

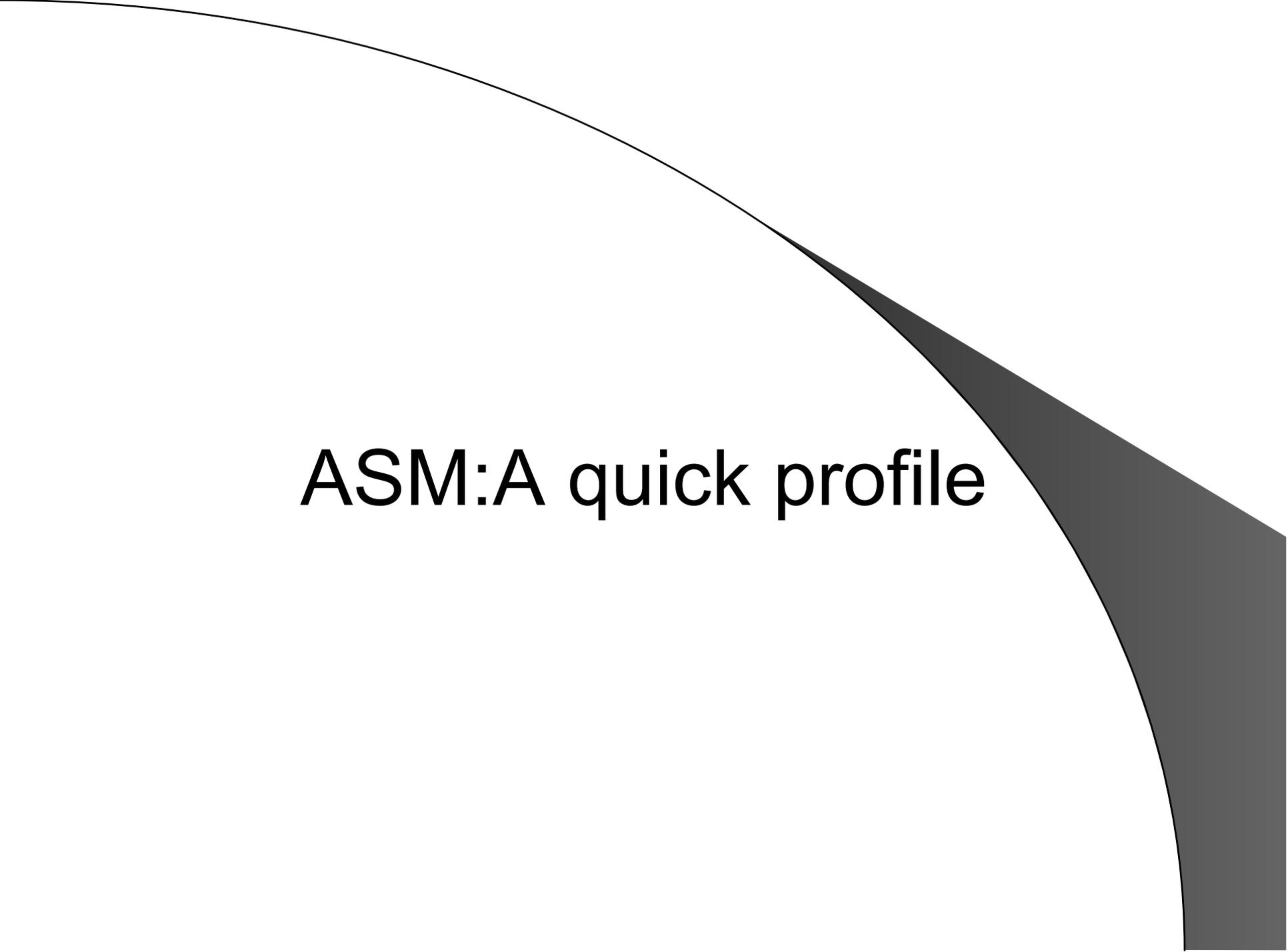
**Achieving the Millennium
Development Goals: The
Contribution of ASM to Economic
Development
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Key premises

- The UN family, NEPAD and many others use the MDGS as a benchmark for their strategic vision: This helps harmonisation of development objectives
- MDGs have helped African governments to committing to long-term targets
- Many development frameworks including PRSPs have set anti-poverty programmes without the help of long-term development or growth strategies and targets
- Meeting Goal 1 (Eradicate extreme poverty and hunger) is key to meeting the other MDGs

Key premises (2)

- Factors which determine income poverty are relevant for other targets too
- Nature of poverty: Spatial poverty/ Most poor are rural, but urban poverty feeds on rural poverty through rural-urban migration
- Investment in education and health: Crucial to reducing vulnerability and poverty traps in the long-term
- Harnessing the assets that the poor have is key to fighting poverty
- Mineral resources are important assets in rural Africa
- The resource base does not follow geographic boundaries
- The Yaounde vision: linked ASM to the MDGs



ASM:A quick profile

Who are the ASM “miners” ?

