

INTERNATIONAL COUNCIL ON MINERALS AND METALS (ICMM)-GHANA CHAMBER OF
MINES WORKSHOP ON ARTISANAL MINING AT ELMINA, GHANA 12-14 MAY 2009

BACKGROUND NOTE

THEME: MINERAL-LED SUSTAINABLE DEVELOPMENT: EFFECTIVELY HARNESSING THE
BENEFITS OF ARTISANAL AND SMALL-SCALE MINING IN AFRICA

Background

There is a gradual convergence on the view that mineral resources wealth can and should serve as engine of growth and poverty reduction. This has become more urgent as global commodities prices experience unprecedented booms prompting increased pressure on the mineral industry in general for a more societal-based development that ensures equitable share of benefits among various stakeholders including host communities. There is also a significant convergence on the view that both Large-Scale Mining (LSM) companies and the Artisanal and Small-Scale Mining (ASM) operators have a role to play in achieving the above. Several studies have underscored economic importance of LSM and ASM and their potential to contribute to poverty reduction (Hilson 2001, MIME 2002, D'Souza 2003, Aubynn 2009, Asante 2003, ICMM 2007).

Yet, the relationship between Large-Scale Mining (LSM) companies and the Artisanal and Small-Scale Mining (ASM) sector, is generally poorly understood and has been troubled by mutual mistrust, antagonism, resentment, intimidation, threats, increasing conflict and volatility, and a general mismatch of expectations throughout the mining regions. Both sides of the conflict have their own preconceptions and strong feelings regarding each other and their alleged rights.

While LSM operations are usually well organised with benefits streams to host countries well predictable and easily tracked, the same cannot be said of ASM operations. ASM in Africa, in particular, is plagued with myriad of problems, including inadequate legal and regulatory framework, low productivity, and application of rudimentary and inappropriate technology. The industry is also faced with problems such as isolation from the mainstream of economic development, adverse environmental effects, health and occupational hazards, ubiquitous socio-cultural effects, making it utterly impossible for host countries to maximise the full potentials of ASM.

The International Council on Minerals and Metals (ICMM), an international association of key global industry players. A number of ICMM member companies are active in Ghana. Many of their operations have ASM activities neighbouring their sites and are facing the different related issues that this border around community, health & safety, security, issues. ICMM in collaboration with the Ghana Chamber of Mines and the Ghana Minerals Commission, is organising this forum to underscore their firm believe that maintaining harmonious relationship between large-scale multinational mining companies and local operators is crucial if both parties are to maximize their contributions to the economy and livelihoods of their operational areas.

Purpose and Objectives

Well-organised, formalised and functioning ASM operations can compliment the myriads of benefits streaming from LSM companies to host countries. This Workshop seeks to identify pragmatic ways of maximising the potential of ASM as a major tool for employment creation and poverty reduction in Africa. It will attempt to consolidate an industry position on ASM and develop a strategy around it. Some of the fundamental questions expected to be raised and discussed are: Why have ASM operators failed to legalise their activities in spite of the laws and institutions created to support them? How do we prevent ASM encroachments on LSM concessions while at the same time promoting peaceful ASM-LSM coexistence?

The objectives of the workshop are:

- Engage with government on their perspectives on ASM. One particular area of focus could be on the formalization of the sector, what has worked and what has not.
- Discuss a Ghanaian industry position on ASM and develop a strategy for engaging with government.
- Share experiences between companies dealing with ASM, particularly around security issues.

Ghana as an ideal choice

The choice of Ghana as a focus for the Workshop was not accidental. Ghana is touted as a country in sub-Saharan Africa with great potential for benefiting from its rich natural resource endowment and maximising the full potential of ASM. Since 1990, some \$7 billion has been invested in the mining sector of Ghana. The country has produced an average of 1,000,000 ounces of gold and 800,000 carats of diamonds per annum over the period. Of these figures, an average of about 100,000 ounces (about 10%) and 700,000 carats (about 70%) of gold and diamonds respectively were produced by the artisanal small-scale miners in the country. While LSM is estimated to provide direct employment to approximately 15,000 Ghanaians, between 100,000 and 200,000 people are estimated to be directly engaged in ASM, of whom an estimated 30% are women. During the same period, over \$2 billion in foreign exchange has been generated by the mining sector out of which figure, the gold and diamond production from the ASM sector has generated over US\$600million.

In addition, the passage in 1989, of the the Small-Scale Gold Mining Law 1989 (PNDCL 218), the Mercury Law 1989(PNDCL217) and the Precious Minerals Marketing Corporation Law 1989 (PNDCL 219), opened the doors for ASM to be registered and operate legally with Small-scale Mining wing of Minerals Commission expected to provide further institutional support.

In spite of this legislation and creation of the above institutions for ASM miners to regularise and mainstream their operations, less than one-quarter of them currently operate within the ambit of the law. The bulk of ASM operators in Ghana still work as 'illicits or *galamseys*,' in most cases, encroaching directly on the concessions of LSM operators. Such encroachments have often led to a series of violent confrontations between ASM operators on the one hand, and LSM and state security forces on the other.

In addition, ASM was highlighted as priority area for follow-up at the Resource Endowment workshop which took place in Accra in February 2008. This workshop, and ensuing industry strategy, is intended to act as a 'pilot' for possible similar initiatives in other parts of the world where ICMM members work alongside ASM operations.

Collaboration and Expected Outcome:

This Workshop is a collaborative work among ICMM, Ghana Chamber of Mines, CASM, World Bank CoMDev, and the Ghana Minerals Commission.

The expected outcome of the Workshop will be in two forms:

- Pragmatic intervention areas identified by stakeholders for action by government and other relevant stakeholders. This may include anASM position paper for the mining industry in Ghana as well as strategic plan;
- A report on the workshop, highlighting the potential to repeat the exercise elsewhere.