



Good Governance Africa Policy Brief

Small-scale mining formalization: Changing the paradigm of Galamsey in Ghana

Introduction

Gold mining constitutes Ghana's second most important export commodity. Currently, Ghana has the second largest gold deposits in Africa. Estimates show that artisanal small-scale mining both legal and illegal (galamsey) generates over 30% of Ghana's gold exports. While the current laws and regulations give some formality to small-scale mining, over 70% of those engaged in small-scale mining in Ghana are unlicensed and undocumented. It is also estimated that the small-scale mining sector employs close to a million people. Even though mineral exploitation contributes to the livelihoods of many, it generally leaves a negative impact on the environment, which may ultimately be detrimental to livelihoods. The consequences of mining for both the environment and livelihoods are of particular concern not only to the primary mining communities but also to the downstream communities who depend on the river bodies. Artisanal mining also affects general food security given that many of the mining communities lie in the forest region which is the breadbasket of the country. A recent national security report indicates that galamsey is being implemented in eight out of the ten regions in Ghana. The widespread scale of the operations make it a truly national phenomenon that requires critical study. This policy brief offers recommendations based upon research conducted on the socio-economic impact of artisanal small-scale mining/galamsey in six mining communities in three districts with histories of artisanal small-scale mining. The research was commissioned by Good Governance Africa.

Key recommendations to government agencies, ministries, district and community leaders:

- The State should enforce all the regulations stipulated in the various mining codes with regards to environmental reclamation. For instance, firm rules should be adopted to ensure that miners cover their pits when they finished their operation.
- The State should promote development policies that stimulate environmentally sound mining practices in Ghana, such as maintaining chemical free mining practices.
- The State should improve coherence of laws and policies across the mining and forestry sector to enhance livelihoods and minimize environmental impacts.
- Environmental and social impacts of small-scale mining operations should be studied thoroughly and disseminated transparently before exploitation licenses are granted.
- The Government must take the lead in environmental reclamation. A special tax for the environment needs to be paid by the miners. Part of the revenue generated from mining should be used to clean up the environment around the mining sites.



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- Inform and sensitize artisanal miners about their rights and responsibilities under the national mining laws, how to access mining titles and operate in a legal way. Meanwhile processing mining permits should be user-friendly and decentralized
- Improve miners' livelihoods by:
 - Training in sustainable mining techniques and trade.
 - Facilitating miners to organize themselves by creating forums for information exchange and sharing experiences on production, processing, financial management and market skills.
 - Supporting miners to diversify incomes with alternative livelihood activities such as more efficient farming and livestock rearing.
- Government should register the small-scale miners/galamsey operators. The registration should lead to the establishment of cooperatives. A registered mining cooperative will be easier to manage and regulate as it comes with known leadership structures and the members of the group will enforce group norms to protect their viability, while ensuring that effective and environmentally-friendly mining techniques are adopted.
- The Minerals Commission should plot every square inch of the country and employ competent district level staff who will be conversant with the geology of their districts and oversee monitoring at the district level.
- The Government may subcontract monitoring and regulations to the mining university. The university can build a consulting firm to generate revenue. Their graduates and students can be recruited as monitoring officials. Graduates/students from the mining universities should be employed to monitor the galamsey activities.

Unlike many countries in the region, small-scale mining has had a regulatory framework in Ghana since 1989. Since 1985, the Government of Ghana has formulated and implemented a series of laws and policy measures to create an effective regulatory framework for the mining industry. These laws include The Small-Scale Mining Law (PNDCL 218; 1989) amended in 2006. These legal reforms are complemented with the establishment of the Minerals Commission as the primary institution to oversee domestic and international actors in the Ghanaian mining sector.

However, over 70% of those engaged in this enterprise are unregulated without permits and operate outside the framework set by the minerals laws. Their inability to register has been attributed to the long delays associated with the licensing regime. On the other side, their ability to operate outside the law also implies that they are not meeting minimum standards for mining legally, and this has pitched them against the state in recent years and months.



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The present scale and conduct of artisanal mining is believed to significantly threaten the environment. Moreover, as the sector attracts more interest, the scale of impacts has grown proportionally with an increase in the population of miners, growing markets and improved extraction methods, particularly, with the recent participation, of the Chinese and other foreign nationals. It is important to note that the majority of the miners are not concerned with the negative environmental impacts and believe that gold and diamonds are infinite natural resources to enhance their livelihood.

