

## GHANA. POVERTY ERADICATION & SUSTAINABLE LIVELIHOODS: FOCUSING ON ARTISANAL MINING COMMUNITIES

### SUMMARY OF DRAFT REPORT

#### 1. BACKGROUND

The UNDP-ESA recruited MIME Consult in April 2002 to undertake a study into *Poverty Eradication and Sustainable Livelihoods: Focusing on Artisanal Mining Communities* with the objective of identifying and highlighting some of the key *assets* and areas of *vulnerability* to members of artisanal mining communities. The knowledge will provide input into policy formulation, service provision, scaling-up artisanal mining operations and creating alternative livelihoods as well. The output of the assignment will form also part of an Africa regional and multidisciplinary project aimed at eradicating poverty in artisanal mining communities.

#### 2. CONDUCT OF ASSIGNMENT

The assignment consisted of a review of relevant information relating to small-scale mining/artisanal mining as well as a field survey of three mining communities. The survey was conducted on the basis of principles that relate to two main developmental themes/frameworks used as diagnostic tools in poverty alleviation/eradication: Sustainable Human Development (SHD) and Sustainable Livelihood (SL) Approach. The **SL** framework served as a tool for recognizing the assets of the communities (natural, human, financial, physical and social) as identified by the institutions. It also offered the consultant the opportunity to understand the vulnerability context (the state of the natural resource base, areas of conflict, and the political economy in which these assets exist). The **SHD** principle served as a guide in assessing the choices of members of the communities and in recommending alternative livelihoods in the artisanal mining environment.

The specific tasks undertaken in the survey were:

- The identification of the existing problems in the mining communities (individuals, groups and, institutions)
- Assessing the capacity and constraints of the mining communities
- Outlining the prospects for development within existing framework (structural and institutional)
- Presentation of the vision of identified stakeholders on improving the prevailing situation.

The assignment should provide the necessary input into:

- assisting small-scale miners through the up-scaling of their activities, and
- promotion of alternative livelihood projects to either run parallel to mining or replace mining activities after depletion of the ore.

### 3. STRUCTURE OF THE REPORT

The report is structured into nine (9) main sections.

#### 3.1. Section 1: Background to assignment and SL approach as a poverty diagnostic

Section 1 gives the background to the assignment and provides an understanding of the use of the SL approach in understanding livelihoods. A livelihood comprises the capabilities, assets and activities required for means of living. A livelihood is sustainable when it can cope with and recover from stress and shocks, and maintain or enhance its capabilities both now and in the future, while not undermining the natural resource base. In understanding the situation in the artisanal mining communities in Ghana therefore, there is the need to understand the people who inhabit these communities, and the factors that impact on their livelihoods. Detailed understanding and insights that SLA provides from community level analysis can be a key input in the development of strategies, in particular in defining livelihood and support options and community/miners contributions.

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#### 3.2. Section 2: Country context

Section 2 outlines the country context, indicating the important role that the minerals and mining sector has assumed since the 1990s. Ghana is predominantly an agriculture-based country with cocoa following the mining sector as the leading foreign exchange earners. In recent times, gold mining activities in particular have increased tremendously due to the relative abundance of the mineral and the support the industry has enjoyed from recent mineral policy initiatives. From an all time low of 282,300 ounces by 4 companies in 1984, production reached 2,184,314 ounces for 2001 from 12 mines, with a total value of \$568.7 million. Contrary to expectations however, the role the sector has played in rural development and industrialization remains largely minimal. A Mineral Development Fund (MDF), from which a portion of the royalties paid by mining companies are paid to the District Assemblies, traditional rulers and land owners to assist in rural transformation, is yet to make the appropriate impact.

#### 3.3. Section 3: Poverty in Ghana

Section 3 provides an insight into poverty in Ghana, defining it (from the perspective of the GPRS) as “unacceptable physiological and social deprivation” caused or exacerbated by the following, among others:

- The lack of capacity of the poor to influence social processes, public policy choices and

resource allocations;

- Low capacities through lack of education, vocational skills, entrepreneurial abilities, poor health and poor quality of life;
- Low levels of consumption through lack of access to capital, social assets, and land and market opportunities.

The GPRS also identified segments of the Ghanaian society who constitute the extremely poor and vulnerable. Significantly missing from the identified groups were artisanal mining workers, implying that either they are not considered vulnerable or they have not been studied adequately as a group. The section also outlines various programmes and interventions to tackle poverty in Ghana including the i) National Poverty Reduction Programme (NPRP), which is largely concerned with capacity-building; ii) the Social Investment Fund (SIF), which aims at providing financial services and basic infrastructure to the poor, and iii) the Village Infrastructure Project (VIP), which aims mainly at improving the quality of life of the rural poor through increased transfer of technical and financial resources for the sustainable development of basic village level infrastructure. Finally, the section reviews the GPRS initiative in respect to artisanal mining with the objective of placing it within the broad government poverty reduction/eradication policy. Again, the document was largely silent on small-scale mining and did not contain any specific interventions for reducing poverty in mining communities, except when viewed in the context of agricultural activity.