- Permanent: Year round, mining may offer higher income than other activities
- Seasonal: Often life-long source of income. Savings from mining can be an important source of income for other businesses
- Poverty-driven: Trapped in the low revenue earning cycle
- Rush gangs: Lured by promises which seldom are realised. Because of lack of a long-term perspective, only few succeed
- Complex group: Title owners, mine owners, labourers, financiers, equipment owners and other service providers

The positives

- Employment creation: 13 million worldwide/3.7 in Africa
- Reduces rural to urban migration
- Income generation (Tanzania: ASM incomes 10X farmers)
- Social capital creation (Burkina Faso:)
- Local cash economy can catalyse SME development (Tanzania: income from mining is invested in shops, taxis, bars, guesthouses, farming, etc)
- ASM are excellent prospectors

The negatives

- Environmental impacts
- Substance abuse, prostitution
- Child labour, gender inequality
- Lawlessness, social conflicts
- HIV/AIDS and STDs
- Inadequate legal and regulatory framework
- Rudimentary technology

The negatives (2)

- Lack of facilities for R&D and technology innovation
- Diffusion of technology very weak
- Cost of equipment very prohibitive
- Market failures: Impact service provision (Technical inputs, finance, HRD)
- Inadequate access to markets: Vulnerable to exploitation by middlemen
- Marginalised sector: Poor integration in rural development plans

The worst negative: The poverty trap

- Limited rural livelihood choices in marginal and remote regions
- Increasing number of people seeking a livelihood in ASM
- Limited resources and competing needs: Increasing pressure on available resources