Socio economic impact of small-scale mining

Galamsey is both poverty driven and poverty alleviating. Its continuing attraction is the opportunity it provides many to make a livelihood. In Ghana, it is estimated that about one million people (approximately 10% of the national workforce) depend on mining income from small-scale mining. The miners are mostly young to middle-aged male workers who are largely based around mining villages. The 'diggers': excavate shallow pits and; 'divers' scoop sand and soil from the rivers. Most miners are assisted by (family) labor, involving many women and children. Education among the miners is generally low. Over 70 % of the miners only attained an education of basic school level or no formal education at all.



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Mining is the main activity for the study communities and their surrounding communities, followed by agriculture often combined with other activities as a consequence of the mining industry. Most of the minerals mined in the districts are sold unprocessed and generally, the artisanal miners are not organized and sell directly to individual buyers, sponsors or gang leaders. This leaves the artisanal miners with little bargaining power at the mercy of their sponsors or traders. The miners who work for sponsors or gang leaders earn between 60 and 100 Ghana Cedis a day. Whilst these average incomes are above the average incomes from other ventures in the districts, they are still low incomes with no insurance or assurance for future earnings.

Mining incomes pay for important basic needs such as food, education, clothes, medicines, construction of houses and consumer goods. At the same time, a part of the miners is left with close to nothing, or even debts, because the variation in incomes between miners is enormous, ranging from considerable profit to massive losses. The small-scale miners in the study indicate that their main concerns and problems are a lack of food security, health insurance, harassment by security agents, confrontational government laws and actions and lack of mineral detecting and exploitation materials.

In Ghana, mining falls under a legal framework structured by mining and environmental codes. The mining sector in Ghana is also very dynamic with new deposits being discovered and small-scale miners spread across the country with no regulation enforcement. Most small-scale miners do not pay tax even though the mining code has the provision of an annual tax payment. The Government's involvement in the artisanal mining sector is more visible in the operations of the registered companies. The artisanal mining sector is significant and hundreds of thousands of people depend directly or indirectly on mining revenues. Despite the presence of the legal framework, the sector is characterized by an overall lack of governance and informality of the small-scale mining business predominates. Moreover, there is little information and awareness on rights and regulations, such as the mining code, among the miners.

Conclusions

The impacts of artisanal mining on both the environment and livelihoods are of particular concern. The current environmental impacts from artisanal mining appear to be destructive and of high significance. These include deforestation, land degradation, soil erosion, river siltation and air pollution. However, two types of current developments are likely to increase this impact and should not be neglected when discussing the future of this important sector. These are the



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growth of the number of artisanal miners and up-scaling of their technology and, especially also the influx of large-scale foreign mining operators.

Small-scale mining offers a significant contribution to livelihoods. It provides income to a million miners and their dependents. On average, miners derive much higher income than non-miners in this area and this pays for important basic needs such as food and education. Meeting these needs fall within the expectations of realizing some of the most important human development needs. However, the real average income of miners is still low and the distribution of income from mining is extremely unequal. The fact that a considerable part of the miners actually loose income implies that mining remains a risky business and could as well create livelihood challenges under the current socio-economic and institutional arrangements.

Well-targeted support and formalization of small-scale mining groups can provide labor income for the local population and assumingly will have less of a negative impact on the environment. This support should involve tackling informality in production and trade, increasing access to mining titles by artisanal small-scale miners, improving information flows on mining codes at the grassroots and supporting environmental reclamation. Deliberate government or external support programmes would serve to organize the sector and inform stakeholders on the benefits of formal businesses. In this light, the current contributions of mining incomes to meeting the basic needs of the people would expectedly increase.

However, State institutions responsible for enforcement are plagued by a number of challenges. These include inadequate geological data acquisition and mineral exploration that fails to unveil the full extent of Ghana's mineral potential, unharmonized policies and regulatory frameworks and weak capacity in establishing and enforcing environmental, health and safety standards.

Good governance of the mining sector co-determines the eventual outcomes of mining in terms of livelihoods, national economic impacts, employment creation, infrastructure development, improvements in health and educational systems and environmental impacts. Although Ghana has a legal framework in place, at present, the artisanal mining sector is largely informal and miners are often not aware of their rights and obligations. There is a lack of adequate mechanisms that deal with possible conflicting interests and that assist miners in their daily operations. Moreover, there is a general lack of regulation enforcement and government appreciation of the complexities of the sector reflecting in the current combative posture of the state.