*Little mention is made of artisanal mining in various poverty interventions.*

### 3.4. Section 4: Small-scale/artisanal mining in Ghana

Section 4 narrows the focus on small-scale/artisanal mining in Ghana with the view to shedding more light, and an understanding of how the sector operates in the country. It touches on the history of the sector, its development path and the current situation, especially, the operating environment, mining methods, marketing and the impact the activity has had on foreign exchange earnings, regularised employment etc. The major policy initiative to regularize and support small-scale mining of gold in 1989 was not only aimed at improving national revenues, but making artisanal mining more sustainable and reducing its attendant ill-effects, particularly its environmental impact. A search for an appropriate interface between small-scale and large-scale mining revealed quite little, except for tributer arrangements pursued by the Ghana Consolidated Diamonds (GCD) with small-scale diamond winners. It however indicates an existing antagonism between the two (evident in illegal mining on acquired concessions).

*There are conflicts in land use between large-scale mining and agriculture, and between artisanal and large-scale mining.*

Similarly, the review of the interface between large-scale mining and agriculture indicates conflicts in land use in some of the mining communities, particularly with the increase in surface mining activities. In some communities farmers have to move further away from their settlements to access agricultural land due to the substitution of agricultural land for mining operations. Finally, the section puts small-scale mining into perspective by outlining some of the concerns and challenges that need to be addressed to make small-scale mining operation more productive, less polluting, socially beneficial and cost-effective. Key among these con-

cerns also are issues of health, especially with respect to mercury contamination, the HIV/AIDS pandemic which thrives with the sexual promiscuity exhibited by the youth.

### 3.5. Section 5: Case studies of three mining communities

Section 5 presents the findings from the case studies which were conducted in three communities namely, Bompieso in the Wassa West District (Western Region) on gold mining, Mpatuom in the Amansie West District (Ashanti Region) also on gold mining and Atiankama Nkwanta, in the Birim South District (Eastern Region) noted for the production of diamonds. The three communities provided a fair representation of locations for such a study because of the history and tradition of artisanal mining, coupled with the presence of legal miners and a mixture of legal and *galamsey* operators. The objective of the case studies was twofold:

- a) Provoke a discussion of the degree of noticeable poverty prevalent in artisanal mining communities; and
- b) Collate enough information to serve as the basis for policy and development of relevant programmes towards poverty reduction in artisanal mining communities.

#### 3.5.1. Assets

The assets of the community members (both artisanal miners and farmers) are very limited and difficult to define; however, access to agricultural land appears to them not to present any major difficulty. But this is not the case with access to land for artisanal mining activities. The problem of lack of assets in the communities is complemented by the twin problem of lack of skilled labour. In the mining sector, lack of investment and working capital has resulted in inefficient exploitation and processing practices, leading to low mineral recoveries, little regard to occupational health and safety, and sometimes the use of child labour.

#### 3.5.2. Vulnerabilities

Artisanal miners are most often unable to earn enough from their operation to sustain basic subsistence. Focus group discussion (FGD) respondents suggest that most of them barely earn enough to feed themselves. The common expressions used to describe this state of affairs is “*totobidi*” or “*allah allah*”, literally meaning living from hand-to-mouth. The situations of individuals who practise other artisanal skills in the communities are not different from those of the miners. The vulnerability patterns of food crop farmers are similar to those that pertain to most subsistence farmers in the country, the significant one being unfavourable prices resulting from inadequate marketing facilities and poor access roads.

The difficulty in acquiring land and space for *galamsey* activities is attributed to the fact that large areas have been given out to large-scale mining companies.

#### 3.5.3. Service providers

There is very little interaction between the sectors at the local level. For example the Ministry of Agriculture provides extension service to farmers in the community by itself. However, due to the small numbers of extension staff services are often provided to those who express the interest. The Minerals Commission through the Small Scale Mining Department also pro-

vides technical advice to legal small-scale miners to help them improve gold recovery, occupational health and safety, minimise pollution of surface water and environmental degradation. No other institutional sectors appear to be interested in what happens in these communities. The community members indicate that the district assemblies do not show any concern for their plight and appear not to plan for them.

