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The Best Practices of Artisanal and Small-Scale Miners in Mongolia

Part II



Ulaanbaatar
2014

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FOREWORD

It has been about a decade since Mongolia's artisanal and small-scale mining (ASM) sector began organising with the establishment of an ASM legal framework. The results are evident with the large number of organised miners now operating in line with that legal framework and who are meaningfully contributing to local development and achieving tangible results. With the passing of time, a growing number of good practices can be seen in mining partnerships that are worth sharing. Those achievements include the organisation and formalisation of the ASM sub-sector, miners becoming the drivers of change in local areas through safer, more environmentally friendly and socially responsible mining operations, and ASM's contribution to local development. Sharing knowledge and information is an important approach to development; therefore, we are presenting Artisanal and Small-Scale Miners' Best Practices Book II for the reference of miners, local and central governmental organisations and other stakeholders.

This book contains information on the ASM legal framework and its development, human rights issues that are common in the ASM sector and how ASM organisations are dealing with those issues, how miners are implementing democratic principles within their organisations, safer and more profitable mining operations, environmental protection and the mitigation of negative impacts, ASM's contribution to local economic development, sustainable ASM operations, and the social responsibility of miners.

The Sustainable Artisanal Mining (SAM) Project has supported the development of this handbook with the aim of widely sharing and disseminating the best practices of different ASM organisations during the past few years. We hope that readers of this handbook will gain important information on the achievements of Mongolia's ASM sector that will contribute to the development of sustainable ASM in their areas.

Patience Singo
SAM Project Manager

ONE. ARTISANAL AND SMALL-SCALE MINING LEGAL FRAMEWORK AND HUMAN RIGHTS

1.1 Artisanal and small-scale mining legal framework

More than a decade has passed since artisanal and small-scale mining operations emerged in Mongolia. After overcoming a number of obstacles, artisanal and small-scale mining operations began to develop into a mining sub-sector. Throughout this period, the Government of Mongolia paid attention to coordinating the ASM sub-sector, helping ASM to evolve into an active sector contributing to national economic growth, and creating and improving an enabling policy and legal framework to develop responsible ASM.

In order to address concerns related to artisanal and small-scale mining, Parliament passed amendments to the Law on Minerals and the Law on Land on July 1, 2010, and amendments to the Law on the Taxation of Personal Income Derived from Private Businesses on October 21, 2010, enabling miners to formally engage in ASM operations.



Picture 1: ASM partnership members

Formal ASM operations were defined in Article 4 of Clause 4.1.2: “Small-scale mining means the activities of an individual undertaken by unregistered partnerships established as stated in Sub-Part 1 of Article 481 of the Mongolian Civil Code for the purpose of extracting minerals from deposits of non-commercial and non-economic value and artificial deposits formed by extraction and technological waste and areas of mineral occurrences, allocated for the purpose stated in Article 16.1.11 of the Law on Land.”

As stated in the law, relations with regard to the extraction of minerals from artisanal and small-scale mining should be governed by the “Regulation on Extraction of Minerals from Small-Scale Mines” approved by Government Resolution No. 308 on December 1, 2010. In order to implement the regulation, other necessary documents, such as contracts and request templates, occupational safety rules and rehabilitation guidance, were approved in Order No. 153 of the Chairman of the Mineral Resources Authority of Mongolia (MRAM) on April 21, 2011.

The establishment of an artisanal and small-scale mining legal framework not only provided opportunities to support responsible small-scale mining and cooperation, but also created the conditions with which to improve responsibilities and control, rehabilitate mined areas, and comply with occupational safety and health rules and regulations. In addition, miners began organising and leading formal operations, and are working to change negative public perceptions of, and attitudes towards, ASM and are developing a responsible artisanal and small-scale mining sector.

In January 2014, Parliament approved the “State Policy towards the Minerals Sector for 2014-2025”. This included policy on ASM, which stated: “3.1.2. The State shall support by policy small-scale miners to cooperate in a legitimate structure and improve related legislation.” Within the policy’s implementation framework, the government is taking action to improve the ASM legal framework.

Parliament also approved an amendment to the Law on Minerals on January 24, 2014, which stated: “35.6. License-holding entities and artisanal and small-scale miners shall sell recovered gold within the same financial year.” This amendment created an enabling environment for gold extraction entities and artisanal and small-scale miners to sell their gold to the Bank of Mongolia and other commercial banks that have permission to buy gold. The new conditions include, if business entities and artisanal and small-scale miners sell gold to the Bank of Mongolia or other permitted commercial banks, they must pay a 2.5 percent royalty tax but not a windfall tax, and removed the threshold for gold volume to

be bought by the Bank of Mongolia. Importantly, artisanal and small-scale miners were equally considered to be business entities and were legislated to sell their gold within the same fiscal year.

After approval of the amendment to the Law on Minerals, there was a dramatic increase in the volume of gold sales. As of November 11, 2014, the Bank of Mongolia had bought 11,046.5kg of gold, which was 2.1 times higher than the previous year.

		2013	By November 11, 2014
1	Business entities (repeated numbers)	1449	1778
2	Individuals (repeated numbers)	3	846
3	Gold bought (kg)	6041.9	11046.5

Source: P. Sukhbaatar, Director of the Banknote and Precious Metals Department, Bank of Mongolia

From this year's total volume of bought gold, 25 percent or 2775.6kg of gold was sold by individuals, most of whom were small-scale miners, which is evident in Bank of Mongolia receipts which show that the XAMODX NGO from Bayankhongor aimag sold 1087.3g of gold in February, 8899.5g in July and 5794.3g in August 2014. The only assay laboratory in Mongolia is located in the capital, Ulaanbaatar, which presents difficulties for artisanal and small-scale miners operating in rural areas. Despite this, miners are helping to curb illegal gold smuggling across national borders by selling their gold to the Bank of Mongolia in accordance with legislation.



Picture 2: Assayed gold extracted from artisanal and small-scale mines

Artisanal and small-scale miners are already formally marketing their gold and there is a corresponding increase in the volume of gold sold on the formal market. In addition, artisanal and small-scale miners are contributing to the transparency of the gold sector, bolstering the national treasury and strengthening national economic capacity. More provisions were also included in the amendment to improve the ASM legal framework.



Picture 3: The Parliamentary session to approve the law

An amended definition of artisanal and small-scale mining in 4.1.23 of the Law on Minerals was approved by Parliament on July 1, 2014, which stated: “Small-scale mining means the activities of unregistered partnerships established as stated in Article 481.1, partnerships as stated in Article 35, and cooperatives as stated in Article 36.4 of the Civil Code for the purpose of extracting minerals from deposits with non-industrial content and non-economic value and artificial deposits formed by extraction and technological waste and areas of mineral occurrences.” Provision 7.3 of the Law on Minerals was amended as “Except the extraction of minerals from small-scale mines, conducting prospecting and exploration or mining without a special permission is prohibited. Gathering and exploiting natural coloured and precious stones shall be conducted under a license, the same as regular minerals”.

Provision 11 of the Law on Minerals, which reflected the central government’s mandate, was amended as “organise a tender to issue a license, make conclusions on the areas for the purpose of small-scale and common-minerals mining for an area of mineral concentration determined by the State budget”.

Penalties for breaching the legislation were also amended: “66.1. If a breach of the Law on Minerals does not constitute a criminal offence, an authorised state inspector, whilst taking into account the circumstances of the infringement, shall impose the following penalty on the guilty person”; “66.1.9. A citizen who violates the regulation on relations with respect to the extraction of minerals from small-scale mines shall be fined an amount equal to the minimum State wage multiplied five to 10 times, an official shall be fined an amount equal to the minimum State wage multiplied 10 to 20 times, and a legal entity shall be fined an amount equal to the minimum State wage multiplied 30 to 40 times.”

Adherence to these amendments by artisanal and small-scale miners and other relevant organisations will positively influence the development of the ASM sector.

1.2 Human rights issues

The most critical problem facing Mongolia’s artisanal and small-scale miners is the lack of consideration given to the provision of workplaces.



Picture 4: Shariin Gol soum miners discuss their issues

Miners engage in ASM to support their families, earn livelihoods and have a workplace. Among ASM partnerships, there are middle-aged and older single mothers who shoulder the responsibility for their families, young people who lack education and unemployed people aged over 40.

Working and having a place to work are directly linked to human rights. What are human rights? Article 1 of the Universal Declaration of Human Rights states: “All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.”

Human rights are fundamental, inalienable rights and freedoms «to which a person is inherently entitled simply because she or he is a human being. It is a fundament of human beings to live in dignity and value not depending on any differences. These rights are all interrelated, interdependent and indivisible”.

Basic human rights principles:

Universality: Everyone has equal value and is entitled to the same respect, without exception, by virtue of being human.

Indivisibility: Human rights are indivisible, whether they are civil, cultural, economic, political or social rights. Human rights are inherent to the dignity of every human. The denial of one right invariably impedes the enjoyment of other rights.

Interdependence and interrelatedness: Human rights are interdependent and interrelated. Each contributes to the realisation of a person's dignity through the satisfaction of his or her developmental, physical, psychological and spiritual needs. The fulfillment of one right often depends, wholly or in part, upon the fulfillment of others.

Equality and non-discrimination: All individuals are equal as human beings and by virtue of the inherent dignity of each human being. Therefore, no one should be discriminated against on the basis of race, colour, ethnicity, gender, age, language, sexual orientation, religion, political or other opinion, national, social or geographical origin, disability, property, birth or other status as reflected in human rights standards.

Participation: All people have the right to participate in, and access information related to, the decision-making processes that affect their lives and wellbeing.

Accountability: States and other duty-bearers are obligated to observe human rights. In this regard, they must comply with the legal norms and standards enshrined in international human rights instruments.

Artisanal and small-scale miners are successfully fighting to retain their places of work. They are doing this by forming organisations, helping each other and being united, and having a collective voice. Their success is visible in the progress that has been made in protecting their right to work. Practice shows that the most important way for the miners' to have their rights respected is having knowledge of, and skill in, upholding those rights. This has been borne out in the experiences of artisanal and small-scale miners' NGOs and the lessons that have been learned.