Large numbers of miners chasing limited and marginal resources

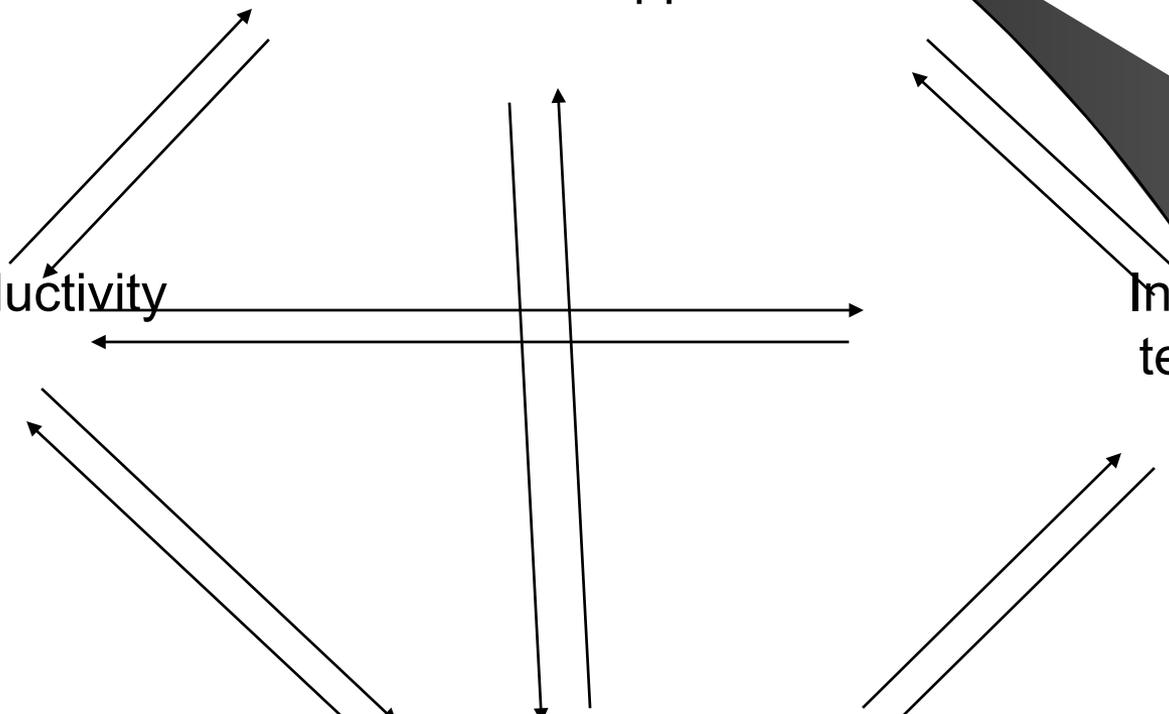


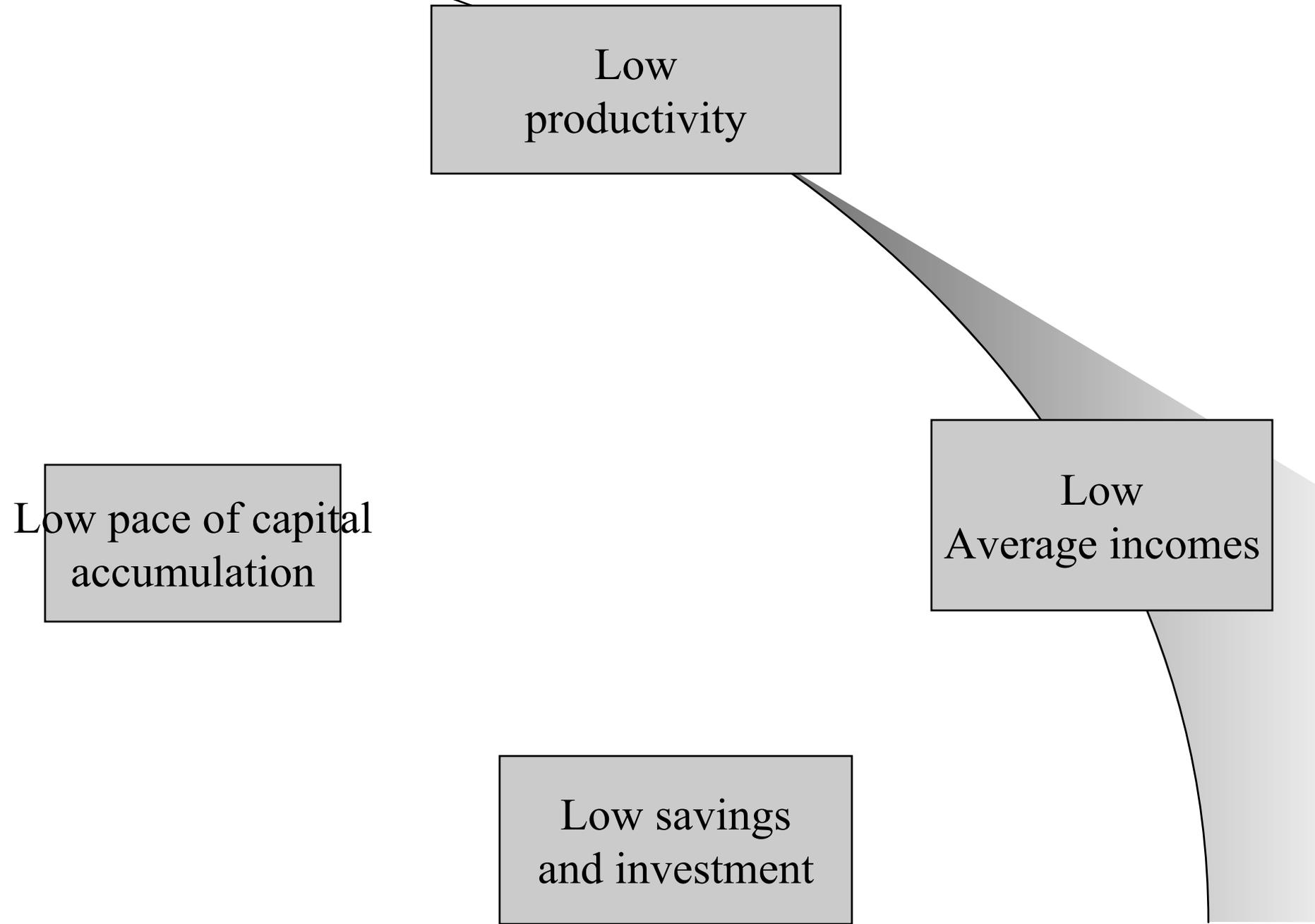
Low income and lack of investment opportunities

