

CONCEPT PAPER

**“THE APPROACH OF THE MULTI-STAKEHOLDER GROUP OF EITI ARMENIA TO
RESPONSIBLE MINING”**

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INTRODUCTION

The Republic of Armenia joined the Extractive Industries Transparency Initiative (EITI) on 9 March 2017. Extractive Industries Transparency Initiative (EITI) is a world standard the goal of implementation of its requirements being the improvement of transparency and accountability in the oil, gas, mining sectors.

Attaching importance to the introduction of responsible mining practices as a key component of a country's sustainable development, and, based on the principles set out in the EITI Standard, the MSG identified it as a national priority for the mining sector within the EITI. Considering that the concept of responsible mining is a rather broad and multi-layered one, the MSG, in order to operate more effectively, undertook to develop the concept paper "The Approach of the Multi-stakeholder Group of EITI Armenia to Responsible Mining".

In the Republic of Armenia post-Soviet mining culture continues to remain dominant. From this point of view, in order to apply best international practices and increase socio-environmental responsibility in the mining sector, the Agenda for developing a concept paper on Responsible mining through Extractive Industries Transparency Initiative (hereinafter referred to as EITI) is crucial. The concept paper would enable to identify and address the existing legislative, socio-environmental, managerial and even technological issues in the mining sector.

1. THE PROCESS AND PURPOSE OF DEVELOPMENT OF THE CONCEPT PAPER

The purpose of this Concept Paper is to, based on the analysis of issues related to the mining sector and the review of the international experience by the Responsible Mining (hereinafter referred to as "RM") Working Group created by the decision of the EITI MSG, provide the definition and scope of responsible mining which will reflect the general targets and priorities of RM. This

document shall outline for the RM Working Group the place and role of mining in the socio-economic life of the country. It is intended to be used as a unified approach by the MSG during the implementation of mining sector improvement work by individual members, such as drafting of legal acts regarding priority issues, taking necessary actions, as well as participating in the development of the “Mining Strategy” by the RA Government and the activities of the two previous studies, “Economic Analysis of Armenia’s Subsoil Sector and Its Impact on Sustainable Development” and “Environmental and Health Assessment of the Mining Industry of Armenia to Help with the Sectoral Policy Development”.

2. DEFINITION AND SCOPE OF RESPONSIBLE MINING

“Responsible mining is the combination of responsible practices of all stakeholders of the sector: mining companies, government and local self-governing bodies, residents of the affected communities and civil society. Meanwhile, responsibility is shared between these actors, improving the appropriate mechanisms for the effective organisation of their respective rights, powers and obligations.

“Responsible mining is a set of legal norms, institutions and practices that ensure reasonable utilisation of subsoil resources, based on the following principles: environmental protection; assessment and mitigation of potential risks; damage prevention and elimination of consequences; assessment of economic profit-loss ratio¹; benefit creation and equitable distribution for the mining companies, the state and the population; application of best available techniques; positive impact on the socio-economic life of the affected communities; transparency and accountability; and safe and harmless-for-health working conditions.

The combination of sustainable development, economic efficiency and responsibility before the posterity shall be the permanent guidelines for responsible mining.

¹ The assessment of economic profit-loss ratio will be carried out based on the standard that will be implemented by the legislation of the Republic of Armenia as an applicable criterion.