A good example is the Buyantiin Khundii Shariin Gol NGO from Shariin Gol soum in Darkhan-Uul aimag and its efforts to protect its members' rights. The NGO was established in 2009, and its management

structure consists of a nine-member steering committee, a five-member monitoring committee, and a five-member site rescue team. The steering committee maintains detailed records of partnerships, their members and their operational shafts. The NGO's internal regulation is both clear and simple. Partnerships are required to refill exploited shafts and undertake biological rehabilitation before being granted permission to dig another shaft at another location. The NGO has secured a 2.8 ha area in Buyantiin Khundii (Buyant Valley) for mining through a contract with the local government.



Picture 6: A mining area rehabilitated by members of the Buyantiin Khundii Shariin Gol NGO

Within the contractual period, NGO members established a rehabilitation fund and accumulated MNT 3.2 million. In 2013, NGO members rehabilitated 2.8 ha of exploited land in Buyantiin Khundii using their rehabilitation fund before it was handed over to the local government. A contract on the extraction of minerals from small-scale mines signed with the soum governor gave partnerships the right to “apply for another area for the conclusion of a contract on the extraction of minerals upon relinquishing the rehabilitated area” in the chapter on “The rights and responsibilities of partnerships”. Under this provision, the NGO requested that the soum Citizens’ Representative Khural (CRKh) resolve issues related to assigning mining areas for NGO partnerships. In support of the miners’ request, the CRKh tasked the soum governor with resolving the issue in accordance with the relevant legal framework.

However, the miners met with opposition from the soum governor, who stalled for a protracted period of time. In the interim, desperate to earn a living, the miners began operating in the Buyantiin Khundii

area. Eventually the governor issued a resolution prohibiting artisanal and small-scale mining. In order to enforce the resolution, the governor ordered local police to intervene, who then ordered the miners to stop work. The NGO was committed to protecting its members' interests and to ensuring that the area was officially designated for ASM operations. To achieve this, the miners chose to operate within the legal framework rather than forcibly protest. Their first success came in enabling the police to understand their rights.

NGO members understood that it was vital for the public to understand the realities of ASM and to mobilise public support in order to influence the governor's decision, and began a series of advocacy activities through the media. A number of television programs were directly broadcast from the mine site that focused on the miners' rights and their need to have the area officially designated for ASM. Their strategy proved to be successful, and their voices were heard by soum and aimag authorities and decision-makers.



Picture 7: Miners campaign to protect their rights

The NGO set up an information ger at the mine site in order to advocate for their right to work, to draw attention to their situation and

the realities they faced, and to disseminate information on human rights to members, supporters and the public. The NGO adhered to correct procedures and communication channels in its dealing with the local government, such as submitting official letters and requesting responses within the prescribed period. Their efforts represent but a small part of the activities conducted by artisanal and small-scale miners to uphold their rights.

1.3 Social activeness of artisanal and small-scale miners

Mongolian citizens have equal rights to elect and to be elected, which is enshrined in the Constitution (Chapter 2, Article 16.9): “The citizens of Mongolia shall be guaranteed the rights to take part in the conduct of State affairs directly or through representative bodies and to elect and to be elected to State bodies.” The social activeness of artisanal and small-scale miners increased dramatically following formal organisation and their operating within the legal framework. This increase was made possible through collaboration with the SAM Project and other support organisations working to develop mining partnerships by involving miners in a range of capacity building programmes and projects. Using the information they gained, many miners became sector leaders. With support from the SAM Project, some visited countries more advanced in ASM development to learn from their practices. Those leaders saw that being organised and operating within the legal framework was not sufficient; what was also needed was a favourable environment for development, improvements to State policy and decisions on artisanal and small-scale mining, and sectoral changes.

Based on that assessment, miners understood that having ASM representatives in local decision-making bodies would be influential in resolving the challenges they faced. To that end, in 2012 47 representatives from ASM NGOs competed for seats in 13 soums’ CRKhs in nine aimags, and one seat in an aimag CRKh.

As a result, 25 miners’ representatives were elected throughout the country, including one elected to an aimag CRKh and 10 in soum CRKhs. They were: S. Chuluuntsetseg and T. Buyanjargal (Tsenkher soum CRKh in Arkhangai aimag); M. Mendsaikhan, P. Battulga, T. Khurelsukh, S. Enkh-Amgalan and B. Otgonbayar (Bayan-Ovoo soum

CRKh in Bayankhongor aimag); D. Batchuluun (Bayankhongor soum CRKh in Bayankhongor aimag); D. Sainjargal (Bayankhongor aimag CRKh); T. Ariunchimeg (Buregkhangai soum CRKh in Bulgan aimag); L. Lkhagva, N. Batjargal, B. Tsogyuren, and Kh. Ulziibat (Airag soum CRKh in Dornogobi aimag); Sh. Sukhdorj (Chairman of the Khuld soum CRKh in Dundgobi aimag); S. Khorloo and L. Zolbayar (Khuld soum CRKh in Dundgobi aimag); D. Tsogtgerel and O. Alimaa (Zaamar soum CRKh in Tuv aimag); B. Uuganbayar (Chairman of the Bornuur soum CRKh in Tuv aimag); B. Narantsogt (lead member of the Bornuur soum CRKh in Tuv aimag); N. Undrakhbileg (Bornuur soum CRKh in Tuv aimag); and N. Natsagmaa (Batnorov soum CRKh in Khentii aimag). This was a remarkable achievement for the ASM sector at the political level.

TWO. ARTISANAL AND SMALL-SCALE MINING STRUCTURE AND ORGANISATION, DEMOCRACY AND TRANSPARENCY

2.1. Non-governmental organisations

Chapter 2, Article 16.10 of the Constitution states: “The citizens of Mongolia shall be guaranteed the right to form a party or other public organisations and unite voluntarily in associations according to social and personal interests and opinion. All political parties and other public organisations shall uphold public order and State security, and abide by law. Discrimination and persecution of a person or joining a political party or other public organisation or for being their member shall be prohibited. Party membership of some categories of State employees may be suspended.” The main purpose of this right is to give citizens the opportunity to protect their common interests through the joint resolution of issues. Citizens are entitled to establish and name organisations, such as political parties, coalitions, associations, councils and fellowships, which must be open to those who want to join voluntarily in accordance with their common beliefs and interests.

In order to protect their interests and rights, artisanal and small-scale miners began establishing NGOs. The founding of pioneering ASM

NGO Bornuur Artisanal and Small-scale Miners' Association (BASMA) in Bornuur soum, Tuv aimag, in 2007 was soon followed by the establishment of ASM NGOs throughout the country. As of 2014, there were 42 ASM NGOs operating in Mongolia. The goal of ASM NGOs is to be a legal entity capable of protecting their members' common interests, rights and positions, and to represent and have heard the voices of members by society and decision-makers.

ASM National Federation

Eventually, the need arose for an organisation that united the ASM NGOs and represented them at the national level, prompted largely by the lack of an enabling ASM legal framework.

A group of miners representing different ASM NGOs submitted a proposal focused on improving the ASM legal framework for consideration in amendments to the Law on Minerals initiated by the President of Mongolia. However, their input was not included, which led representatives from 22 ASM NGOs to come together in January 2013 to share opinions. During the meeting, a working group was established to determine the necessity of setting up an umbrella organisation at the national level. The working group was comprised of seven members: B. Narantsogt from the BASMA NGO in Bornuur soum, Tuv aimag; N. Narantugs from the Ekh Oron Khamtiin Khuch NGO in Airag soum, Dornogobi aimag; O. Tsetsegmaa from the Buyantiin Khundii Shariin Gol NGO in Shariin Gol soum, Darkhan-Uul aimag; D. Dambiisurenjav from the Baatar Vangiin Khishig NGO in Mandal soum, Selenge aimag; D. Bayarmaa from the Enkh Munkh Ergekh Kholboo NGO in Zaamar soum, Tuv aimag; D. Tuya from the Duush Mandal Khaikhan Kholboo NGO in Mandal soum, Selenge aimag; and Ch. Batchuluun from the Bat-saikhan Setgel NGO in Galuut soum, Bayankhongor aimag. B. Narantsogt was elected leader of the working group. The working group then visited 32 soums in 13 aimags, met with 3209 miners, and conducted a survey on the need to set up an umbrella organisation. A total of 2013 of respondents believed there was such a need.



Picture 8: Members of the working group meet with miners in Umnugobi soum and Ulaangom city in Uvs aimag

Based on this, the working group organised the first Assembly of Mongolian Artisanal and Small-Scale Miners at Government Palace in Ulaanbaatar in May 2013 to establish a national umbrella organisation. More than 200 representatives from ASM NGOs and 50 representatives from local and central government took part in the assembly.



Picture 9: The first Assembly of Mongolian Artisanal and Small-Scale Miners at Government Palace in Ulaanbaatar

During the assembly, participants approved the organisation's bylaws and elected a leader of the ASM National Federation NGO. Miners defined the organisation's vision as "A society with an equal and fair allotment of development benefits". Its mission was "To guarantee

artisanal and small-scale miners rights to develop and improve their livelihoods through the development of environmentally friendly and socially responsible ASM, and creating an enabling business environment”. In order to achieve its mission, the miners identified the following objectives:

- To build the capacities of member organisations
- To organize movements to ensure the right to develop
- To strengthen documents and evidence to influence policy
- To influence State policy by developing mining and minerals policy and concepts from the point of view of civil society
- To be financially sustainable and independent

The most significant outcome of the assembly was the establishment of the ASM National Federation (ASM NF), which would work to resolve the challenges facing ASM communities and provide unified policy and supervision.



Picture 10: Election of the ASM NF steering committee

In 2013, the ASM NF had 28 member ASM NGOs; that number increased to 35 in 2014, representing 25 soums in 12 aimags. The ASM NF is developing into an organisation that represents artisanal and small-

scale miners at the national level and defines ASM sector policy.