Low productivity

Inadequate technology

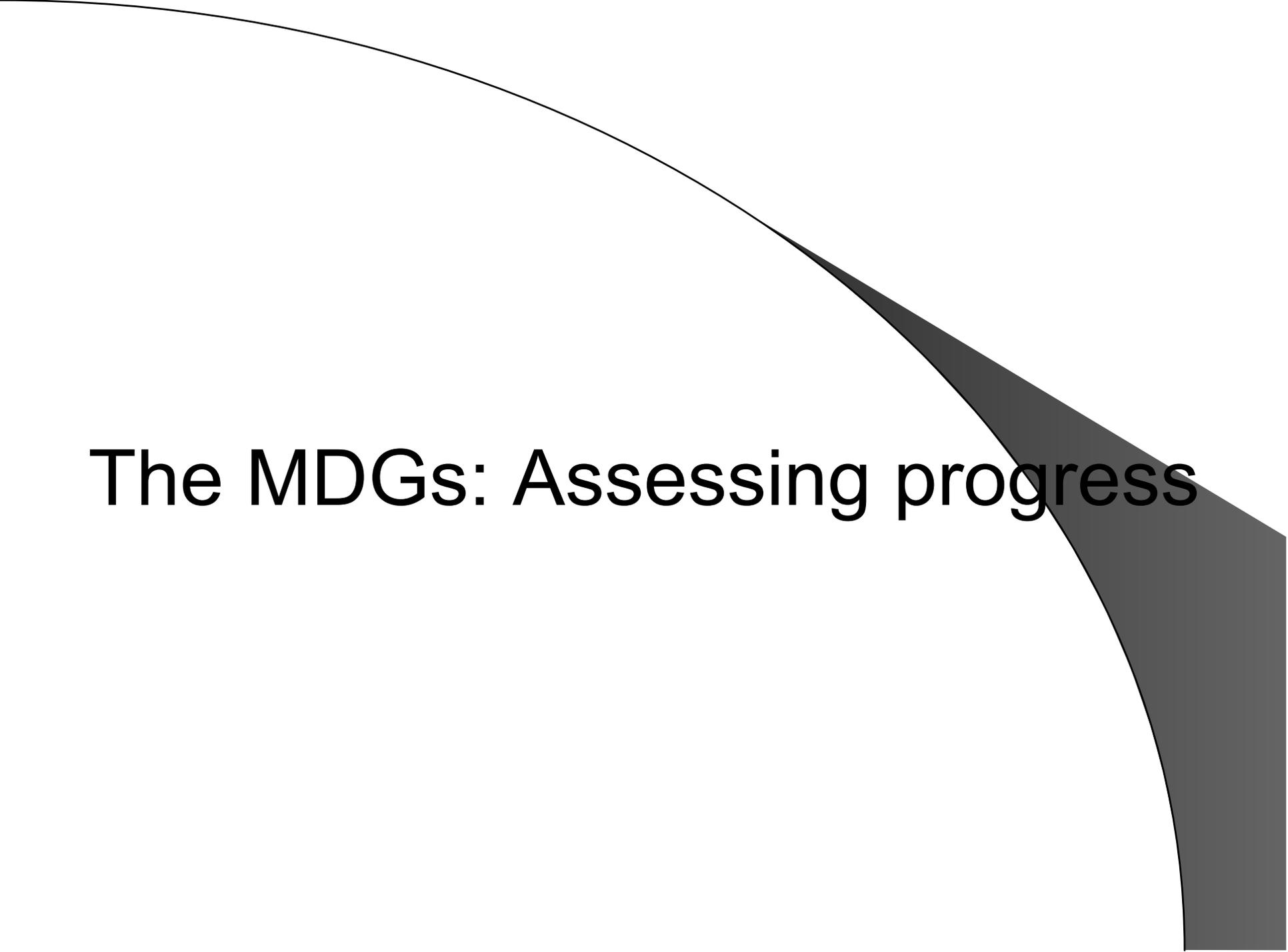
Environmental degradation, health and safety hazards





Narrow focus of past interventions

- Approaches were top-down, short, and lacked continuity
- Most programmes were donor and technology-driven
- Focus was mainly on gold and gemstones and less on industrial minerals (More sustainable; more links with other sectors of the economy)
- Little coordination between IGOs: CASM, a good development
- The finite and poverty-driven nature of ASM was not properly recognised
- Societal dimensions were very often ignored
- Many promises, few good results (at micro-level), fatigue and, overall, no positive change

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The MDGs: Assessing progress

The targets: goal by goal

MDGs	1990	2000	2015 (Target)
MDG 1: People living on less than \$1 (PPP) a day (% of population)	45	46	22
MDG 2: Primary education completion rate (% of relevant age group)	57	55	100
MDG 3a: Promoting gender equality: primary education	0.82	0.87	1
MDG 3b: Promoting gender equality: secondary education	0.75	0.82	1
MDG 4: Under five mortality rate (per 1,000 births)	187	174	62
MDG 5: Maternal mortality rate (per 100,000 live births)	920	917	230

