

Pact’s ASM formalization approach



RESPONSIBLE MINING AND ASM FORMALIZATION AT PACT

Pact’s Responsible Mining practice, part of our Sustainable Markets impact area, brings together government, industry, miners and mining communities to make artisanal and small-scale mining (ASM) safer, formal and more productive, while making the most of the sector’s contributions to development.

Drawing on Pact’s decade-long experience in market-based ASM formalization, we have created our own formalization definition and tested approach reflecting international best practice and our vision of thriving, resilient and engaged communities leading their own development. We also take into account academic literature, industry [guidelines](#) and [UN guidance](#).

We define formalization as...

*Strengthening ASM actors and governments to progressively **improve practices** and enable compliance with **national regulations** and **international standards** to facilitate **access to responsible markets**.*

WHY IS FORMALIZATION IMPORTANT?

Worldwide, [44.67 million](#) people work directly in ASM. However, the majority – 90% or more – work informally without the licenses or permits required by law and with poor mining techniques and environmental, social and governance practices. Small-scale miners are often unable to navigate the complex and costly legal processes to apply for and obtain ASM licenses. This informality results in precarious livelihoods with miners having no legal rights or security of land tenure, pushing them further into the informal economy. Poor mining practices leading to low mineral recovery rates and earnings, and a lack of technical knowledge and access to finance result in negative impacts such as dangerous, unhealthy working conditions and pollution, adding to the [negative cycle](#) of informality.

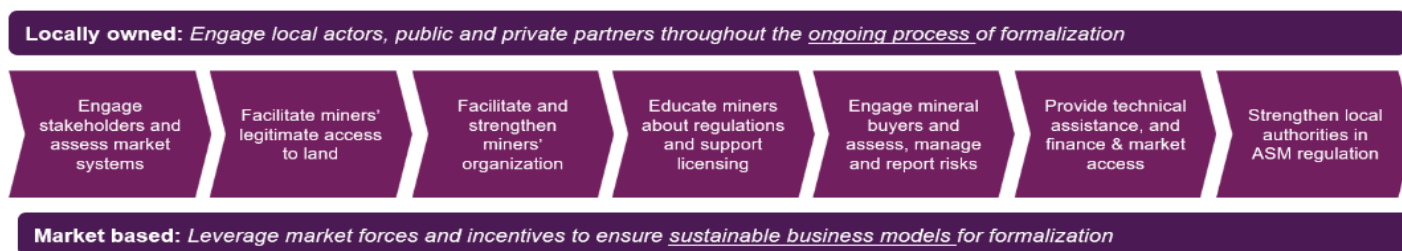
Directly engaging communities and governments in formalization is important to address these negative impacts and unlock the ASM sector’s full development potential. Pact’s 2020 [policy assessment](#) with the University of Delaware outlines how ASM is directly connected to all 17 of the UN Sustainable Development Goals, making the case for holistic formalization processes.



OUR FORMALIZATION APPROACH

Our holistic formalization approach includes seven steps representing project interventions. They range from research to first understand local markets and supply chains and facilitating access to land and licenses, to educating miners on regulations and providing technical assistance to access markets, finance and government support. While each step is essential, they do not need to be undertaken consecutively. Instead, we work on one, multiple or all steps at once as the local context requires.

7-step formalization approach



Our guiding principles

What underpins our ASM formalization approach are the four key principles that our experience shows are needed to ensure sustainability:

- **Data driven:** Formalization must be informed by an in-depth understanding of the ASM market system, its stakeholders, barriers and incentives to formalization, and regulatory frameworks through community, supply chain and markets assessments to inform interventions.
- **Locally led:** Formalization is a shared responsibility of all local stakeholders. Local miners, communities and their leaders, traders, investors, civil society, local and national government must be at the forefront of formalization. As formalization is an ongoing process, for it to be sustainable it must be led by local stakeholders who outlast development projects. Development partners such as Pact, funding agencies and downstream companies should support specific formalization steps, but should not own the overall process.
- **Integrated:** Due to the many interlinked ASM development challenges and opportunities, formalization must be integrated, addressing multiple issues together. At Pact, we leverage our expertise from across our Sustainable Markets, Governance, Capacity Development and Global Health impact areas. Through our holistic ASM formalization programming, we support miners and communities in securing ASM licenses and land tenure, mercury-free mining and processing, economic empowerment, health, safety, peace and security, reducing child labor, addressing human rights, due diligence, sustainable and responsible practices and more.
- **Market-based:** To secure long-term formalization, we leverage market forces and incentives for sustainable business models that provide a route to market for responsible ASM production. In practice, this means engaging private-sector actors from the outset and facilitating mutually beneficial business agreements between ASM communities and private partners, including financial institutions and downstream companies seeking to improve our global ASM supply chains.



Women miners in Mali's Cercle de Kenieba who completed a training by Pact.
Photo: Jorden de Haan/Pact

FOR MORE INFORMATION

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Pact is an international nonprofit that works in nearly 40 countries building solutions for human development that are evidence-based, data-driven and owned by the communities we serve. Founded in 1971, Pact works with partners to build resilience, improve accountability, and strengthen knowledge and skills for sustainable social impact.