Since its establishment, the ASM NF has focused on the following three priorities:

One: Creating a favourable legal environment for ASM

In July 2014, Parliament began to discuss amendments to the Law on Minerals. In relation to this, the ASM NF set up a task force to develop an amendment proposal. Task force members included ASM NF Chairman B. Narantsogt, Executive Director O. Tsetsegmaa, and Secretary R. Tumendemberel. The proposal they developed reflected input from ASM NF member organisations. The task force discussed their proposal with Members of Parliament, ministry officials and decision-makers through meetings and the submission of official letters. As a result, they were able to form a lobby group in Parliament comprised of MPs N. Enkhbold, D. Ganbat, D. Khayankhyarvaa, D. Demberel, and G. Uyanga.



Picture 11: The task force meets with MPs D. Baatartsogt and G. Uyanga

Their efforts proved to be effective, with ASM-related provisions included in the State's minerals sector policy: "3.1.2. To support small-scale miners' cooperation through legal organisation by State policy and improve related legislative regulation." Other amendments approved in the July 1, 2014, Parliamentary session included: i) The definition of small-scale mining in the Law on Minerals was amended as "Small-scale mining means the activities of unregistered partnerships established as stated in Article 481.1, partnerships as stated in Article 35, and cooperatives as stated in Article 36.4 of the Civil Code for the purpose of extracting minerals from deposits with non-industrial content

and non-economic value and artificial deposits formed by extraction and technological waste and areas of mineral occurrences”; ii) Provision 7.3 of the Law on Minerals was amended as “Except the extraction of minerals from small-scale mines, conducting prospecting and exploration or mining without a special permission is prohibited. Gathering and exploiting natural coloured and precious stones shall be conducted under a license, the same as regular minerals”; and iii) Provision 11 of the Law on Minerals which reflected the central government’s mandate was amended as “organise a tender to issue a license, make conclusions on the areas for the purpose of small-scale and common-minerals mining for an area of mineral concentration”.



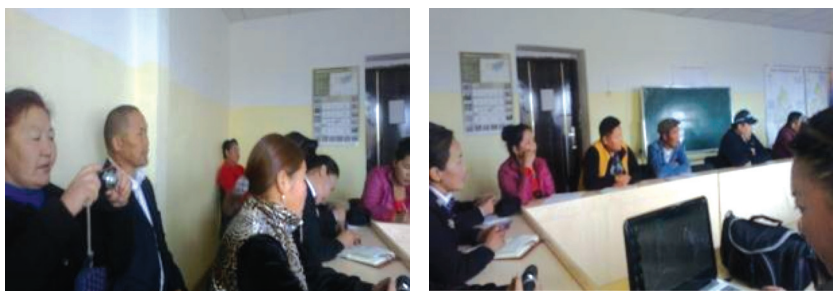
Picture 12: Meetings with MPs D. Demberel and D. Ganbat

While these amendments were not wholly satisfactory for miners, they are regarded as the ASM NF’s first major success. The main objective was to improve the ASM legal framework and protect members’ common rights and interests. In order to achieve this, they advocated and subsequently influenced policy and decision-makers through discussions and negotiations, media coverage, and the provision of information to government organisations on their activities and potential. Their approach was one of respect, transparency, flexibility and compromise.

Two: Protect members’ rights and interests, and provide support

The ASM NF organises activities to support its member organisations in overcoming the challenges they face. Of prime importance was collaboration with local governments to resolve issues related to ASM land allocation. ASM NGOs generally lack the knowledge and skills with which to cooperate with, and be understood by, government organisations and license-holding mining companies.

To address this, the ASM NF cooperated with a range of ASM NGOs, including the Orkhon Tuuliin Khishig NGO from Orkhontuul soum in Selenge aimag, ASM NGOs operating in Umnugobi, Ulaangom and Tarialan soums in Uvs aimag, the Tsenkher Orkhon Nutgiin Khugjild NGO from Tsenkher soum, Arkhangai aimag, the Buyantiin Khundii Shariin Gol NGO from Shariin Gol soum in Darkhan-Uul aimag, 10 ASM NGOs operating in Zaamar soum, Tuv aimag, Bayankhongor-aimag NGOs Enrelt Khangai from Sumber soum, Batsaikhan Setgel from Galuut soum and Baidragiin Khugjil from Jargalant soum. In conjunction with the NGOs, the ASM NF organised meetings with local government officials and mining companies, explained relevant laws and regulations, and provided information on the best practices of responsible artisanal and small-scale mining. As a result, more than 1000 miners from 16 ASM NGOs were granted mining land through bilateral and trilateral agreements. S. Munkhsarnai, head of the Norovlin Khamtiin Khuch NGO in Norovlin soum, Khentii aimag, requested support from the ASM NF when faced with pressure from soum authorities that threatened their livelihoods. In response to the request, the ASM NF steering committee decided to work on the ground to assess the situation and then take appropriate measures. A group comprised of former Executive Director O. Tsetsegmaa, steering committee member O. Purevjav, and monitoring committee head D. Dambiisurenjav worked in Norovlin soum and supported the local government and the NGO in reaching a common understanding and enabling the ASM NGO to operate legally.



Picture 13: ASM NF representatives working in Khentii aimag on request from the local ASM NGO

Three: Promoting responsible ASM operations to the public

Through the media, the ASM NF regularly promoted its work to the public in creating a favourable ASM legal framework, protecting its members' rights and interests, and developing responsible artisanal and small-scale mining. The media play an important role in changing negative public perceptions about ASM and increasing understanding of the sector. Television is a particularly important medium given its reach and public appeal. The ASM NF held six press conferences on the following topics: “Organised ASM’s contribution to local development”, “Members of Parliament’s positions on ASM”, “Approval of State policy in the minerals sector”, “Local authorities and mercury use”, “Artisanal and small-scale miners’ environmental responsibility and land rehabilitation”, “Stopping miners illegally operating under the name of ASM”, and “Police overturn the decision made by the local self-governing body”.



Picture 14: The ASM NF spreads its messages through press conferences

In addition, a 30-minute television program aired on EcoTV about miners clearing 2 tonnes of rubbish along a 500m stretch of the Selbe River under the slogan “For a trash-free city”. EcoTV also broadcast a segment on miners planting 2000 trees in Khuld soum, Dundgobi aimag, in its “Rights and Wrongs of Mining” program.

Zaamar Nutgiin Khugjild Bidnii Oroltsoo NGO

The NGO’s priority is to be a legal entity capable of representing its members and protecting their rights and interests. To achieve this objective, they have adopted a democratic and transparent organisational structure.

The NGO's steering committee faced challenges related to increasing the participation of members, improving their responsibilities, resolving financial problems, and ensuring the organisation was both democratic and transparent. This required amending the NGO's bylaws, which was done via a members' meeting.

On August 30, 2013, at the Khailaast bagh centre in Zaamar soum, 34 of the NGO's 42 members gathered for the meeting. NGO Head Sh. Batgerel opened the meeting and reported on, and answered questions about, the activities that had been undertaken, the expenditure of funds raised through membership fees and donations, and the organisation's financial status. The meeting chairperson, committee representative and secretary were then elected and the following issues discussed:

- The steering committee's 2013 operational report
- Amendments to the NGO's bylaws
- The re-election of the steering and monitoring committees
- The draft regulation for the creation of a shared fund, its management and monitoring The NGO's operational plan for September 1, 2013, to December 31, 2013.



Picture 15: The Zaamar Nutgiin Khugjild Bidnii Oroltsoo NGO members' meeting

Following discussions, members deemed the work of the steering committee to be satisfactory.

The Chair of the meeting explained the proposed amendments to the NGO's bylaws to ensure all members understood, and were able to have input into, the suggested changes, which included establishing a seven-member steering committee and a five-member monitoring committee, and that the NGO head be elected in an all-members' assembly. NGO members then elected the NGO head and members of the steering and monitoring committees.

A draft regulation for the creation of a shared fund, its management and monitoring were then introduced by the newly appointed steering committee, and the organisation's operational plan was developed for the coming quarter with input from NGO members. Members added such activities as cleaning the Khailaast bagh centre, and providing basic financial, business and computer trainings for members.

On conclusion of the meeting, members said it had been successful, was transparent, had encouraged participation, and had enabled the elected leaders to improve their leadership skills. This experience demonstrates that member participation is crucial in ensuring democracy and transparency.

2.2 Artisanal and small-scale miners' partnership

In accordance with the Regulation on Extraction of Minerals from Small-Scale Mines, miners are required to form partnerships in order to engage in mining activities. Article 481, Chapter 1 of the Civil Code states: "No registration is needed for unions and partnerships formed by several parties based on a joint action contract, and participants shall decide their structure and management by mutual agreement." Once they have formed partnerships, miners must sign a cooperation agreement with the soum governor to conduct mining activities in the soum area. They must also develop a mutually agreed upon partnership operational rule that reflects the "ASM safety operational regulation" and the "Technical and biological rehabilitation guidance for ASM-affected areas". Members' roles and responsibilities must also be included in the partnership operational rule, including working hours,

work requirements to be adhered to during mining operations, when and how to pay the tax and insurance, and the creation of a shared fund, as well as communication and relationships between members, conducting members' meeting, electing and dismissing the partnership leader, and requirements for workplace and residential areas.

In 2014, 7085 artisanal and small-scale miners (70 percent male, 30 percent female) were organised into 871 partnerships and had formed 42 ASM NGOs.

		2012	2014
	ASM partnerships	681	871
	Number of members	5391	7085

Source: SAM Project

The data above shows a 22.8 percent increase in the number of ASM partnerships and a 25.5 percent increase in the number of partnership members from 2012 to 2014. This increase is related to the efforts made to promote responsible ASM activities and its organisation and formalisation.