The targets: goal by goal (2)

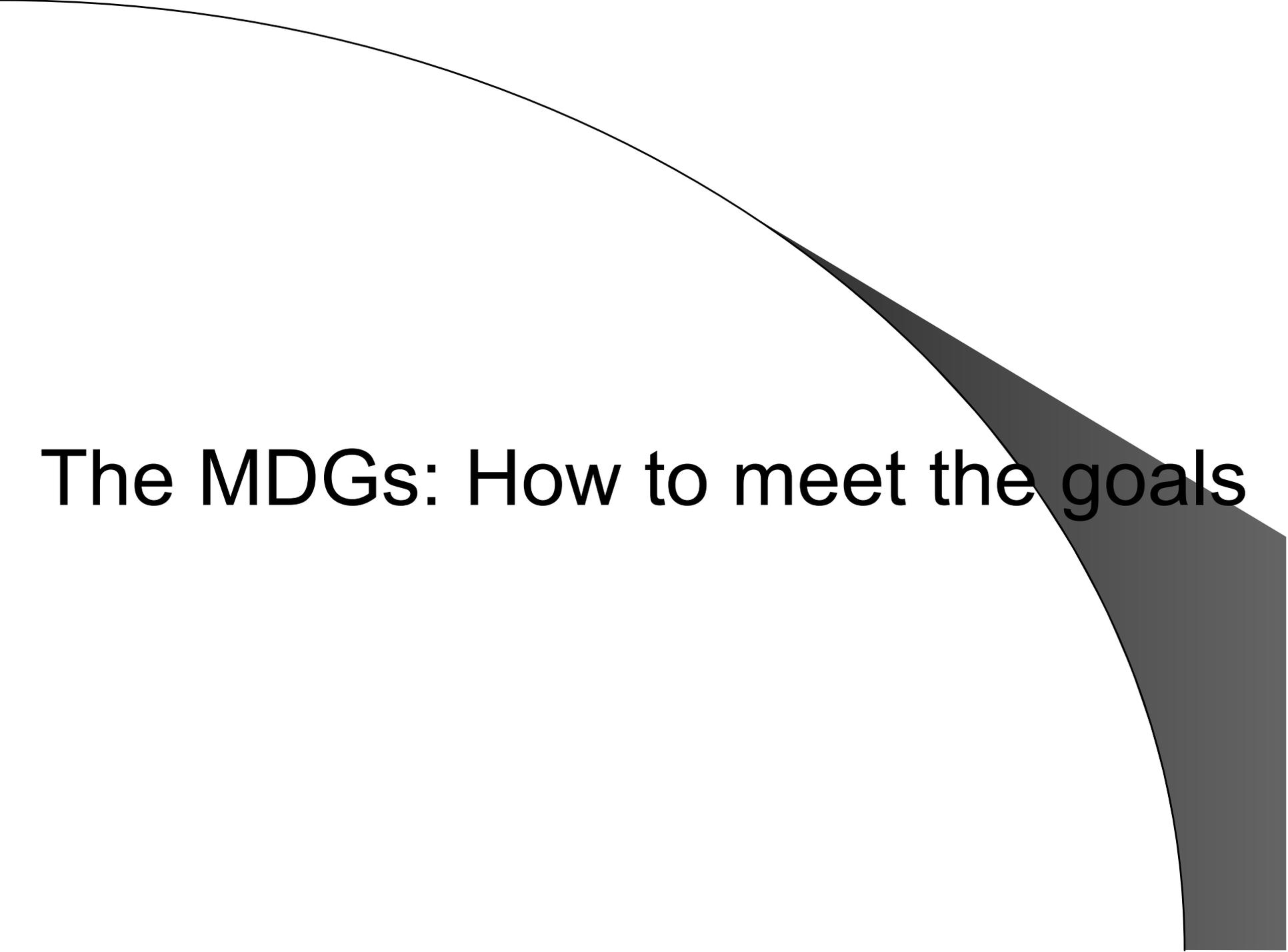
MDGs	1990	2000	2015 (Target)
MDG 6: Combating HIV/AIDS, malaria and other diseases: HIV/AIDS – In 2001 youth prevalence was 13% for men and 6% for women.	-	Increasing prevalence	Halt and reverse
Malaria - 7 out of 27 SSA countries with above 5% incidence use bed nets. Tuberculosis - had a prevalence of 350 per 100,000 in SSA in 2001.	-	Increasing prevalence	Halt and reverse
MDG 7a: Access to improved water (% of pop.)	54	58	77
MDG 7b: Access to improved sanitation services (% of population)	55	54	77
MDG 8a: ODA flows (% of donors' GNI)	On the decrease	Increase to 0.3% in 2003	0.7% as agreed in Monterrey
MDG 8b: Debt sustainability	N/A	12 African countries had reached completion point by 2004	-

