

Key findings from a Sector-Wide Impact Assessment of mining in Myanmar

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Myanmar Centre for Responsible Business



Current core funders:

- UK DFID
- DANIDA
- Norway
- Switzerland
- Netherlands
- Ireland

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MCRB defines 'responsible business' as '**business activities that work for the long-term interests of Myanmar and all its people**'.

MCRB Objective

To provide an effective and legitimate platform for the creation of **knowledge, capacity and dialogue** concerning responsible business in Myanmar, based on local needs and international standards, that results in more responsible business.

Founders:



Sector-Wide Impact Assessments (SWIA)

❑ MCRB has published three assessments focusing on the **Oil & Gas sector** (September 2014), **Tourism** (February 2015), and **Information and Communication Technology** (September 2015).

❑ **4th SWIA Mining is finalizing** and tentatively final report will publish in **November 2016**



Sector Wide Impact Assessment on Myanmar Mining Sector



SECTOR-WIDE IMPACT ASSESSMENT (SWIA)



3 commodities

- **Tin**
- **Gold**
- **Limestone**

Research and interviews

Selection of projects representative of different types of mining in Myanmar

Establishment of Advisory Group

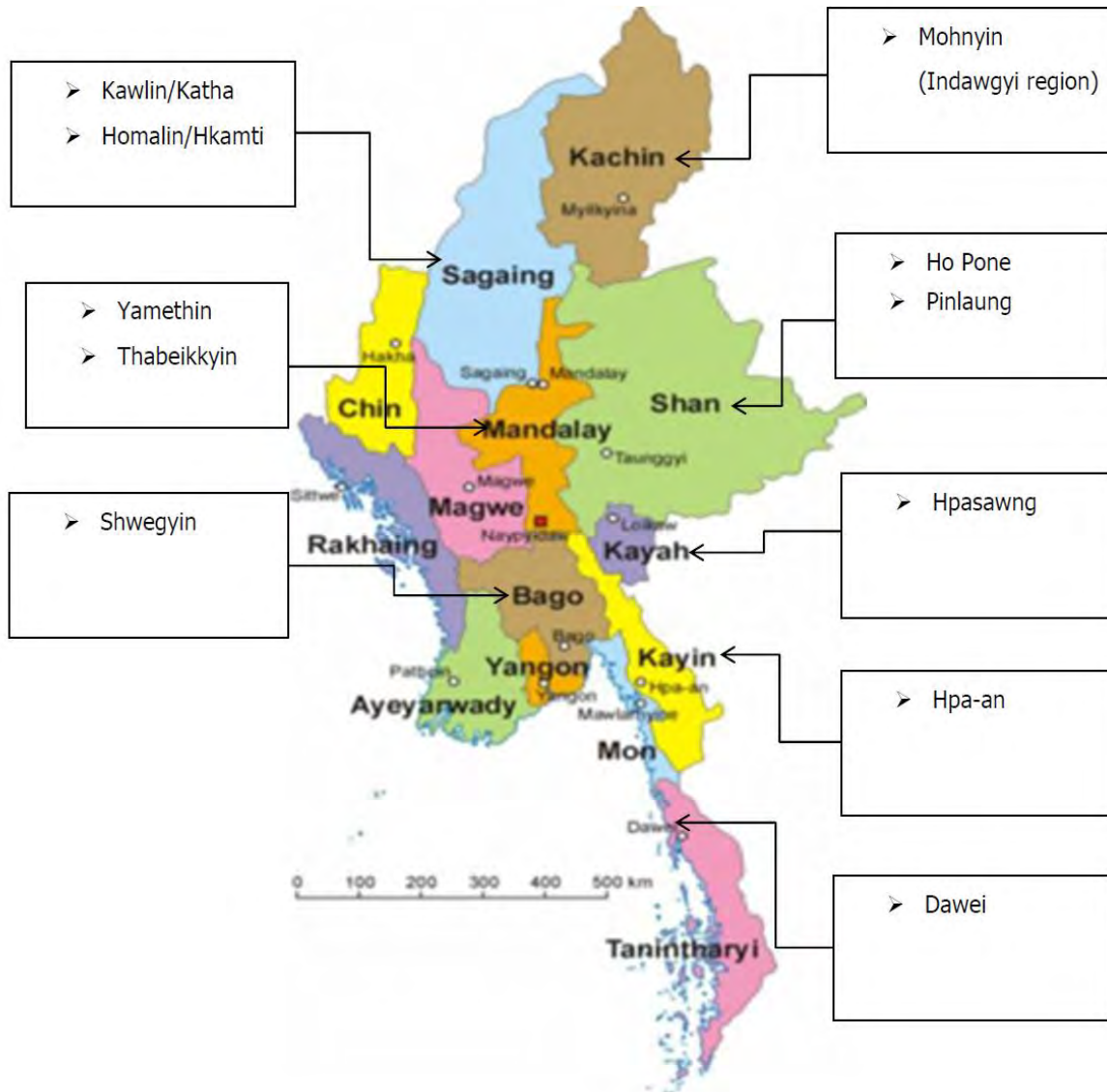
Field visits to 8 regions

41=mining sites
1378= interviewees

Analysis of findings and drafting recommendations

Public consultation with key stakeholders

SWIA-Mining Field Research Location (2015-2016)



❑ SWIA focus on **limestone, gold and tin** mining in Myanmar analyses the impacts of mining of these commodities on the **environment, local communities and workers.**

❑ Cover **Sector-Wide, Cumulative and Project-level impacts**, looking at both the **formal and informal** parts of the sector.

❑ Community members – **women, children, minorities**

- **Workers**
- **Subsistence miners**
- **Companies: SOEs, private, military-owned**
- **Local authorities**
- **Key informants: NGOs, media, political parties etc.**

❑ Recommendations are made to the **Myanmar Government, businesses, civil society** and other actors on how adverse impacts of the mining sector

❑ The research carried out over a **12 month** period and including interviews with **1378** persons at **41 locations/sites** and **two public consultations** on October 2016 in Yangon



SECTOR-LEVEL IMPACTS

SECTOR-LEVEL IMPACTS – ECONOMIC

■ Taxation and production sharing

- Lack of **transparency** on revenues and spending
- **Transfers** to state/regions not proportional