There are now many ASM partnerships successfully operating within the legal framework, including:

The Altan Usnii Khugjil NGO from Bayan-Ovoo soum in Bayankhongor aimag has two partnerships, Argalant and Uranbaigali, each with its own rules and member identification cards. The two partnerships began their mining operations after signing a contract with the soum governor in July 2013 to mine on 2 ha of land that had been damaged through prior unregulated mining activities. On completion of their operations, the partnerships undertook technical land rehabilitation and fenced the area before handing it area over to soum management. The partnerships were then allocated an additional 2.8 ha of similarly damaged land for mining and rehabilitation, which they also completed and handed over to soum management. In 2014, the soum CRKh allocated 5 ha of mining land to the partnerships with the condition that they undertake model rehabilitation of the area. At present, the partnerships are in the extraction phase.

The partnerships provide operational safety instructions and sign a logbook every day before the start of work, record their members' partnership identification cards, and ensure that miners are fully equipped with personal protection equipment. They cooperate closely with soum government officials, and the social security inspector and State environmental inspector visit the site at least three times a month to provide guidance and share opinions. The partnerships undertake rehabilitation work each Tuesday, which is called "rehabilitation day". On that day, the area of land that is being restored is divided between partnerships and a competition is held that includes such criteria as attendance and participation, volume of completed work, quality, operational safety procedures, and use of personal protection clothing and equipment. The winner of the competition is announced each Sunday. Each month, partnership members pay MNT 14,000 in income tax, an MNT 1000 NGO membership fee, and MNT 5000 into the shared fund. As of August 2014, members of the two partnerships had contributed MNT 1,524,000 to the Social Security Insurance scheme. In addition, members also received medical check-ups at least twice a year and received medical treatment when it was required.

The Nutgiin Khugjil partnership of the Zaamar Nutgiin Khugjild Bidnii Oroltsoo NGO from Zaamar soum in Tuv aimag cooperates with the Mining National Operator company under a tripartite agreement. Partnership leader Sh. Batgerel places great importance on financial transparency, and prepares monthly partnership income and expenditure reports that are distributed to members. During partnership meetings, members discuss the financial situation and make decisions collectively. Below is an example of the partnership financial report:

	ҮЗҮҮЛЭЛТҮҮД	Date	Gold volume (g)	Price per gram	Total
1	Recovered gold	2014.06.12	15.5	225000	930000
		2014.06.19	28.5	225000	1710000
		2014.06.20	3.4	235000	213000
		2014.07.10	31	235000	1942100
		2014.07.16	37.5	240000	2400000
		2014.07.24	30.1	235000	1886200
		2014.07.27	38.5	235000	2412600

		2014.08.01	174	240000	11142000
		2014.08.07	80.2	240000	5132800
	Total		323		20573600
2	Expenses				
	Social Security Insurance				417720
	Citizens' income tax				280800
	Membership fees				140000
	Rehabilitation fund				170000
	Development fund				340000
	Medical check-ups				78000
	Salaries				14632870
	Food				2445210
	Fuel				1100000
	Donations to soum development fund				500000
	Support for orphans				200000

Financial transparency is a key factor in strengthening ASM partnerships' sustainability, building trust among members and ensuring harmonious operations.

The Khutagtiin Ur Sad NGO from Airag soum in Dornogobi aimag has three partnerships engaged in mining fluorspar. Two of these partnerships, Khuchin Tuguldur and Gobi Bayanchandmani, are working towards becoming ASM model partnerships. The partnerships began by improving their bylaws and regulations, paying attention to the establishment of a model residential area and strictly adhering to occupational safety regulations. They provide illustrated daily operational safety instructions for their members. In 2013, the partnerships carried out technical rehabilitation on 1.2 ha of land, and erected warning signs.



Picture 16: Khutagtiin Ur Sad NGO partnerships' illustrated occupational safety instructions

2.3 Cooperative

Artisanal and small-scale miners are also working to establish business ventures outside of ASM, and some have set up cooperatives in their local areas, including the Kharaa Tavan Erdene cooperative in Mandal soum, Selenge aimag, the Sain Uils Bayan cooperative in Galuut soum, Bayankhongor aimag, and the Gobi Nutgiin Chuluu cooperative in Airag soum, Dornogobi aimag. This demonstrates that artisanal and small-scale miners are investing the money they earn from ASM into alternative forms of income-generation.

Gobi Nutgiin Chuluu Cooperative



In 2010, with support and guidance from the SAM Project, artisanal and small-scale miners in Airag soum, Dornogobi aimag, began adding value to the minerals they mined by crafting handicrafts and souvenirs from fluorspar, coloured stones and semi-precious stones. In tandem with the miners, the SAM Project conducted

a study on market demand, production technology and equipment. The study found there was a demand for such handicrafts and souvenirs at both local and central markets. This prompted the miners to establish a workshop and to determine the type of organisation needed to run the workshop. After meetings and discussions with members, a cooperative was agreed to be the best organisational structure, and in November 2012, the Gobi Nutgiin Chuluu cooperative was launched and its bylaws approved by members.

The cooperative's bylaws included rules on how to conduct membership meetings, the rights and responsibilities of steering and monitoring committees and members, minimum and maximum capital investment, the distribution of dividends, the establishment of reserve and other funds and fund expenditures. Members elected three people as lead cooperative members and three as members of the monitoring committee. B. Narantsugs was appointed cooperative manager. In order to support the cooperative, the SAM Project in conjunction with a specialist school organised trainings in making handicrafts. The Airag soum CRKh and the soum governor's office provided the cooperative with workshop and marketing space at the Khamriin Khiid monastery, which is frequented by local and international tourists.



Picture 17: Members of the Gobi Nutgiin Chuluu cooperative

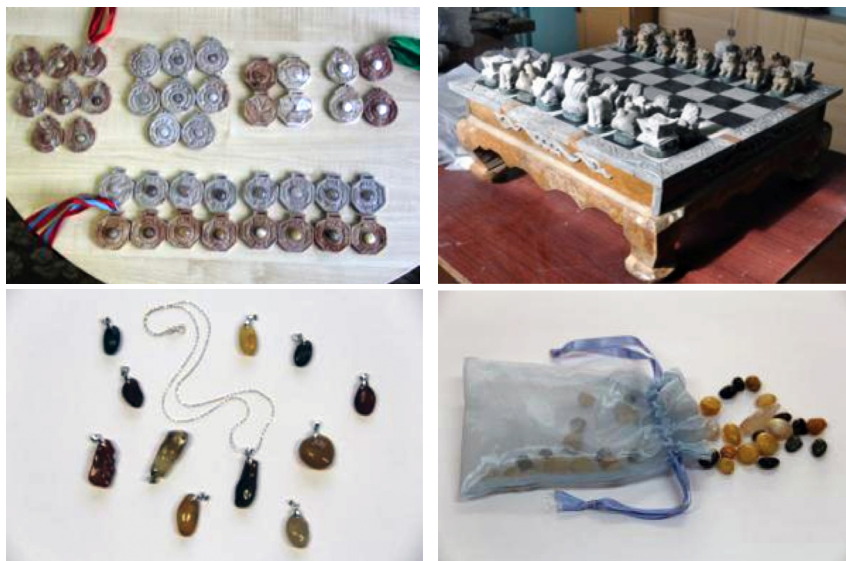
A working group to support the establishment of the workshop was formed by order of the Dornogobi aimag governor and was given professional and methodological assistance. In addition, Dornogobi aimag CRKh Chair G. Ganbaatar donated MNT 900,000 for the renovation of the workshop building. Such support encouraged cooperative members to work hard and make a success of their venture.

At present, there are 11 cooperative members, and they organise annual all-member assemblies, during which lead members report on operations throughout the year and approve the following year's business plan. A decision is also made on the distribution of dividends if profits have been made. To date, the workshop has created three permanent workplaces, and is producing chess sets, stamp boxes, snuff bottles and other souvenirs. They are working to create distinctive aimag and soum brand products. In 2013, Gobi Nutgiin Chuluu was named Dornogobi aimag's Best Cooperative with Brand Product.



Picture 18: Gobi Nutgiin Chuluu's award for Best Cooperative with Brand Product

The work of the Gobi Nutgiin Chuluu cooperative in producing value-added products and creating new workplaces for artisanal and small-scale miners in the soum is a best practice example, and one that can inspire miners in other areas.



Picture 19: Some of the products produced by the Gobi Nutgiin Chuluu cooperative

THREE. COOPERATION BETWEEN ARTISANAL AND SMALL-SCALE MINERS AND GOVERNMENT ORGANISATIONS

3.1. Human rights and State duty

The State is responsible for the creation of economic, social, legal and other guarantees to ensure human rights and freedoms, and to redress violations of human rights and freedoms (Constitution of Mongolia, Chapter 2, Article 19.1).

Human rights give people the right to live in dignity, be valued and live free from discrimination. It is the State's duty to ensure that these rights exist and are upheld. It is responsible for respecting, providing and protecting the rights and freedoms of its citizens' and all those who live within its borders. The State is also responsible for ensuring that people can access their rights, are informed of their rights, and that action is taken to protect people's rights. Mongolia has been working to uphold

the human rights of artisanal and small-scale miners through the creation of an ASM legal framework, which has included the establishment of the ASM Unit of the MRAM in September 2011. The main tasks of the ASM Unit are:

- To implement the ASM legal framework in line with the mining legal framework, policy and programmes;
- To create safer working conditions that meet occupational safety requirements, and to train and professionalise miners in occupational safety and health;
- To improve the environmental responsibility and rehabilitation activities of miners and take measures to reduce the negative environmental impacts of mining;
- To prepare skilled workers who can work in different sectors;
- To improve synergies between government organisations, conduct assessments, and ensure miners' rights and responsibilities;
- To gather and compile data on artisanal and small-scale mining from local government officials and create a data; and
- To cooperate with artisanal and small-scale miners and their NGOs within its mandate.

3.2 Cooperation between artisanal and small-scale miners and government organisations

Local government organisations are the most influential in resolving mining land issues and allocating ASM land, developing mutual understandings with license-holding companies, and initiating discussions on cooperation. Local government organisations have been working to protect their citizens' rights and interests, and there are many instances of artisanal and small scale miners cooperating with local government organisations in order to have their rights upheld. In 2014, of the 76 soums in 20 aimags where ASM operations took place, in 30 soums in 12 aimags local governments were working to implement the ASM legal framework, and from 2011 to 2014, 63 mining areas with a total size of 913.78 ha were allocated for ASM.