Progress has been slow

- Slowest overall progress in Africa
- North Africa , Botswana and Mauritius performing well
- 20 countries on track to meet one or more of the targets
- Reversals in some crucial areas: 217m in 1990 to 290m in 2000 in extreme poverty/Adult life expectancy went from 50 to 46 years
- Majority of countries will not meet the target unless there is dramatic change

Why the slow progress?

- Sluggish economic growth/High GINI coefficients
- Income volatility
- Geographic poverty traps linked to adverse agro-climatic conditions
- Lack of diversification of economies/Vulnerability to shocks
- High transaction costs and risks in SME sector/ (Credit)market failures which hinders SME development
- Poor track record on governance despite recent progress
- HIV/AIDS pandemic
- Gender inequality
- Conflict
- Weak institutions and poor infrastructure: Weakens capacity to deliver public goods

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The MDGs: How to meet the goals

The conventional wisdom and emerging consensus

- “Kick in” high, rapid and sustained growth in labour intensive sectors: Agriculture, construction, textiles, tourism
- Promote broad-based and high-quality growth and development: Pro-poor and gender sensitive/Equitable distribution of income
- Mobilise and unleash domestic resources and entrepreneurial spirit
- Generate a “big push”: Better, more and predictable aid and less conditionality

The conventional wisdom and emerging consensus (2)

- Design national-owned and driven second-generation PRSs (That focus on MDGs, growth, and are more comprehensive and country-specific):
Better poverty information, analysis and monitoring.
Increased accountability
- Improve infrastructure and scale-up service delivery in the social sectors so that populations are better able to respond to the employment market
- Continue with better public finance and expenditure management (PRSP1)

But, ASM

- Is conspicuously absent from PRSPs
- Does not feature in the discourse on the MDGs, despite:
 - Clear links between ASM and at least the first 7 goals
 - Evidence, in some African countries, that incomes in ASM are higher than in other sectors of the rural economy (10x more in Tanzania)
 - Employment figures that can't be underestimated (1 million in Tanzania)
 - Evidence (Burkina Faso, Mali, Guinea) that income from mining play a crucial role in the education and health expenditures of many rural communities

ASM Impact or Benefit	Most Relevant MDG
Employment creation and income generation	MDG1/MDG2/MDG4/MDG5
Child labour	MDG2/MDG4
Women in mining	MDG3/MDG4/MDG5
Prostitution HIV/AIDS	MDG6
Hg, deforestation, water pollution	MDG7

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A way forward: How to mainstream ASM to meet the MDGs

Improve profiling

- Typify better the target group (Permanent, seasonal, poverty-driven and “gold-rush” miners)
- Understand the flows (income, demographic, social and other impacts) →
- Profile well the target group
- Understand the nature of the behaviour and motivation of the “miner”: Solutions may differ (risk minimisation or profit maximisation)!

Facilitate ASM transitions

- For rural economists: demographic transitions are key to rural structural transformation
- For us, ASM transitions are key, meaning:
 - From artisanal to small-scale mining
 - From gold and gemstones to industrial minerals
 - From mining to farming and other businesses
 - Don't make your son/daughter also a miner, save and invest in his/her education, health and knowledge: Break the cycle!

The technology route to ASM transformation

- Continue efforts to produce competitive, appropriate and affordable technology (To improve productivity and reduce impacts on the environment)
- Involve miners in technology development, be practical and show results to them
- Use incentives (e.g. fiscal) to reduce entry barriers for those who want to manufacture ASM equipment locally
- Reduce taxes for importation of equipment
- Promote associations/cooperatives to acquire technology
- Explore cooperation with majors to facilitate access to technology

