approach (HRBA) and how it helped to empower you as a leader in your own community?

Good morning everyone, I'm happy to represent ASM from Mongolia. I started doing ASM back in 2004. I was a single mother with two girls, one was 5 and the youngest one was 4 months old. At that time, I didn't know about my rights as a human being. I've been held by the police several times; my human rights were violated. I didn't know the state had to protect my human rights. In 2008, when SAM came into our province, they brought in capacity development on human rights, that's when we learned how the state is supposed to protect our rights. It was eye opening for us.

Estelle: I know that Bayankhongor province, where you live, has been a leading example of many achievements in the Mongolian ASM sector. For example, you were the first Mongolian miners to receive the Fairmined certificate, first and still ongoing tripartite agreement holders with the provincial government and a LSM company, also one of the two one stop service centers to assay gold locally is located in Bayankhongor. Ms. Saruul, in your opinion, what has been the basis of such successes in your province compared with other parts of Mongolia? Is there a secret ingredient?

I agree with you Estelle, that our province has been a leader and the first in many aspects. I see the success the main factor is the understanding of the importance of responsibility and responsible ASM among miners. In 2008, when the miners started to organise, they combined their efforts with the government and the donor organisations; they could cooperate as one team to approach one goal. One of the main factors is the trust amongst stakeholders.

ASM National Federation: Ms. Munkhtsetseng

Estelle: Munkhtsetseg, could you give us a short introduction of what your organisation is like today? Tell us about your membership and what you do for them?

Good morning everyone. I'm happy to be here. The NF was initiated by artisanal miners and was established in 2013. It's been 6 years since establishment. We have 600 artisanal miner-members (45% female) from 87 member NGOs (60% lead by women ASMrs) from 55 sub provinces and 16 provinces of total 21 provinces.

We support artisanal miners in the following areas: Health and safety, Social, Environment, Human Rights, Women and Children's rights, Tax conditions, Health insurance, Advocacy work for illegal miners, Regulation and law on ASM and implementation, Organisation and Formalisation of ASM, Promotion of Diversification, Social Welfare.

Our main activities are to protect the activities of members to become environmentally and socially responsible miners. Last year we put attention on income diversification to create employment opportunities.

Estelle: The presentation talked about the FRM and how miners have been part of the FR demonstration. Could you tell us, since the end of the ESEC II project, how is FRM being used among your members? Do your members see a value in the methodology?

Yes. During the ESEC II project, many miners have been involved in the FR demonstrations in 17 places. As part of that, they have been trained on the methodology. They have also been trained as trainers.

The method is in its essence, a socially and environmentally friendly response to ASM. Easy to use and cost effective. During the project carried out by members, they rehabilitated 220 hectares of land. It's a sustainable intervention.

Mr. Felix Hruschka

Estelle: Felix, you were involved with the SAM project from conceptualisation through to the final phase. What do you think has been the basis for Mongolia's successes? You also know the international arena.

That's a good question. I could talk all day about it. I wasn't engaged with SAM from the very beginning. I was working in other SDC projects in South America in 2005, to some extent lessons from these informed SAM planning. The first time I came to Mongolia was 2007. It was when the SAM project organised the CASM meeting – a knowledge sharing meeting.

It was so impressive, 2 years after the start of the project. At the CASM meeting, a miner representative gave a keynote speech. He was very strong. He started to cry for the emotion that it was the first time in his life as a marginalised and oppressed miner that he was allowed to speak, heard by Mongolian authorities and international authorities. That's when I realised there was something special about the SAM project. SDC was the only development agency that supported this marginalised sector. No-one else wanted to touch this hot potato.

Success factors:

When the project comes to an end it will be 15 years of continuous engagement by SDC with the sector; that's extraordinary. I'm sure this project hadn't been planned for 15 years but they intended to be strongly committed to the sector. That meant that if it was to take longer, the support had to be longer. Working with a reliable international counterpart is one of the key successes.

It wasn't always a smooth ride. But what SDC did was to emphasise Mongolian ownership. SDC took a more a facilitatory role. It was never perceived as a Swiss project. It's a project of bilateral cooperation at government level. SDC address this in 2 ways: cooperation with Mongolian people, miners and the government. Both levels. This reflects the HRBA, supporting the miners to claim their rights and supporting the government to fulfil its duties.

The long duration went beyond getting the low hanging fruits of short results. It allowed the project to make a real change to the Mongolian ASM sector. It changed processes, structures, institutions. These create sustainability.

Estelle: The session title's reference to changing minds was intentional, given the artisanal miners' previous experiences of prejudice. How does a programme change the minds of people who see ASM as a disgrace or damaging?