There are many examples of effective cooperation between local government organisations, ASM partnerships and their NGOs.

In March 2012, the Mandal soum CRKh in Selenge aimag issued Order No. 07 to allot 12.29 ha of land on Noyod Mountain for local special use and applied to the MRAM for an assessment for its use for ASM. Approval was granted in an official letter, No. 5/2563, from the MRAM's Mining Research Division Chair dated April 25, 2012. With the land allocation approved, the Duush Mandal Khairkhan Kholboo NGO signed a memorandum of understanding with the local government office and the soum's Emergency Agency Unit and Environmental Office. The memorandum of understanding allowed all parties to jointly assess implementation on an annual basis.



Picture 20: The Duush Mandal Khairkhan Kholboo NGO cooperates with the local government

The soum governor's administration office also provides trainings for miners on social and health insurance, income tax and occupational safety.

In Khuld soum, Dundgobi aimag, herders who lost their livestock in droughts and dzuds and people who were unemployed began extracting fluorspar in 2010. The Khuld soum CRKh believed ASM was a way in which to provide people with employment and generate incomes for the local community. The soum CRKh issued an order to allot 24.110 ha of land for fluorspar mining for local special use. Following approval from the MRAM in November 2010, a tripartite cooperation agreement

was signed with local two NGOs - Takhilgat Lusiin Bulag and Khuld Khugjiin Tuluu Khamtdaa - which allowed them to mine on 50 ha of land.



Picture 21: The Khuld soum CRKh's committee in charge of ASM

The soum CRKh established a committee in charge of ASM, whose main responsibilities included developing proposals to resolve ASM-related issues, monitoring parties' implementation of the memorandum of understanding, and making recommendations for submission to the CRKh for discussion. Pivotal in establishing the committee were CRKh Chair Sh. Sukhdorj and members S. Khorloo and L. Zolbaatar, all of whom had been elected to the CRKh from ASM communities. This demonstrates the importance of ASM representatives in local administration in being able to effectively resolve ASM issues and make tangible changes.

The soum governor's administration office also supported the miners, particularly in the area of occupational safety, through regular site inspections, supervision and the provision of trainings. As a result of this cooperation, there was a significant improvement in on-site occupational safety. Partnerships provided daily occupational safety instructions before the start of work each day, which were recorded in

a logbook and signed by members. The Takhilgat Lusiin Bulag NGO established a rehabilitation fund with MNT 112,804,000. According to the 2011 national census, there were 351 herders in Khuld soum; that figure rose to 466 in 2014. The 37.8 percent increase in the number of herders is the result of miners investing the money they earned into other livelihoods such as livestock, which demonstrates that ASM is helping to develop the business sector in rural areas.

FOUR. ARTISANAL AND SMALL-SCALE MINING OPERATIONS AND OCCUPATIONAL SAFETY

4.1. Minerals extraction from artisanal and small-scale mines

Given the risks inherent in ASM, it is imperative that miners have knowledge about, and are experienced in, occupation safety. ASM partnerships are required to comply with the MRAM's "ASM Safety Regulation", and miners are required to comply with such other regulations as the "Operational Safety Rule for Surface Mining", the "Operational Safety Rule for Underground mining in Hard Rock and Placer Mining Deposits", and the "Operational Safety Rule for Underground Coal Mines".

4.2. Setting up residential areas at mining sites

In accordance with the Regulation on Extraction of Minerals from Small-Scale Mines, artisanal and small-scale miners are required to form partnerships and establish residential areas and household waste disposal points in locations designated by local authorities. The Burkhan Erdeniin Tal NGO from Shariin Gol soum in Darkhan-Uul aimag established a residential area just outside their mining area. They used rocks removed from mining shafts and painted white to mark the area's boundaries. A box with fire-fighting equipment was constructed in the middle of the residential area that could be easily reached in the event of a fire.



Picture 22: The ASM residential area is marked with white rock border

The XAMODX NGO from Bayan-Ovoo soum in Bayankhongor aimag has more than 50 member partnerships. Because of the large number of partnerships and the size of the mining site, the NGO organised the partnerships into 10 residential areas and also used white-painted rocks from mining shafts to mark boundaries. The residential areas were equipped with toilets, three household waste bins, an area to park cars, and a box equipped with fire-fighting equipment. Each residential area has a board bearing its name and a location map.



Picture 23: One of the 10 XAMODX NGO residential areas

NGO members erect signposts bearing operational safety instructions and reminders in residential and mining areas to constantly reinforce mine safety. Partnerships clean the site once a month, and alcohol is prohibited on site.

The NGO also set up a ger office where they conduct trainings and meetings and provide safety instructions to members and visitors. All visitors to the site must first go to the ger office, receive safety instructions and sign a logbook attesting that they are responsible for their own safety

on site. The main safety instructions for visitors are:

- To be aware of loose stones on the site which might cause them to fall;
- To not look down shafts unless it is necessary as this can cause dizziness; and
- To pay attention to warning and instruction signs on site.

In taking such measures, the NGO is helping to prevent accidents, and by establishing residential areas it is creating a safe living environment for partnership members and their families.

These experiences demonstrate the importance of planning both mining and residential areas prior to the start of ASM operations.

The right to live in safe and healthy environment

It is the State's duty to uphold and protect citizens' rights to life and health. In order to realise those rights, people need to live in a safe and healthy environment and be protected from the negative impacts of environmental degradation and ecological imbalances.

4.3. Shaft organisation and support

Supporting vertical mine shafts: Vertical shafts are dug to allow people to enter and exit mines, to take out ore, and for ventilation. They must be straight on a 90-degree angle and be free from obstacles along the walls that could impede the lowering and lifting of miners and ore. The cross section of the shaft is determined based on overall load volume. The rock layer beneath the soil is comprised of different kinds of rocks, which are classified as either stable or unstable. Mine shafts require proper supports. The softer, looser rock areas of the shaft must be supported with timber frames with joined notches. This will prevent the surrounding rock from heaving, preserve the dimensions of the cross section, and absorb rock pressure.

The XAMODX NGO from Bayan-Ovoo soum in Bayankhongor aimag received occupational safety trainings from professional organisations and experts in the field. They also received instruction on

the reinforcement of mining shafts, after which the NGO's partnerships improved their shafts. In 2014, all operational shafts at the Tsagaan Tsakhirt site were properly supported and there was a demonstrable improvement in the safety of mining operations.



Picture 24: An improved ASM shaft

To further bolster safety on site, the XAMODX NGO developed occupational safety internal rules and a report template which were included in the NGO's bylaws, and established a three-member occupational safety and health (OSH) committee. The OSH committee devised a 14-point mine site inspection system covering mining operations, equipment and ore production. A site rescue team (SRT) and an OSH coordinator work under the supervision of the OSH committee and conduct activities to improve the safety of partnerships. The SRT and OSH coordinator jointly carry out site inspections twice a month using the site inspection system. If the team identifies any shaft risks, they submit an official note to the partnership leader describing the risk and tasking them with rectifying the problem within a specified time. The official note is approved by the head of the NGO.

In 2011, XAMODX NGO co-founder and first head L. Byambadorj went on a study tour to Peru and Bolivia organised by the SAM Project, during which he learned of ASM technologies that could be used in Mongolia. On his return, he shared his insights, which led to the installation of a communications system that connects mine shafts with the surface, as well as a mechanised winch at the Tsagaan Tsakhir site that saves both time and labour. Using manual winches, miners were able to lift just one bag of ore every five to 10 minutes; using a mechanised

winch, they're able to lift four bags of ore every five minutes, which has improved production by a factor of five. Byambadorj has also worked to improve the shaft ventilation system to prevent accidents and health issues related to a lack of air.

4.4. Following occupational safety and health regulations

As stated previously, partnership members must receive operational safety instructions each day before starting work and partnership leaders must instruct members in line with their daily tasks. Miners are prohibited from working if they have not received their daily instructions. Partnership leaders must also check the miners' health and personal protection equipment. Miners should also ask themselves five basic safety questions before starting the work: i) Did I check the safety of the mine entrance?; ii) Is the workplace safe and is the equipment in order?; iii) Am I working in accordance with safety procedures?; iv) Did I take all possible measures to ensure my safety?; and v) Am I properly performing tasks?

ASM partnerships are incorporating these principles into their mining operations. A prime example is the XAMODX NGO from Bayankhongor aimag, which has posted safety instructions and reminders around each operational mine shaft. The Ekh Oron Khamtiin Khuch and Khutagtiin Ur Sad NGOs from Airag soum in Dornogobi aimag and the Kharaa Nutgiin Ajilguichuudiin Kholboo NGO from Bayangol soum in Selenge aimag have also established their own best practices.



Picture 25: The XAMODX NGO mine site

The proper use of personal protection equipment prevents accidents

It is imperative that miners take measures to prevent accidents and occupational diseases, with the first step being the use of personal protection equipment and clothes.

The Burkhan Erdeniin Tal NGO from Shariin Gol soum in Darkhan-Uul aimag has advanced occupational safety protocols at its 1 ha placer mine site in the Buir area.



Picture 26: Burkhan Erdeniin Tal NGO members on site

NGO members use a complete set of personal protection equipment and clothes, including safety jackets with reflective ribbons to make it easier to see people working in dark shafts, helmets, gloves, safety goggles and masks. Miners also took part in occupational safety trainings, ensuring they understood the necessity of using personal protection equipment and clothes as a means to ensure their own safety.



Picture 27: Miners are making their equipment safer

Prior to the trainings, the miners used incomplete hoists made from scrap metal that had no locking mechanisms; after the trainings, the

miners, under the supervision of a mining expert, set about improving the quality and safety of the hoists by replacing worn parts, installing locks and painting them to prevent rust.