3. THE KEY TARGETS OF RESPONSIBLE MINING

<p>1. Integrity of the state</p>	<p>1.1. Elimination of legal contradictions, legislative gaps and corruption risks in the laws regulating the relations in the mining sector;</p> <p>1.2. To be guided by the principle of pollution prevention in the preparation, evaluation and expert examination of mineral extraction projects and their EIA reports;</p> <p>1.3. Ensure proper and well-coordinated state control mechanisms over the mining process;</p> <p>1.4. Mining revenue management system review;</p> <p>1.5. Consideration of the possibility of allocating a share to the respective communities from the revenues of the National Budget;</p> <p>1.6. Review of the funds for environmental protection and financial guarantee mechanisms;</p> <p>1.7. Capacity building of the state system through training specialists in mining science, technical safety, environmental impact assessment and expert examination, inspection and state control capabilities, introduction of new technologies, provision of laboratory and other technical equipment.</p> <p>1.8. Assessment of economic profit-loss ratio².</p>
<p>2. Integrity in the business environment</p>	<p>2.1. Legal compliance and observance of legal norms;</p> <p>2.2. Publication of Sustainable Development Reports in compliance with the requirements of GRI (Global Reporting Initiative) Standards³ or other similar standards (encouraged);</p> <p>2.3. Affected community and stakeholder engagement:</p> <ul style="list-style-type: none"> - Improvement of affected community and stakeholder effective participation mechanisms and development of an engagement plan; and - Implementation of participatory monitoring. <p>2.4. Protection of human rights (including labour rights), and responsibility:</p> <ul style="list-style-type: none"> - Development of an appropriate human resources policy with an assessment of human rights, risks and

² The assessment of economic profit-loss ratio will be carried out based on the standard that will be implemented by the legislation of the Republic of Armenia as an applicable criterion.

³ <https://www.globalreporting.org/standards>

	<p>impacts; the policy should set out the right to decent work conditions and clearly reflect the requirement for ensuring working conditions that deliver a fair income and security in the workplace, as well as their implementation mechanisms;</p> <p>2.5. Grievances, appeals mechanisms and access to them:</p> <ul style="list-style-type: none"> - Ensure transparent, simple and accessible appeals mechanisms, where possible, for individual beneficiaries, particularly affected communities and employees; <p>2.6. Transparency of payments made by companies to the government⁴;</p> <p>2.7. Ensure the compulsory nature and transparency of the measures stipulated by the legislation and to be carried out by the companies and accountability of other measures;</p> <p>2.8. Effective management of the mining sector:</p> <ul style="list-style-type: none"> - rational and proportional extraction of subsoil resources, minimising impoverishment and loss rates; - application of high technologies in ore extraction, processing (recovery) and casting (study of the best available techniques, standards and requirements by the miners, and comparing them with the local standards and requirements, application of the most appropriate ones, especially for complex and high-rate recovery of metals from ores), and - obtaining various commodity products (concentrates, alloys and other mineral raw materials) as a result of processing (enrichment) of mineral raw material and metalworking; <p>2.9. Exploring opportunities for implementation of insurance mechanisms in mining-related area of operation.</p>
<p>3. Planning for positive heritage</p>	<p>3.1. Environmental and social impacts, assessment and management in line with environmental regulations:</p> <ul style="list-style-type: none"> - development of an environmental impact assessment (nature, soil, water, air, animals, vegetation, etc.) and social impact assessment methodology;

⁴ Is ensured in line with the requirements of the EITI Standard and through the EITI Armenia online reporting system at <https://reports.eiti.am/hy/>