- Involvement of **armed groups** and **informal payments**

■ Few employment opportunities

- More acute in **ethnic areas**
- No local content **policies**
- Causes **grievances**
- Subsistence mining is an important source of **livelihood**

■ Revenue-sharing

- No **systematic revenue sharing** between national, state/region and local levels

SECTOR-LEVEL IMPACTS – GOVERNANCE

- **Lack of transparency of Mining SOEs:** production, licences, revenue, expenditures
- **Lack of regulation / legal enforcement**
 - **Informality** and mining in conflict areas
 - Lack of resources to **enforce regulations:** mine **inspection, labour and environment**
 - Conflict of interest: Mining SOEs under MoNREC also tasked with monitoring
- **Permitting regime: regulatory uncertainties and onerous procedures**
 - Lack of **transparency** and clarity of **licence awards**
 - **Administrative costs** for companies and government for obtaining multiple licences
 - Licensing process for subsistence mining **too burdensome**

SECTOR-LEVEL IMPACTS – ENVIRONMENT AND SOCIAL

- **Lack of government capacity to review E(S)IAs and E(S)MPs**
- **Impact management and monitoring at local level**
 - Regional committees established under 2012 Environmental Conservation Law **not in place**
 - Recent positive signs: **evaluation** of environmental track record before renewal of permits
- **Unclear expectation regarding business-led community development**
- **Limited responsibilities for mine site rehabilitation and closure**



COMMUNITY ENGAGEMENT AND GRIEVANCES

Community Engagement and Grievance Mechanisms

- **No systematic or meaningful community consultation and engagement** by mining companies
 - **Ad hoc stakeholder consultation** as part of licensing process favours elites
 - EIA consultations: information provided is **too technical**, not timely and not in the **appropriate language(s)**
 - Community engagement **focuses on donations** rather than project-induced issues
- **No project-level grievance mechanisms** in place and low **understanding of grievance mechanisms** among stakeholders



COMMUNITY IMPACTS AND DEVELOPMENT

Community Impacts and Development

■ Community health and safety

- **Cracks** in buildings, accidents linked to **blasting**
- Suspected **health impacts**: air and water pollution
- Changes in lifestyle: accessibility of **drugs**; cash economy

■ Community development and employment

- **Limited employment opportunities** and local procurement
- Ad-hoc community development projects
- Adverse **impacts on livelihoods**: agriculture, fishing, subsistence mining
- **Inflation** and pressure on services as result of **in-migration**