A route that goes beyond technology

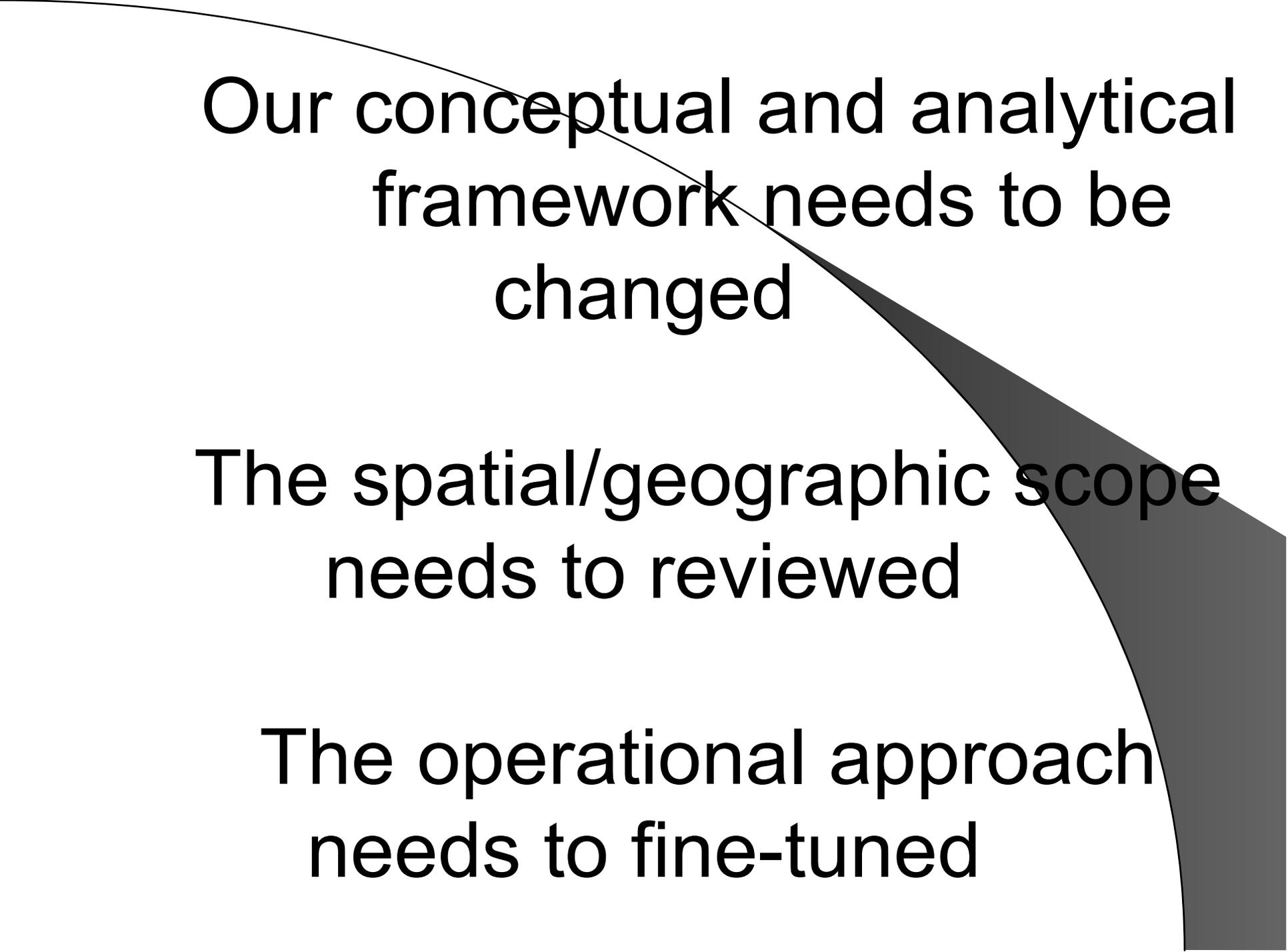
- Technology is not the panacea: More is needed to redress the problem
- Challenges are not on economics only. Socio-cultural variables are very important!
- Approaches to tackle challenges must be multi-pronged and holistic
- Improve legal and regulatory framework (To formalise ASM and to ensure security of tenure)
- Boost network of support services for those who can make the transition: Address market failures through incentives
- Enhance capacity of miners (To empower them)
- Address market development and access

Beyond mining: The total package

- Integrate vertically: From clay to bricks/From gemstones to jewellery/From mine to market
- Integrate horizontally: ASM in PRS (SGPRS) and Rural Development Plans
- Broaden up: Remember the C under CASM
- Promote a non-mining rural economy: Alternative livelihoods and SME development
- Review sectorial institutional/ administrative set ups which hinder integrated rural development
- Decentralise, deconcentrate, devolve and empower!