	<ul style="list-style-type: none"> - implementation of environmental monitoring and prevention, impact mitigation, neutralization and compensation actions; and - implementation of participatory monitoring. <p>3.2. Assistance to affected communities and targeted and effective distribution of benefits:</p> <ul style="list-style-type: none"> - clarification of the mechanisms for determining the socio-economic investments made by companies in the communities; - promoting community development through social programs; - consideration of opportunities for expanding the volume of local procurements through local businesses; and - expanding the local workforce engagement through local capacity building. <p>3.3. Resettlement:</p> <ul style="list-style-type: none"> - While implementing projects, in the event of physical or economic resettlement, prior to resettlement, risk and impact assessment, stakeholder engagement, ensuring the process transparency, maintaining a fair balance between public and private interests; <p>3.4. Emergency preparedness and response:</p> <ul style="list-style-type: none"> - Establishment of an emergency response team by the company as a mandatory requirement; and - Availability of emergency response plan. <p>3.5. Planning of and financial support for: a) the rehabilitation of soils disturbed by mining; and b) mine closure:</p> <ul style="list-style-type: none"> - creation of a complete database on all types of disturbed areas as a result of mining; - exploring opportunities for applying advanced methods of reclamation (especially biological rehabilitation) of soils
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	<p>disturbed by mining in the area of the Republic of Armenia;</p> <ul style="list-style-type: none"> - exploring the necessity for periodic review of a mine closure plan and establishing the legal bases (based to mine operation time periods); - submission of a program comprising proper mandatory mine closure activities with appropriate and realistic financial guarantees, taking into account possible national currency devaluation and inflation; - ensure proper mechanisms for reclamation of soils disturbed as a result of mining at all stages of extracting minerals, i.e. preparation, operation and mine closure, while maintaining the causal link between the chain consisting of action, surface area of disturbed soils, degree of disturbance and contamination, implementation of current measures aimed at reclamation of disturbed soils and final reclamation of disturbed soils; - ensure the availability of an environmental protection fund that would at any point of activities enable to actually carry out reclamation of land disturbed and final disposal of the mining waste generated before that point and planned environmental works; and - ensure publicity of the methods and results of the work done, including informing the affected communities.
<p>4. Social responsibility</p>	<p>4.1. Decent and fair working conditions:</p> <ul style="list-style-type: none"> - provide favourable working conditions; ensure the employees' right of appeal and the possibility to exercise such right; provide with key protective safety items; ensure the employees are informed about the disciplinary procedures, etc.; <p>4.2. Occupational health and safety:</p> <ul style="list-style-type: none"> - Ensure safe work place, implementation of the appropriate management system (for example, implementation of OHSAS 18001:2007 Standard), guided by the Zero Harm principle. <p>4.3. Health and safety of affected community:</p> <ul style="list-style-type: none"> - develop an EIA and expert examination methodology and

	<p>outline relevant measures; and</p> <ul style="list-style-type: none"> - establish sanitary zones around operational mines and mining enterprises as hazardous technical production facilities, clearly establishing the sizes of the zones of and the legal regime. <p>4.4. Safety measures:</p> <ul style="list-style-type: none"> - availability of appropriate corporate policies and internal regulations aimed at ensuring employee safety and protection of safety-related human rights in the companies; such policies and regulations shall set out clear mechanisms to assess and manage employee safety risks, possible human rights violations, and address employee safety and human rights challenges. <p>4.5. Ensure preservation and intactness of cultural heritage:</p> <ul style="list-style-type: none"> - ensure the intactness of cultural heritage sites and, as necessary, carry out rescue excavations.
<p>5. Environmental responsibility</p>	<p>5.1. Effective management of mining waste and mining waste facilities:</p> <ul style="list-style-type: none"> - application of best technologies for the management of mining waste and reduction of the environmental impact of mining waste; - implementation of environmental monitoring systems in the areas adjacent to the closed mining facilities inherited from the past mining operations in the territory of Armenia; - ensure mechanisms for proper management of mining waste at all stages of extracting minerals, i.e. preparation, operation and mine closure, maintaining the causal link between the chain consisting of action, waste generation, classification of generated waste and temporary storage, including the current environmental measures, and final disposal; and - awareness raising on mining waste management issues. <p>5.2. Effective water management:</p> <ul style="list-style-type: none"> - prevention of adverse impacts on surface water and groundwater and implementation of monitoring; - use of zero-leakage or closed-loop systems; - encourage installation of industrial wastewater treatment

	<p>plants;</p> <ul style="list-style-type: none"> - include acid mine drainage and, where applicable, cyanide impact risk assessment in the EIA Terms of Reference; and - develop appropriate management plans. <p>5.3. Development of an effective biodiversity policy, introduction of the biodiversity impact assessment hierarchy approach, provision of ecosystem services and effective implementation of the strategy, conservation and use of specially protected areas.</p>
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4. THE PRIORITIES FOR ARMENIA

1. Integrity of the state

1.1. Elimination of legal contradictions, legislative gaps and corruption risks in the laws regulating the relations in the mining sector;

1.2. Capacity building of the state system through training specialists in mining science, technical safety, environmental impact assessment and expert examination, inspection and state control capabilities, introduction of new technologies, provision of laboratory and other technical equipment.