4.5. Sharing best practices

It is important for artisanal and small-scale miners to share experiences and best practices to improve occupational safety throughout the sector. To this end, the Baatar Vangiin Khishig Kholboo NGO from Mandal soum in Selenge aimag organised a two-day event in October 2012 to share their own best practices and learn from the experiences of other miners. More than 90 miners from 14 ASM soums in 11 aimags took part in event, held at the Bor Tolgoi mine site in the Dund Budanch Valley in Mandal soum. The event proved to be a success and is now held annually.



Picture 28: Artisanal and small-scale miners shared experiences at an event held in Mandal soum in 2012

In August of the following year, the XAMODX NGO from Bayan-Ovoo soum in Bayankhongor aimag organised a similar experience-sharing event at its mine site that brought together more than 100 miners representing 20 ASM NGOs from 16 soums in nine aimags.



Picture 29: The XAMODX NGO held a similar experience-sharing event in 2013

Another such event organised by the ASM NF at the Dugan Khad resort in Bornuur soum, Tuv aimag, was held a year later in August 2014, with participation from 136 miners, 45 percent of whom were women, representing 41 ASM NGOs from 21 soums and two villages in eight aimags.



Picture 30: Artisanal and small-scale miners gathered to share experiences in Bornuur soum in 2014

During the event, experiences were shared in the following areas: ASM organisation, democracy and transparency; ASM occupational safety and environmental responsibility; cooperation and contributions to local development; and ASM and human rights.



Picture 31: Miners discuss key areas of concern during the third ASM experience-sharing event

A range of sporting activities were also held, including volleyball and table tennis matches and relay races.



Picture 32: Teams of miners took part in a range of sports events

A team from Uvs aimag took part in all competitions and earned the highest number of points and was awarded an ASM NF cup and certificate.



Picture 33: The gold-medal winning team from Uvs aimag

Ten teams competed in the volleyball tournament, with the Uvs aimag team taking first place, followed by the Dundgobi aimag team in second place and the Dornogobi aimag team in third place.



Picture 34: The volleyball tournament

Thirty-eight miners took part in the table tennis tournament, during which some miners held chess matches.



Picture 35: Miners also competed in a table tennis tournament and a chess competition

Placegetters in the table tennis tournament were: In the men's event, D. Ganbayar from the Buyantiin Khundii Shariin Gol NGO came in first, G. Chimedtsersen from the XAMODX NGO came in second, and P. Otgonbayar from Bornuur soum in Tuv aimag came in third. In the women's event, P. Davaasuren from the Orkhon Tuuliin Khishig NGO came in first, D. Norjmaa from XAMO LLC came in second, and P. Ochirsuren from the BASMA NGO came in third.



Picture 36: The relay race

Eight teams also took part in a relay race, which was won by runners from the XAMODX NGO, with the team of Uvs aimag ASM NGOs taking out second place.

A Miners' Fair was also held during the event that allowed ASM NGOs to display information on their best practices.

The most important outcome of the event was the information miners learned about best mining practices, solutions to common problems, and the new opportunities that existed. The event also strengthened cooperation and boosted confidence. A follow-up experience-sharing event in Dornogobi aimag was planned for 2015.

FIVE. MITIGATION OF ENVIRONMENTAL DEGRADATION

Provision 3.8 of the Regulation on Extraction of Minerals from Small-Scale Mines states: "Calculate the costs for technical and biological rehabilitation in the areas mined by partnerships and take measures on retaining the required funding in environmental community funds managed by the soum/district authority and the partnerships".

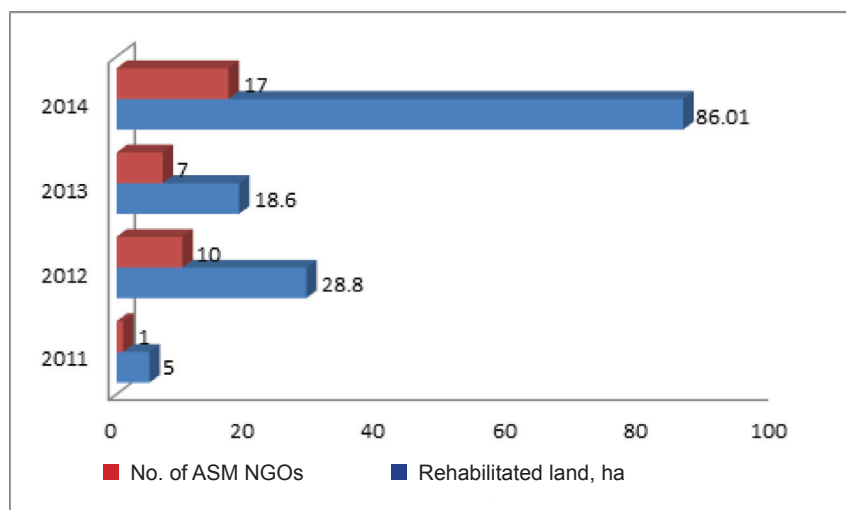
ASM partnerships are required to establish a rehabilitation fund within two weeks of signing a cooperation agreement into which they must deposit at least 10 percent of the total calculated costs for land rehabilitation. Partnerships are required to conduct rehabilitation during their mining operations in areas that have been exploited. Expenses can be claimed from the rehabilitation fund after the rehabilitated area has been handed over to soum officials. As part of the handover process, the soum environmental Inspector must issue an assessment on the rehabilitated area that is approved by the soum governor. Based on that assessment, partnerships can then submit a claim for expenses from the rehabilitation fund.

From 2010 to 2014, artisanal and small-scale miners collectively deposited MNT 225 million into rehabilitation funds, including MNT 13.5 million from the XAMODX NGO in 2012-2013 and MNT 6.2 million in 2014.

5.1. Rehabilitation of areas affected by artisanal and small-scale mining

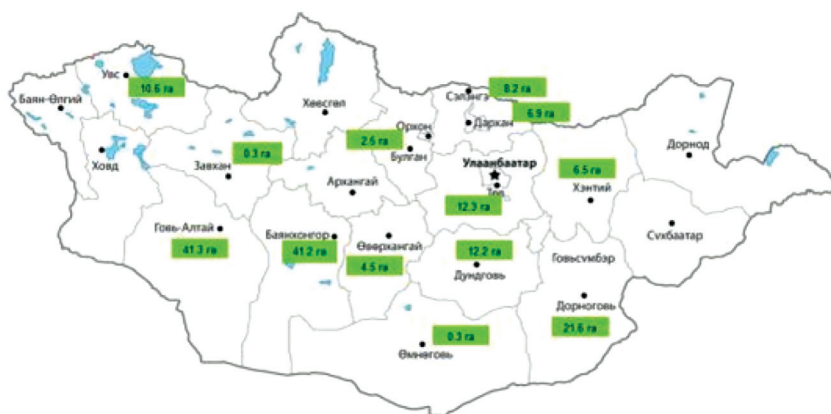
One of the critical issues facing artisanal and small-scale miners is

environmental protection. The rehabilitation of land affected by ASM is aimed at mitigating the environmental impact of mining, improving soil and vegetation, and creating a favourable environment for wild animals. Artisanal and small-scale miners operating under cooperation agreements are obliged to rehabilitate the land they mine, and planning for rehabilitation is undertaken prior to the start of mining operations. Under the Regulation on Extraction of Minerals from Small-Scale Mines, miners cannot be granted more land for mining until the area they are working on has been rehabilitated and handed over to local authorities. Since 2011, ASM NF member NGOs have rehabilitated 138.4 ha of ASM-affected land.



Source: ASM National Federation

SAM and ESEC II (Engaging Stakeholders in Environmental Conservation) project reports show that artisanal and small-scale miners rehabilitated a total of 177.61 ha of land in 26 soums in 13 aimags from 2010 to 2014. With support from the SAM Project, 104.3 ha of land was rehabilitated in 13 aimags from 2011 to 2014; The Asia Foundation's ESEC II Project supported the rehabilitation of 73.31 ha of land in five aimags in 2014.



Picture 37: ASM rehabilitated areas by soum

ASM NGOs that conducted rehabilitation in 2014:

	<i>Name of ASM NGO</i>	<i>Location</i>	<i>Name of area</i>	<i>Rehabilitated land (ha)</i>
1	Duush Mandal Khaikhan Kholboo	Selenge aimag, Mandal soum	Noyod	1
2	Orkhon Tuuliin Khishig	Selenge aimag, Orkhontuul soum	Tooroi Mod	1.5
3	Khutagiin Ur Sad	Dornogobi aimag, Airag soum	Tagt, Boroodoi	2.8
4	Ekh Oron Khamtiin Khuch	Dornogobi aimag, Airag soum	64, 19	12
5	Bayan Rashaant Nutag	Gobi-Altai aimag, Ysunbulag soum	Maikhanii Khuruu	12
6	Van Taij	Gobi-Altai aimag, Ysunbulag soum	Malzan	10.6
7	Gazar Shoroo Ard Tumonii Bayalag	Gobi-Altai aimag, Ysunbulag soum	Zurkh Tolgoi	10.11
8	Altan Usnii Khugjil	Bayankhongor aimag, Bayan-Ovoo soum	Altan Us	5

9	Baidragiin Khugjil	Bayankhongor aimag, Jargalant soum	Mandal Buureg, Zuun Salaa	6
10	Bayan Bumbugur	Bayankhongor aimag, Bumbugur soum	Alag Tolgoi	1
11	Batsaikhan Setgel	Bayankhongor aimag, Galuut soum	Shar Khuruu	6.7
12	Khamtiin Khuch	Khentii aimag, Norovlin soum	Uvdgiin Ukhaa	6
13	Takhilgat Lusiin Bulag	Dundgobi aimag, Khuld soum	Tuimert Tsagaan	3
14	Buyantiin Khundii Shariin Gol	Darkhan-Uul aimag, Shariin Gol soum	Buyant	1.8
15	Tsakhir Khuzuuvch	Uvs aimag, Tarialan soum	Meren, Zaisan Salaa	1.3
16	Altan Zaamar Khishig Association	Tuv aimag, Zaamar soum	Zaamar	4.1
17	XAMODX	Bayankhongor aimag, Bayan-Ovoo soum	Tsagaan Tsakhir	3.5
	Total			88.41

Source: ASM National Federation

In 2014, 17 ASM NGOs in nine aimags rehabilitated 88.41 ha of land, demonstrating that the environmental responsibility of artisanal and small-scale miners has increased throughout the years. Of the ASM NGOs listed above, of particular merit is the work done by Gobi-Altai aimag miners' NGOs.