■ Cultural heritage

- **Damage** to religious sites
- Deforestation threatening **medicinal plants**



LAND

Land

▪ Land acquisition

- People have **limited legal ownership** over the land on which they live and farm leaving them with **little protection** in case of land acquisition
- Ad-hoc **prices** for land purchases and **compensation for resettlement**
- Lack of **information and documentation**
- Instances of forced evictions, threats against rights-holders and movement under duress
- Alternative **resettlement sites** are often **not suitable**

▪ Damage to land, crops and water sources

▪ Loss of livelihoods

- Migration and farmers becoming daily workers



LABOUR

Labour in the formal sector

■ Health and safety

- Lack of **procedures** and **training**
- PPE provided at large mines; not **always worn**
- Adverse health impacts
- Accidents – absence of **record keeping**, **compensation procedures unclear**

■ Employees

- Employees do not always have **contracts** or **copies of contracts**
- No **independent worker representation** and dysfunctional **grievance mechanisms**
- Long working hours (always above 44 h/week) – usually get at least the minimum wage
- Varying quality of **accommodation** (inadequate access to water for drinking and sanitation); restrictions on freedom of movement

■ Casual workers

- Usually constitute the majority of the workforce and all in **sub-contracted mines**
- Insecure income, poorer working and living conditions

Labour in the informal sector

■ Unsafe practices

- Lack of **knowledge about risks**
- No PPE
- **Mercury burnt in homes** and used without any protection
- Frequent **accidents** (landslides etc.)
- **Health impacts:** dizziness, aches, cuts and wounds, skin and respiratory diseases
- Absence of healthcare facilities

■ Working conditions

- **Verbal agreement** with a pit owner, often 12-hour shift
 - **Payment** dependent on production, purchase of machinery etc.
 - Waste collectors may **pay fee to pit owner**
-
- Sometimes workers live **in unregistered villages** or informal settlements close to mine site with no access to essential services



WOMEN

Impacts on Women

■ Women's roles in mining

- Women are **not allowed to work in underground mines**
- Women and men engage in different types of mining work, resulting in **differences in pay**
- **Limited job opportunities for women:** mostly work in the informal sector and as daily workers
- **Involved in panning and processing:** exposure to mercury and other chemicals

■ Women's role in the community

- Not represented in **community leadership structures** and thus **not involved in consultations**
- Carry double work
- Some **safety concerns** for women in the community



CHILDREN

Impacts on Children

■ Child labour

- Frequent in **subsistence mining areas** – including some particularly **hazardous activities**
- Some occurrence in **formal sector**

■ Children's health and safety

- Adverse consequences of **environmental degradation**
- **Accidents** in and near mine sites
- Using or being **close to dangerous substances** (mercury/cyanide)

■ Access to education

- Negative impacts on education in cases where **families lose their land**
- CSR projects in education
- Mining projects/incidents **restricting access to schools**



CONFLICT AND SECURITY

Conflict and Security

- **Community insecurity in mining areas**
 - Drug use
 - Tensions between communities and migrant workers
- **Company-community tensions**
 - Community frightened of military-owned companies and companies linked to non-state armed groups
- **Mining in conflict areas**
 - Unofficial 'taxes' and illegal trading of minerals
 - Non-state armed groups do not manage mining systematically
- **Conflicts between subsistence miners and companies**
 - Cases of arbitrary arrests and detention, including of children allegedly involved in theft
 - Raids on subsistence miners



ENVIRONMENT

Environment



- **EIAs not systematically conducted**, not taken seriously or understood by companies
- **Air pollution**
 - **Dust** from limestone and gold extraction and processing
 - Decrease in crop yield and quality
 - **Fumes** and **noxious smells** cause concern for communities living near mine sites
- **Water**
 - **Chemical waste and industrial effluents** contaminate rivers and groundwater
 - Mining occurs in and **too close to waterways**
 - **Sediment discharge** from tin mining activities cause siltation of waterways
 - Water stress
 - Non-compliance with regulation to **inform of public water use** and **pay water tax**
- **Deforestation**
- **Land degradation and no site rehabilitation and mine closure plans or practices** in place by companies

SWIA recommendations to Companies in the Mining Sector

Final report and detail recommendations will be available in MCRB website (www.myanmar-responsiblebusiness.org)