2. Integrity in the Business Environment

2.1. Effective management of the mining sector:

- rational and proportional extraction of subsoil resources, minimising impoverishment and loss rates;
- application of high technologies in ore extraction, processing (recovery) and casting (study of the best available techniques, standards and requirements by the miners, and comparing them with the local standards and requirements, application of the most appropriate ones, especially for complex and high-rate recovery of metals from ores), and
- obtaining various commodity products (concentrates, alloys and other mineral raw materials) as a result of processing (enrichment) of mineral raw material and metalworking.

2.2. Protection of human rights (including labour rights), and responsibility:

- Development of an appropriate human resources policy with an assessment of human rights, risks and impacts; the policy should set out the right to decent work conditions and clearly reflect the requirement for ensuring working conditions that deliver a fair income and security in the workplace, as well as their implementation mechanisms.

3. Planning for positive heritage

3.1. Planning of and financial support for: a) the rehabilitation of soils disturbed by mining; and b) mine closure:

- creation of a complete database on all types of disturbed areas as a result of mining;
- exploring opportunities for applying advanced methods of recovery (especially biological rehabilitation) of soils disturbed by mining in the area of the Republic of Armenia;
- exploring the necessity for periodic review of a mine closure plan and establishing the legal bases (based to mine operation time periods);
- submission of a program comprising proper mandatory mine closure activities with appropriate and realistic financial guarantees, taking into account possible national currency devaluation and inflation;
- ensure proper mechanisms for reclamation of soils disturbed as a result of mining at all stages of extracting minerals, i.e. preparation, operation and mine closure, while maintaining the causal link between the chain consisting of action, surface area of disturbed soils, degree of disturbance and contamination, implementation of current measures aimed at reclamation of disturbed soils and final reclamation of disturbed soils;
- ensure the availability of an environmental protection fund that would at any point of activities enable to actually carry out reclamation of land disturbed and final disposal of the mining waste generated before that point and planned environmental works; and
- ensure publicity of the methods and results of the work done, including informing the affected communities.

3.2. Assistance to affected communities and targeted and effective distribution of benefits:

- clarification of the mechanisms for determining the socio-economic investments made by companies in the communities;
- promoting community development through social programs;
- consideration of opportunities for expanding the volume of local procurements through local businesses; and
- expanding the local workforce engagement through local capacity building.

4. Social Responsibility

4.1. Provision of decent working conditions:

- provide decent and fair working conditions; ensure the employees' right of appeal and the possibility to exercise such right; provide with key protective safety items; ensure the employees are informed about the disciplinary procedures, etc.;
- Ensure safe work place, implementation of the appropriate management system (for example, implementation of OHSAS 18001:2007 Standard), guided by the Zero Harm principle; and
- availability of appropriate corporate policies and internal regulations aimed at ensuring employee safety and protection of safety-related human rights in the companies; such policies and regulations shall set out clear mechanisms to assess and manage employee safety risks, possible human rights violations, and address employee safety and human rights challenges.

4.2. Ensuring health and safety for the affected community:

- develop an EIA and expert examination methodology and outline relevant measures; and
- establish sanitary zones around operational mines and mining enterprises as hazardous technical production facilities, clearly establishing the sizes of the zones of and the legal regime.

5. Environmental responsibility

5.1. Effective management of mining waste and mining waste facilities:

- application of best technologies for the management of mining waste and reduction of the environmental impact of mining waste;
- implementation of environmental monitoring systems in the areas adjacent to the closed mining facilities inherited from the past mining operations in the territory of Armenia;
- ensure mechanisms for proper management of mining waste at all stages of extracting minerals, i.e. preparation, operation and mine closure, maintaining the causal link between the chain consisting of action, waste generation, classification of generated waste and temporary storage, including the current environmental measures, and final disposal; and
- awareness raising on mining waste management issues.

5.2. Effective water management:

- prevention of adverse impacts on surface water and groundwater and implementation of monitoring;
- use of zero-leakage or closed-loop systems;
- encourage installation of industrial wastewater treatment plants;
- include acid mine drainage and, where applicable, cyanide impact risk assessment in the EIA Terms of Reference; and

- develop appropriate management plans.