



# Corruption in the Artisanal and Small-scale Mining (ASM) sector

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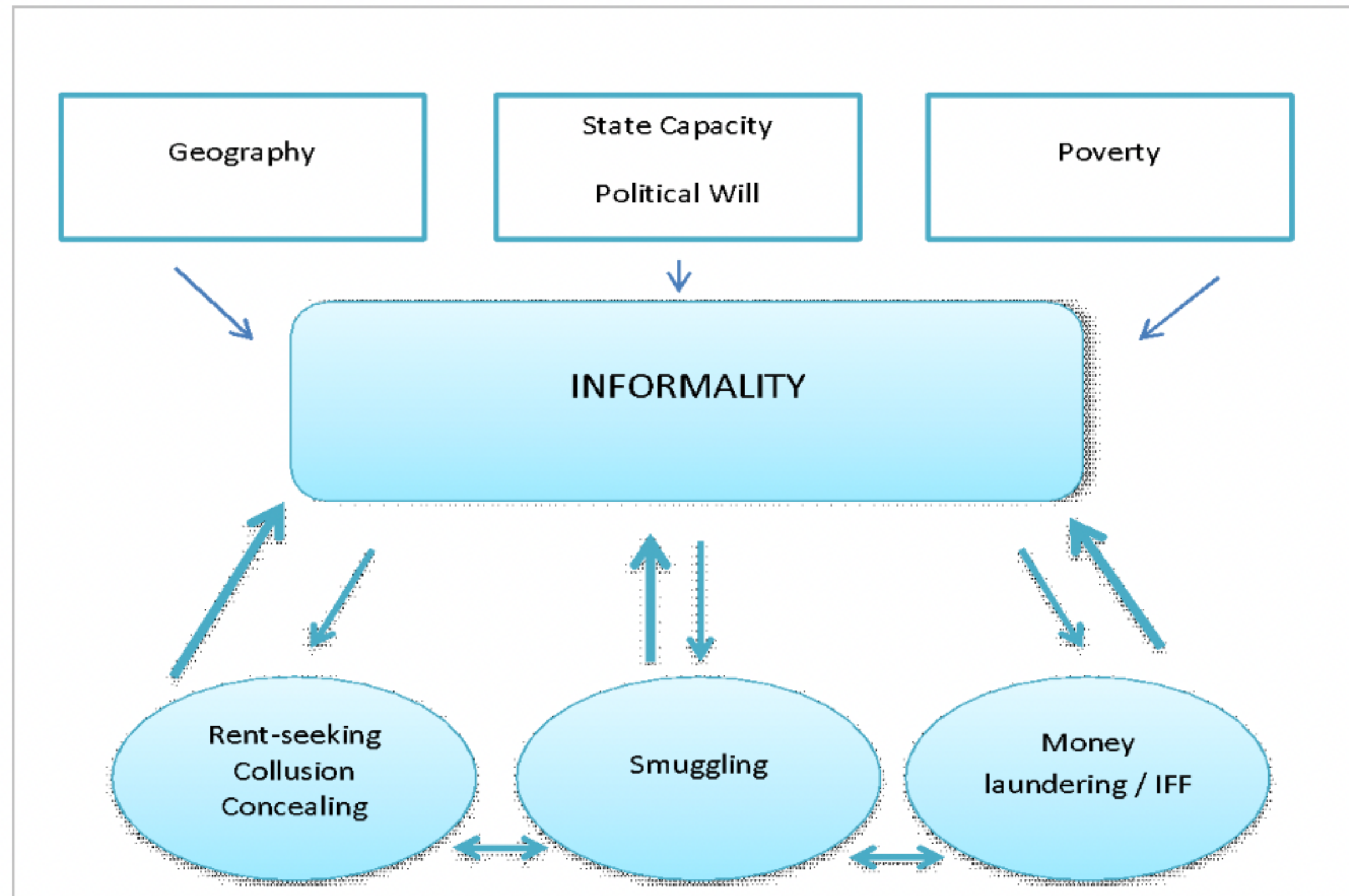
# ASM key figures and informality

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- Importance of ASM socially:
  - Around **45 million** people are engaged in ASM globally
  - Around **120 to 150** million people depend indirectly from ASM, for example community members and providers of goods and services
  - Major rural livelihood, important driver for local income, employment, development
- Main factors of informality:
  - Geography: wide, remote spaces, which cover a complex network of operations, processing and trading routes
  - Insufficient capacities of the state to regulate, monitor and enforce rules
  - Poverty and lack of economic alternatives

# Corruption in ASM





# Corruption in ASM

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## Decision to extract, licensing and contracting

- Often, unclear legal and regulatory frameworks towards ASM is the main cause for corruption
- Many licensing rules too complex and/or costly for ASM
- Frequently, even local government offices far away from mine sites
- Beyond the licensing regime – wider question of who controls access to land for whom, is also of relevance

## Operations

- High prevalence of informal and illegal mining
- In addition, ‘rush mining’ also occurs (illegal by definition)
- Informal miners highly vulnerable to extortion
- But informal miners are also an attractive target for income-minded officials

# Corruption in ASM

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## Trade

- Evasion of export tax through smuggling
- Informal miners produce informal goods; if these need to be re-integrated into the formal chain, someone must get paid
- Higher prevalence for smuggling and hence corruption for high-value mineral products (gemstones; gold highly attractive, since it is also a means of payment / hard currency)
- Officials / politicians may permit smuggling (again, against fees) or take part / control smuggling schemes
- Remember that there is also an **international side**: even a smuggled mineral gets bought by someone somewhere



# Corruption risks factors and anticorruption approach

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## Risks factors

- Degree of formalization
- Type of metal/mineral mined
- Regulatory requirements for licensing / mining / trading and exporting
- State capacities
- Tax regimes (are there different export taxes within the region?)

## Anti-corruption in ASM need to be:

- > multi-stakeholder
- > long-term
- > inclusive of the national and international arena

# Possible anticorruption efforts

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- Close cooperation between government actors and miners
  - Technical support from government; supervision of trade
- Introduce Fair Trade Standards
  - Require third party auditing
- Adding an outside 'radar' to ASM
  - The presence of a third party can reduce corrupt acts
  - This third party (CSO; media etc.) must be well-trained to understand the sector and associated challenges
  - Concept works only in collaboration, not against a group (i.e. CSO vs Government; or CSO vs ASM)
  - EITI can play a useful role here: multi-stakeholder; well-established; official EITI also connects the national with the international





Matthieu Salomon:  
[msalomon@resourcegovernance.org](mailto:msalomon@resourcegovernance.org)

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