According to a study conducted in 2010, a total of 269.08 ha of land in 37 areas of 14 soums was destroyed in Gobi-Altai aimag through informal ASM. From 2010 to 2012, 46 ha of land was technically rehabilitated using funds from the State budget; 223.08 ha has not yet been rehabilitated.

Nine partnerships from the Van Taij and Gazar Shoroo Ard Tumonii Bayalag NGOs jointly rehabilitated 4.2 ha of land at Undur Denj

and Uliin Khavchig in 2012, and 2.5 ha at Undur Denjiin Ar Salaa in Rashaant bagh and Shavriin Gol in Bayanshand bagh in 2013. In 2014, three local ASM NGOs jointly rehabilitated 33 ha of land at Maikhonii Khuruu, Shavriin Gol and Malzan.

Of these NGOs, the Gazar Shoroo Ard Tumonii Bayalag NGO is leading the way. Established in April 2012, it has a five-member steering committee and three-member monitoring committee.



Picture 38: Members of the Gazar Shoroo Ard Tumonii Bayalag NGO

The development of a rehabilitation plan is important for ASM NGOs, taking into consideration the following:

- Calculating the size of the rehabilitation area and the time needed for rehabilitation;
- Developing a sketch of the rehabilitation area;
- Approving the source of rehabilitation funds;
- Allocating tasks among members;
- Developing occupational safety rules and instructions;
- Documenting the rehabilitation process;
- Handing over the rehabilitated area to local government; and
- Awareness-rising about rehabilitation activities.

In 2014, Gazar Shoroo Ard Tumonii Bayalag NGO members performed technical rehabilitation on 16.81 ha of land and biological rehabilitation on 10.11 ha, the latter with support from the ESEC II Project. The Zurkh Hill area located on the north side of Khan Taishir Mountain 10km from the aimag centre was selected for biological rehabilitation. As a result of informal ASM operations, there were up to 1700 holes at an average depth of 2m in this area before rehabilitation work began; 100 of the holes were connected to underground tunnels up to 3m deep. There were also 2800 1m-high waste heaps.

The following frugal rehabilitation process was undertaken:

1. The area was cleared of rubbish such as tins, bones, plastic bottles, broken glass, car parts and household waste. Fuel and oil spills were also removed from the soil.



Picture 39: NGO members first cleaned the rehabilitation area

2. Boulders and large rocks were then placed at the bottom of holes, tunnels and trenches.



Picture 40: Holes were filled with boulders and rocks

3. Holes were then filled layer by layer with mining waste material comprised of smaller stones, sand and gravel, ensuring all were properly compressed.



Picture 41: Holes were filled with waste material and compressed

4. After the holes were filled and compressed, the area was covered with subsoil and then topsoil. The area was then levelled to ensure it was close to its original form.



Picture 42: Subsoil and topsoil were used to cover the area

5. In addition to filling in holes, NGO members also restored graves that were of historical and cultural importance which had been destroyed through informal ASM operations.



Picture 43: NGO members restore an old grave that had been damaged by informal ASM

On completion of the technical rehabilitation, NGO members then carried out biological rehabilitation. Because the Zurkh Hill area was not rich in topsoil, they covered the area with an extra 10cm of topsoil and gathered 25 tonnes of manure for fertiliser. From September to October, they harvested 108.5 kg of native vegetation seeds, which was reduced to 62 kg after drying and hulling. The miners mixed the seeds with the manure and spread the mixture evenly across the area, pressing down the soil to ensure the seed did not blow away and to maintain moisture in the topsoil. Planting perennials is beneficial as it provides vegetation cover, prevents soil from blowing away, and organically enriches the soil.

NGO members handed over the rehabilitated area to the local government and had their efforts broadcast on local television to help change negative public perceptions of ASM. The NGO's work highlights the development of responsible ASM in Mongolia.



Picture 44: It is important for artisanal and small-scale miners to publicise their land rehabilitation efforts

Rehabilitation Guideline for ASM-Affected Areas

The Rehabilitation Guideline for ASM-Affected Areas was approved by order of the Chairman of MRAM on April 21, 2011, based on Provision 4.3 of Chapter 4 of the Regulation on Extraction of Minerals from Small-scale Mines approved by Government Resolution No. 308 in 2010. The following is a summary of the guideline:

General Requirement

1. Attach a mining area sketch to the application for mining land. The sketch must include a general description and the use of the area, existing rivers, streams, wells, roads and paths, and information on vegetation.
2. An environmental rehabilitation plan must be developed in consultation with a local environmental inspector reflecting all the activities required for rehabilitation, including a calculation of the budget required; the plan must be approved by the inspector.
3. Establish a rehabilitation fund.

The following two forms of rehabilitation must be undertaken at ASM-affected areas:

- I. **Technical rehabilitation** is focused on filling in shafts and holes and levelling the surface of the area in preparation for the planting of vegetation. It is a primary rehabilitation operation to prepare the area for further use.
 - Technical rehabilitation must be conducted simultaneously with

mining operations.

- Machinery can be used for technical rehabilitation.
- Rehabilitation must be conducted based on the intended use of the area after mining and the original shape of the area.
- Rehabilitation must be conducted in accordance with General Technical Requirement Table 3.2 (classification and direction) of the MNS 5915:2008 standard.
- Large boulders and rocks removed during waste-stripping should be placed at the bottom of mining pits and holes that are then filled with small stones and mining and processing waste material.
- The area that has been filled in must be covered by the topsoil that was removed during stripping.
- Trenches must be dug to prevent the loss of topsoil during rain.
- The surface area must be levelled in accordance with the proposed future use of the land.

II. **Biological rehabilitation** follows technical rehabilitation after the topsoil has settled. Biological rehabilitation must meet the following requirements:

- Vegetation must be carefully planted taking into consideration the specific zone and climate.
- Native vegetation, trees and bushes must be selected for planting.

5.2 Coincidental environmental protection

The aim of rehabilitation is to return the land as close as is possible to its original state. In tandem with land rehabilitation, artisanal and small-scale miners also engage in other environmental protection activities, such as participating in, financing and supporting different environmental protection initiatives. This is known as coincident environmental protection. It is important to note that in order for initiatives and activities to be considered coincident environmental protection, they must be undertaken within the vicinity of the affected area.

There are number ASM organisations engaged in coincident

environmental protection programmes, including the Takhilgat Lusiin Bulag NGO from Khuld soum in Dundgobi aimag whose members planted and then took care of 2000 saplings in the soum centre.



Picture 45: Saplings planted by Takhilgat Lusiin Bulag NGO members

NGO members aim to establish a grove in three years that they will hand over to the local government.

Members of the Duush Mandal Khairkhan Kholboo NGO in Mandal soum, Selenge aimag, planted and took care of trees in the soum's Shirkhentseg Park, and ASM NGOs in Yusenbulag soum, Gobi-Altai aimag, jointly planted trees with the ASM NF in October 2013.

Time frame for planting bushes, shrubs and vegetation seeds			
No.	Regions and zones	With watering	No watering
1	Mountain kheer	last 10 days of June	last 10 days of May
2	Forest kheer	middle 10 days of June	middle 10 days of May
3	Gobi, desert	first 10 days of May	first10 days of May
Planting standards for bush and shrub saplings			
No.	Bush and trees	Number for 1 ha area	Number for 100m2 area
1	Elm	1800-2000	18-20
2	Honey locust	2500-3000	25-30
3	Aspen	1400-1500	14-15
<i>Experts' suggestion: Depending on the tree or bush type, 1500-3000 pieces of seedling needs to be planted for 1 ha area land.</i>			

SIX. ARTISANAL AND SMALL-SCALE MINING CONTRIBUTIONS TO SOCIAL AND ECONOMIC DEVELOPMENT

According to the findings of a 2012 survey conducted by the SAM Project in conjunction with the National Statistical Office, ASM and businesses related to ASM contributed MNT 25.8 billion to Mongolia's Gross Domestic Product.

6.1. Personal income tax

Members of ASM partnerships are required to pay income tax. Under Provision 5.1.16 of the Law on the Taxation of Personal Income Derived from Private Businesses, artisanal and small-scale miners must pay MNT 53,000 for each operational month. According to a Tax Office report, in 2012 artisanal and small-scale miners paid a total of MNT 126 million in income tax. This figure has risen in the years since and has been hailed as a significant ASM contribution to local economic development.

Members of the XAMODX NGO in Bayan-Ovoo soum, Bayankhongor aimag, pay MNT 250,000 per month in income tax.

According to soum governor J. Purevsurenė the tax collected from local artisanal and small-scale miners represents a large portion of the soum's budget. In 2013, XAMODX NGO members paid MNT 67 million in income tax, which increased to MNT 100 million in 2014. Members of the Takhilgat Lusiin Bulag ASM NGO in Khuld soum, Dundgobi aimag, paid a total of MNT 779,576,000 in income tax from 2011 to 2014.

6.2. Social and health insurance

According to social insurance offices in 44 soums and two districts of 11 aimags, by 2014 a total of 2500 artisanal and small-scale miners were affiliated with health insurance schemes and 1500 with social security insurance schemes. The following examples demonstrate that ASM NGOs are encouraging their members to join social security and health insurance schemes:

- All 25 members of the Argalant and Uranbaigali partnerships of the Altan Usnii Khugjil ASM NGO in Bayan-Ovoo soum, Bayankhongor aimag, are enrolled in social security and health insurance schemes.
- Eighty percent of Bayanbumbugur ASM NGO members are enrolled in social security and health insurance schemes.
- Fifty percent of XAMODX NGO's 460 members have enrolled in social security insurance schemes and 80 percent in health insurance schemes.

This is a good start for the formalisation of Mongolia's ASM sector.