We mustn't forget the Mongolian history. From 1920-1990, Mongolia was a centrally planned economy. The 1990s gold rush took the country by surprise; 100,000 artisanal miners extracting gold somewhere unplanned by the government. Mongolia lacked the tools, policies, expertise, experience. Being faced with something unknown creates fear. After 70 years of a controlled economy, suddenly this emerged. I think what helped to change this prejudice was the balanced approach of SDC - the HRBA focusing on the rights of miners and duties of government. SAM created an understanding of the issues. Understanding ASM allowed people to see it not as a threat but as an opportunity for the society and economy. As far as I have noticed, much has changed in this area. But still it would be an exaggeration to say that minds have already changed. I think after 3 generations of this form of centrally

planned economy it will take at least one generation to change minds and understand that ASM isn't a disgrace. Message that ASM occurs and is an entrepreneurial opportunity for citizens.

It means even if the project comes to an end, the job isn't done, Mongolia has a lot to do.

SDC Mongolia, Mr. Erdenesaikhan

Estelle: Erdene, as the donor, what do you think are the key lessons from the SAM and ESEC II projects that you'd like to see other donor programmes implement? What are you most proud of?

Thank you, Estelle. I'm the national programme officer, not the donor myself. *[audience laughs]* It was implemented in 4 phases and we have another project on environmental protection and rehabilitation. I was involved from phase 3 of SAM. One of the key aspects is that we're not there forever. We want the project to be sustained after SDC. It's more about sustainability of results and achievements. There's a core element of sustainability embedded in systems in Mongolia. We have the strong NF advocating for the miners. It's important for us to include the functions of the government agencies. We want to make sure they own it and implement measures in their system. In Mongolia it's democratic but when there's elections, all agencies change. That was a big problem. Once it's in the law and government functions, it stays. Not lost when people change roles. We knew that the key challenge was that people in the civil service were changing constantly.

It took us 3 phases for the government to recognise the sector. It's important they recognise the sector. Other governments treat it as temporary, that was the mentality in Mongolia. We know that it's going to be there as long as people are there and that it contributes to the local economy.

Drawing lessons from SAM in 4 phases and the whole intervention of ESEC project, it was an important lesson to engage all stakeholders from initiation, planning stages and throughout implementation, even at the monitoring and evaluation stages. This way, stakeholders are given full ownership in all aspects of project. We took the sustainability concept from early stages of last phase and worked with stakeholders throughout the handing over process.

Estelle: What would you do differently if you had to do it again?

It was a learning point that we needed to engage in supply chain and economic resilience aspects from as early as possible. That lesson should be replicated for other donors in this field.

Interactive Discussion (participants to be anonymised if published)

Estelle: Patience, you were the SAM Project Director for 10 years in Mongolia. In your opinion, what do you think has been the basis for the project's successes? Do you agree with Felix or do you have a different takeaway?

Former SDC project coordinator: Patience Singo, Mineral Governance Advisor, IMPACT

Thank you everyone for coming. I'd like to congratulate the Mongolians and SAM team for all the good work that has been done. The project has been successful.

I need to add a few points regarding factors of success. I'll add to Felix's comments. If I compare Mongolia with other countries, it's the political will that stands out. Mongolia transitioned from resistance and crackdown to high engagement. Members of the parliament engage with the sector. In other countries, it's downgraded to lower officers. SDC was able to ride on that political wave. SDC took a risk. I remember it was mentioned earlier there was a point when we'd go into meetings with development actors in Mongolia, they'd ask what you are doing working in an illegal sector. SDC understood the potential but it was a risk, there was a lot at stake.

Things that are planned for 4 years, may need 12 years. The logic of the miners was different to the donors. Donors have a quick fix idea; the first phase takes time to advocate. There was a lot of investment in transforming the mindset, creating political will. Time to experiment and fail is important.

The other thing relates to idea of local ownership and investing in the miners. There's been investment in empowering and capacity strengthening. In 2007 a miner cries, today they meet parliamentarians. Miners are empowered to argue their points. Even when the project is coming to an end, the miners can engage with all the stakeholders.

OECD, RBC: What is the role of commercial banks in this? What engagement was there with the project?

Altanbagana

- As the central bank is buying the gold, there was limited involvement of commercial banks until 2 years ago.
- Gold prices are increasing but the Mongolian economy has not been so good.
- The bank has been purchasing as much as possible, started involving commercial banks in ASM gold.

- Banks saw potential and have been giving out loans to artisanal miners. Increasing trend to involve commercial banks.
- There's one commercial bank in one-stop service, starting to compete with each other at the market rate to buy the gold. They compete at the other services to miners.

Olgar, Netherlands Social and Economic council: Any link with LSM and lessons learned?

Mr. Khangai

Mining is one of the biggest economic contributors in Mongolia. Large scale mines work with small-scale, its regulated. Tripartite agreement – LSM, ASM and local government who agree on terms of operation. Work on LSM concession. In the Minerals law it is stated that miners can work on economically non-feasible areas.