I hope the picture is clearer

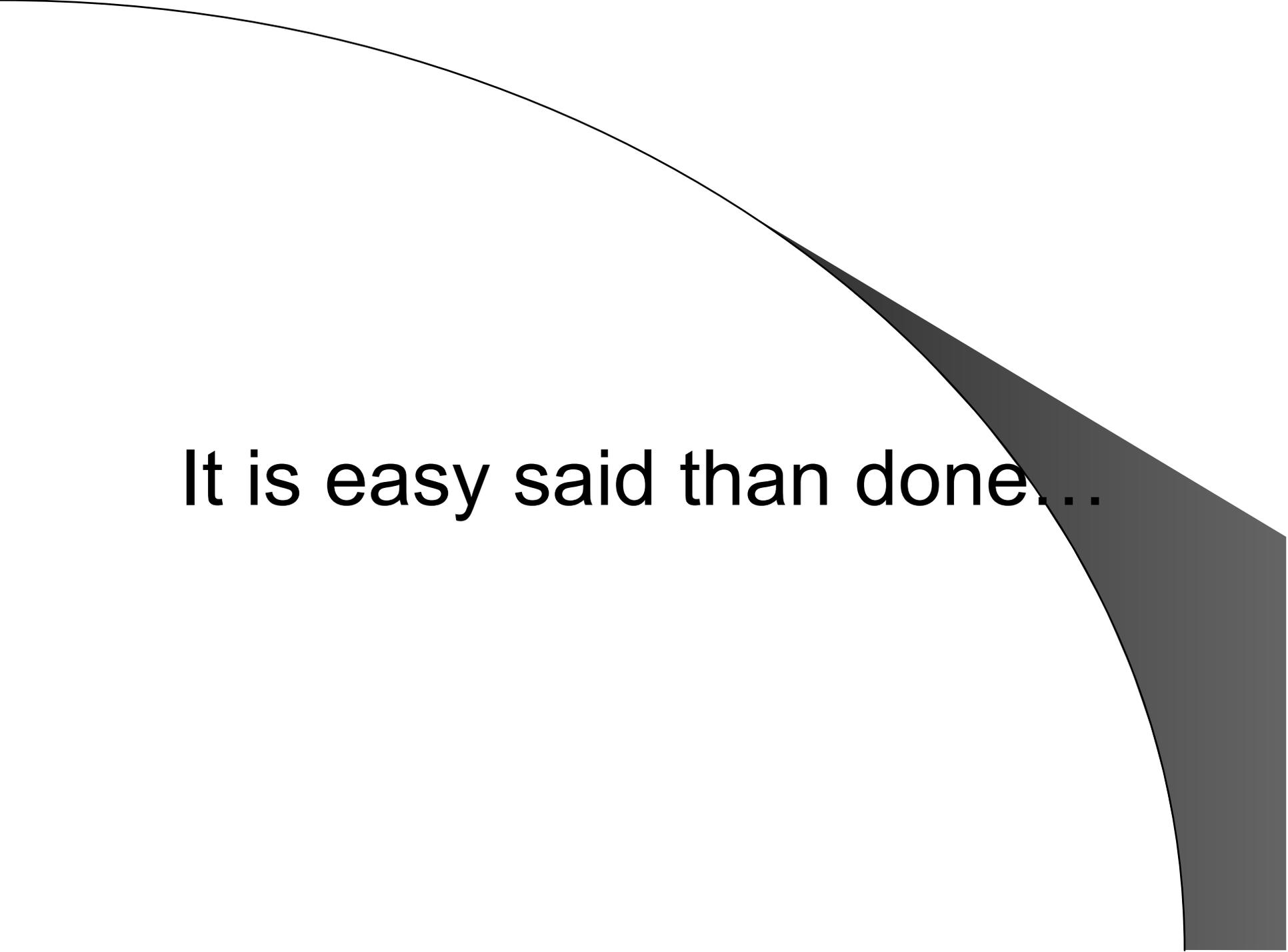
- There is no much difference between a miner and a farmer. In many cases they are the same person!
- They all suffer from the same market failures in accessing public goods and services.
- Rural livelihoods: The stem cells/Growth in rural economies is a strong engine for overall economic growth
- At the rural level, there is need to map all the assets, including mineral resources, that have the highest potential to generate broad-based high and sustained growth and design integrated rural development plans to harness them. Thus, the MDGS may be met!



Our conceptual and analytical
framework needs to be
changed

The spatial/geographic scope
needs to reviewed

The operational approach
needs to fine-tuned



It is easy said than done...



Thank you for your attention!