6.3. Creation of workplaces

The creation of workplaces is considered to be the biggest contribution of artisanal and small-scale miners to local social and economic development. The XAMODX NGO from Bayan-Ovoo soum in Bayankhongor aimag has created 450 permanent workplaces in the soum since 2009. Artisanal and small-scale miners also create jobs in different sectors.

6.4. Local sustainable development and artisanal and small-scale mining

Local governments are working to eradicate poverty through ASM with the creation of workplaces and sustainable livelihoods. ASM contributes to sustainable rural development through support for small and medium enterprises, employment opportunities, and increased cash flow in local markets. Khuld soum in Dundgobi aimag is one of the leading soums in the sector in the development of small and medium enterprises, the creation of workplaces, and the improvement of local residents' livelihoods. The NGO's cooperation with local government has seen soum miners secure stable jobs and increase their family income. Before they became organised, the miners were living in sub-standard gers and houses; since the formalisation of their operations and the subsequent improvement in their incomes, many have built new houses in the soum centre.



Picture 46: Khuld soum miners have built new houses in the soum centre

Using money they had saved through ASM, miners also built up to four small construction-block factories, two tyre-repair workshops, a number of grocery stores and small diners, and a shower block in the soum centre .



Picture 47: Miners built small construction-block factories and a shower block in the soum centre

In the 2011 census, 351 herders were registered in Khuld soum; in the 2014 census, that number had risen to 2014. In three years, 115 soum residents were able to buy livestock and enjoy sustainable livelihoods.

Artisanal and small-scale miners in Bayan-Ovoo soum, Bayankhongor aimag, have made a significant contribution to the restoration of roads and squares in the aimag centre, and to overall green development. At the NGO level, miners decided to contribute the revenue generated from process tailings at the soum's ore-processing plant to local development. Fifty percent of the revenue was dedicated to a development project commemorating the 375th anniversary of Lam Gegeen. On June 16, 2014, the Bayankhongor aimag CRKh issued a resolution stipulating that the MNT 1 billion and MNT 515 million received from the sale of process tailings be spent on the renovation of the aimag's central square, improving the aimag centre's central park, expanding the aimag's stadium, and providing families living in the aimag's ger areas with smoke-free ovens.

The CRKh resolution (above) was successfully implemented, and residents and visitors alike have been pleased with the many changes that have taken place in the past year. The artisanal and small-scale miners of Bayan-Ovoo soum are proud of their contribution to local development.



Picture 48: The newly renovated central square in the Bayankhongor aimag centre

Improvements to roads and the installation of an irrigation system alongside roads in the aimag centre are visible to all.



Picture 49: Renovation of the Bayankhongor aimag centre in 2014



Picture 50: Renovation of the Bayankhongor aimag centre in 2014

Highlighting these achievements demonstrates the potential contributions of ASM to sustainable local development. To replicate these successes, it is imperative that local governments work with artisanal and small-scale miners rather than marginalise them.

SEVEN. SUSTAINABILITY OF ARTISANAL AND SMALL-SCALE MINING

Allocating land for mining is a key factor in sustainable ASM. In accordance with the ASM legal framework, land for mining is allocated to ASM partnerships through i) Cooperation agreements with local governments; and ii) Tripartite agreements between ASM partnerships, local governments and license-holding mining companies. It is important for artisanal and small-scale miners to fulfill their contractual obligations in order to be granted another area of mining land or to extend tripartite agreements.

7.1. Tripartite agreements on the extraction of minerals from artisanal and small-scale mines

Entering into tripartite agreements is to a large degree dependent on the willingness of license-holders. In recent years, however, a growing number of large-scale mining companies have been cooperating with artisanal and small-scale miners, and hence are upholding their commitment to local development. Leading this change in attitude was the Mondulaan company. D. Bayarmaa, leader of the Enkh Munkh Ergekh Kholboo ASM NGO in Zaamar soum, Tuv aimag, reached out to a number of large-scale mining companies operating in the area to propose cooperation. After six months of attempting to talk with Mondulaan management, company director Sh. Lkhamsuren agreed to a meeting, during which Bayarmaa spoke of the mutual benefits of cooperation. As a result, they decided to cooperate for a period of one month.

The trial proved a success, and in 2009 they signed a tripartite agreement - the first within the ASM legal framework. A number of companies have since followed suit, including Mining National Operator LLC, Special Mines LLC, Altan Dornod Mongol LLC and Bor-Undur Mining Industry.

The XAMODX NGO from Bayan-Ovoo soum in Bayankhongor aimag held a number of meetings with Special Mines LLC in order to reach a mutual understanding about a designated mining area for its members. The meetings were unsuccessful, which prompted the NGO to conduct two campaigns in Ulaanbaatar - 13 days in 2010 involving 120 members, and 14 days in 2011 involving 80 members - in order to raise awareness of their issues and to uphold their rights. With support from Bayankhongor aimag and Bayan-Ovoo soum authorities, the NGO's efforts paid off, and on October 25, 2012, a memorandum of understanding was signed by Special Mines LLC, the Bayankhongor aimag CRKh and the XAMODX NGO. As reflected in the memorandum of understanding, a tripartite agreement on the extraction of minerals from a licensed area was signed on November 29, 2012. Within the framework of the agreement, miners operated responsibly and complied with their contractual obligations.



Picture 51: The signing of the memorandum of understanding

When the cooperation agreement expired, it was extended for a further year. This demonstrates that artisanal and small-scale miners are fulfilling their contractual obligations and are gaining the trust of local governments, companies and communities.

EIGHT. SOCIAL RESPONSIBILITY OF ARTISANAL AND SMALL-SCALE MINERS

ASM responsibility is evaluated by government bodies, the public and civil society organisations in relation to two key factors: Environmental responsibility and social responsibility. Responsibility begins with transparent mining operations within the legal framework.

8.1. Environmental responsibility

In accordance with the ASM legal framework, miners are obliged to operate in an environmentally responsible manner that includes using environmentally friendly technology, conducting technical and biological land rehabilitation, planting vegetation, and handing over rehabilitated land to local governments. The following are examples of best ASM practices in environmental responsibility.

In 2013, the XAMODX NGO in Bayankhongor aimag launched a programme to prevent equipment oil from seeping into the soil. As part of the programme, miners constructed wooden boxes that were filled with sand and covered with plastic sheets and placed under motors and compressors to collect any oil that spilled. The sand was replaced throughout the year and disposed of at a central waste disposal point in the aimag. NGO members also organise a cleaning campaign along the Tuin river in June each year in order to protect local water resources. And in another step towards environmental sustainability, the NGO uses solar-powered batteries to generate power for gers on the mine site, which is environmentally responsible and reduces fuel costs.

Learning from the XAMODX NGO, the Kharaa Nutgiin Ajilguichuudiin Kholboo NGO in Bayangol soum, Selenge aimag, also launched a similar programme to protect the soil from oil contamination.

8.2 Social responsibility

The key to the development of a responsible ASM sector is the promotion of responsible mineral extraction. There are number of definitions of responsible mining, including one by the Sustainable Development NGO, which defines it as “a transparent, complex and beneficial operation in the minerals resources sector that respects all

parties, especially local communities', rights, is environmentally and human-health friendly, is based on international best practices, and honours relevant legislation". In order to further clarify the definition, the NGO developed the following eight interdependent principles: a) Ensure multiparty participation; b) Be transparent and open; c) Respect relevant laws and legislation; d) Be responsible for the environment and safety; e) Invest in future development; f) Be efficient; g) Ensure humanitarian ethics; and h) Be based on new technology.

8.3. Responsible artisanal and small-scale mining

There are many examples of artisanal and small-scale miners' organisations contributing to social development. Among those examples is the XAMODX ASM NGO from Bayan-Ovoo soum in Bayankhongor aimag which has maintained up to 450 permanent jobs for local miners since 2009. In 2011, NGO members paid MNT 13.5 million in income tax and deposited MNT 10 million into a rehabilitation fund. Led by the Noyon Bogd and Bayan Tsakhir partnerships, XAMODX NGO member partnerships have consistently provided financial and material support for the resolution of issues facing local communities. They contributed MNT 14.5 million to the soum governor's administration office and provided motorcycles to three bagh governors and the soum health unit in order to improve service delivery to residents. NGO members also donated MNT 2 million to a local livestock programme and gave a ger to a single mother. In addition, NGO members opened a fund to clean the area surrounding Bayankhongor soum and collected 120 tonnes of rubbish.



Picture 52: XAMODX NGO members have a deep sense of social responsibility

NGO members also agreed to contribute to local reconstruction through the revenue earned from process tailings at the local ore-processing plant. As a result, the NGO contributed MNT 1.5 billion to a development project commemorating the 375th anniversary of Lam Gegeen. On June 16, 2014, the Bayankhongor aimag CRKh issued a resolution stipulating the disbursement of funds.

NINE. ANNEXES

9.1. ASM National Federation NGO



Vision: A society with an equal and fair allotment of development benefits

Mission: To guarantee artisanal and small-scale miners the rights to develop and improve their livelihoods through the development of environmentally friendly and socially responsible ASM and the creation of an enabling business environment

ASM NF operational directions

In order to achieve the vision and mission, the ASM NF is undertaking the following:

- Conducting trainings and providing assistance to members in rehabilitation, mining and occupational safety and health;
- Acting as a bridge between member organisations, central and local government bodies, civil society organisations, private entities, investors and donors;
- Conducting surveys, studies, policy assessments and implementation evaluations;
- Budget and financial monitoring;
- Policy discussion and advocacy;
- Building the capacities of member organisations;
- Strengthening membership; and
- Promoting sustainable ASM operations.

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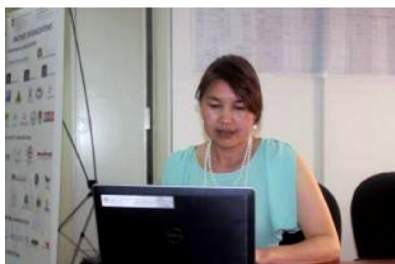


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