Ms. Saruul

In my province, there is an ASM NGO operating under a tripartite agreement, it employs 300-400 ASMers. The agreement is between the LSM company, local government and the ASM NGO. They are considered responsible miners, leaders in this field. This NGO works successfully and is the first to get the Fairmined certificate.

Terah De Jong, Tetra Tech: What were the barriers or challenges on adopting mercury free technology? Often there are barriers to formalisation to do with powerful vested interests – transnational criminals, political elites etc – has Mongolia faced these and how have they been overcome?

Altanbagana

Mercury: There are a lot of private sector groups that want to invest in the technology, but the cost is high. \$400,000. There's resistance from the ministry of environment to give permits. I think it's one of the reasons why it's not being duplicated. I'm hoping that the GEF gold programme will require the ministry of environment to issue permits.

Patience

I agree, the main problem is the ministry of environment still won't approve the permits for the pilot in technology.

Altanbagana

We have local powerful people with criminal ties who conduct illegal mining business. No willingness to formalize, they use the ASM name. I would agree it challenges formalisation and gives an unfair reputation to genuine miners. We're trying to address that with legal enforcement by closing down illegal mines.

Solidaridad: We've discussed with Levin Sources the frugal rehabilitation method. I'd like to know lessons learned and challenges in piloting it?

Ms. Munkhtsetseng

FRM doesn't require specialist skills or certification. It's been affordable. Funding comes from the local government and the ASMers. Challenge: to keep the rehabilitated land intact, illegal miners disturb the land.

Mr. Erdenesaikhan

17 different ecological zones but people weren't considering the variations. Each part should have adapted FRM. Mongolia has distinct different seasons but need to make sure you plant the seeds at the right time of year. We encouraged them to use local vegetation.

Laura Barreto, Minerals Energy Resources Group: I would like to congratulate the SAM project, great results, big lessons on ASM. I have worked with the SAM project 2007-8 and at the time the government asked us to support the development of ASM law. Unfortunately, that law didn't pass but legislation followed. What today are the obstacles and opportunities of implementing legislation?

Mr. Khangai

Thank you, I worked with Ms. Laura Baretto on the draft laws. The concepts of what she proposed are embedded in the regulation, not the law but the operational guidance. We have the minerals law where it allows ASM operation. We have the state policy on minerals and mining. The 151 regulation. There was a debate about having specific law on ASM or not. It's the parliament who decides. Having specific ASM law might confuse people, because there is no law on Mining in Mongolia.

I could go on for hours about the regulation but to summarize the essence of the regulation is to advance formalisation. In 2017 the regulation passed, in 2018 a review was done and if possible, we will revise the regulation. We have a working group established reviewing the implementation of the regulation. Revisions to be published in Autumn 2019.

It might be interesting to know that throughout these years the challenges have been the technical capacity of equipment. In the last revision we increased their equipment capacity, but others are taking advantage of it. Question of defining ASM, we want to clarify that in the new regulation.

2 years ago, we added a new law on violations which helps the implementation of the regulation.

AGC, Director of Programmes: We will be the agency executing the GEF Gold Project in Mongolia. Happy to see how much work has been done by the SDC. Laid good foundation for us to continue.

Question for the NF: often we see formalisation differently depending on stakeholders. There's a risk of making miners illegal, if tax is too high. How do you make sure you don't push miners to become illegal during formalisation?

Mr. Khangai

In Mongolia we take account of the livelihood conditions of ASM, and place almost zero tax on miners.

Altanbagana

One of the key issues is about the implementation of the regulation properly. If it's not understood or well implemented, there's low formalisation. Equipment capacity increase does create issues, some people purposely abuse it when they're really MSM. Need to be mindful of how the law will affect the sector.

Closing Remarks

Estelle:

I would like to share the key takeaways I have heard from our session.

- Politics matters – you need strong political will, strong structures of accountability
- Mainstream ASM amongst government functions and coordinate well between them
- Invest in people – help people claim and understand their rights. Support the state to recognise their role to protect right rights of citizens, not just enforce the law.
- Focus on knowledge – intentionally promote, share and engage. Invest in communications. Many programmes don't provide budget for that.
- Build understanding – we tackle prejudice by attacking fear; we tackle fear by building understanding.
- HRBA
- Don't ignore the market – later focus on central bank, solving miners' commercial problems, commercial solutions to environmental problems.

Thank you once again to the SDC and the OECD.

Altanbagana:

Estelle, thank you for putting this all together.

We had a good run with the SAM project, great stakeholders and organisations in Mongolia. Do share contacts with NF and Ministry of mining if you ever want to work with Mongolia. Do come and work with us. As I mentioned, there's a website called the knowledge hub for all ASM Mongolia information.