1. Commit to applying international standards of responsible business conduct
2. Implement environmental and human rights due diligence
3. Have in place an operational-level grievance mechanism
4. Engage with stakeholders, particularly workers and communities, to build understanding and demonstrate transparency and accountability
5. Address adverse labour rights impacts
6. Address adverse impacts on women and children
7. Develop local content, supply chains and community capacity
8. Work with government actors and other stakeholders to formalise the mining sector and address human rights issues specific to subsistence mining
9. Apply heightened due diligence when operating in conflict-affected areas, including those controlled by ethnic armed groups
10. Work with government actors and other stakeholders to take collective action to address environmental, social and human rights issues

MCRB publications and translations

ပွင့်သစ်စီမံချက်
ဒုတိယအကြိမ် အစီရင်ခံစာ




PWINT THIT SA PROJECT
Transparency in Myanmar Enterprises
SECOND REPORT 2015




Myanmar Oil & Gas
Sector Wide Impact Assessment



Myanmar Tourism
Sector Wide Impact Assessment



Myanmar ICT Sector-Wide Impact Assessment
September 2015



Fact Sheets

These fact sheets are compiled for the use of the Myanmar Centre for Responsible Business (MCRB) and its partners (MCRB) research teams, but may be used in other contexts and should not be used to make any particular claim.

- Cultural Issues
- Worker Housing
- Environment & Ecosystem Serv
- Wellbeing
- Labour Rights
- Housing, Land Acquisition & Settlement
- Public and Community Ser
- Community consultation



LAND

Myanmar Centre for Responsible Business
BRIEFING PAPER



BRIEFING PAPER
Indigenous Peoples' Rights and Business in Myanmar
FEBRUARY 2016

IPIECA

Operational level grievance mechanisms

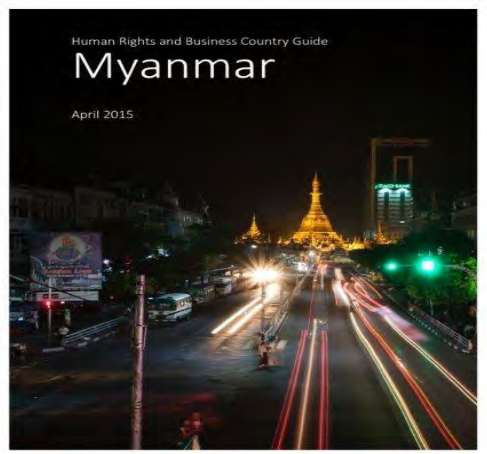
လုပ်ငန်းခွင်အဆင့်၌ နှစ်နာမူတိုင်ကြားချက်များကို ဖြေရှင်းပေးသည့် ယန္တရား

IPIECA Good Practice Survey

Social Responsibility 2012

www.ipieca.org

Human Rights and Business Country Guide
Myanmar
April 2015

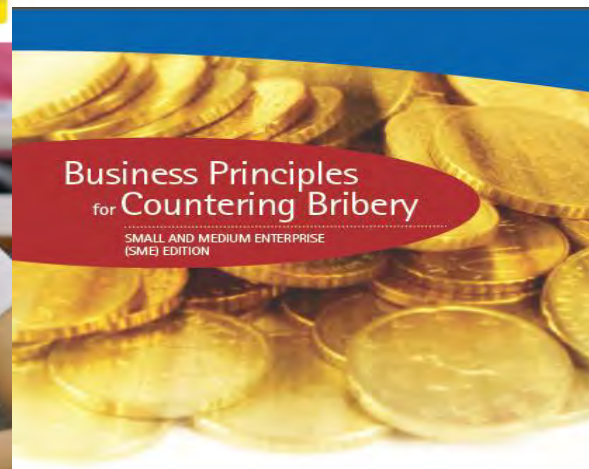


Corporate Social Responsibility and Disability (CSR-D)
A Guide for Companies in Myanmar



စီးပွားရေးလုပ်ငန်းများ၏ လူမှုတာဝန်ယူမှုနှင့် မသန်စွမ်းမှု မြန်မာကုမ္ပဏီများအတွက် လက်စွဲလမ်းညွှန်

Business Principles for Countering Bribery
SMALL AND MEDIUM ENTERPRISE (SME) EDITION



 www.mcrb.org.mm
myanmar.responsible.business

Thank you!

Myanmar Centre for
Responsible Business

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Sector-Wide Impact Assessment (SWIA)