### 3.5.4. Social networks

Social networks are visible among the *galamsey* operators. The group solidarity is such that if a gang discovers a rich deposit word quickly goes round and several operators move to the site to mine until the ore is depleted. This process helps minimise the risk of going several days or months without any significant activities. A network of female food vendors who sometimes sell food to them on credit also supports the *galamsey* operators. Perhaps the network that could be exploited is the link between artisanal miners and the LBAs of the PMMC who often pre-finance the activities of trusted *galamsey* operators. This network is particularly important but is often considered exploitative. Typically, the *galamsey* operators indicate that they earn anything from about ¢50,000 to ¢150,000 per week but it is also possible to realize figures in the neighbourhood of ¢1.5 million when one is lucky. However, because they are unable to plan effectively they depend on buyers who often advance money to them to take care of their food and other needs. These buyers in turn buy the gold from the miners often at their own price.

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#### **OBSERVATIONS FROM SURVEY**

- ◆ Infrastructure in the communities is underdeveloped, basic and inadequate in many respects;
- ◆ Agriculture and mining constitute the main livelihood activities in the three communities. Both are under-developed and manually undertaken and involve a lot of drudgery. It has become continually less attractive especially to young people due to sustained low prices of food produce and lack of credit for cash crop cultivation. Artisanal mining has therefore become a major alternative source of livelihood to both indigenous people and migrants;
- ◆ High cost of living in the communities as a result of pressures on available accommodation from migrant artisanal miners, low agricultural production due to shortage of farm labour, etc.
- ◆ Agriculture and mining complement each other but community members do not take advantage of the opportunities offered by their timing. Mining is best undertaken in the dry season and farming during the rainy season. Unfortunately due to the unattractiveness of farming as an activity very few artisanal miners in the community take advantage of the seasonality of the two activities;
- ◆ Dialogue with the communities suggests that they have very limited ideas regarding alternative livelihoods activities. Assemblymen and the unit committee members, chiefs and traditional authorities and the communities all agreed that artisanal mining is and would remain the major pre-occupation in the communities;
- ◆ Perhaps their vision of the market opportunities with respect to alternative livelihood activities identified is the most limiting factor.
- ◆ The community members are keen to improve their livelihoods, but believe that government has to be the principal agent by which this can be achieved. Government interventions are expected in the supply of agricultural inputs; price support mechanisms for agricultural produce; credit; labour saving devices; and support to artisanal miners to reduce drudgery and risk to health.

### 3.6. Section 6: Institutions and micro-macro linkages

Section 6 builds the linkages between the macro, meso and micro levels on the basis of the views of institutions at the community level, the community members and bearing in mind the policy positions and activities of various national institutions.

The section established linkages between national institutions such as the Ministry of Mines, the Minerals Commission and the District Small-Scale Mining Centre (SSMC) in relation to the implementation of the policy on regularization of the operations of small-scale miners, and the provision of credit and technical support for their activities. The decentralization policy, in which governance and decision-making are devolved to the district level, charges the District Assembly with the provision of basic infrastructure such as roads, education, water, market and health facilities and other social amenities that will enhance socio-economic development. The linkage between the District Assemblies and other MDAs may appear evident, but does not appear to gel cross-sectorally. For example there is little or no co-ordination between the operations of the SSMCs and the District Ministry of Food and Agriculture as they both pursue their support activities separately. Furthermore whilst the District Coordinating Councils play a role in the licensing procedure, in practice they have not played any pro-active role in up-scaling artisanal mining in their areas of administration, leaving everything to the SSMCs and operators themselves. For example the relationship between the Assembly and the

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Diamond Winners Association appears only fiduciary - in the payment of levies and fees - rather than collaborating to increase the level of legal activities and creating employment through e.g. the acquisition of land for mining.

### 3.7. Section 7: Sectoral Strategies and impacts

Section 7 discusses the sectoral strategies and impacts focusing on the past, present and future policies and strategies for addressing the issues and challenges in the promotion of artisanal mining and well-being of miners, and also in creating alternative livelihoods within mining communities. Some notable past and on-going programs and interventions to address these challenges have also been raised. These include: purchasing and marketing regulations in relation to export and tax regimes, technical support through the provision of credit, machinery, geological investigations and the prevention of the damage of the health of miners and provision of resources and infrastructure from the Minerals Development Fund as some of the direct interventions aimed at improving livelihoods in artisanal mining communities.

In recent times, both Minerals Commission and the large mining companies are increasingly using participatory approaches in helping to define the needs of communities and developing a socially responsible posture in dealing with the socio-economic impact of the operations of mining companies.

To achieve sustainable small-scale mining and poverty reduction in artisanal mining communities, the two key strategies to be pursued are:

- assisting small-scale miners through the up-scaling of their activities, and
- promotion of alternative livelihood projects to either run parallel to mining or replace mining activities after depletion of the ore.

### **3.8. Section 8: Major issues and challenges**

Section 8 recaps the major issues and challenges from the community, meso (district) and macro (national) perspective. Based on a review of the various policies and programmes, consultations with the communities and relevant institutions, we may summarise the main challenges in up-scaling artisanal mining, creating alternative livelihoods or indeed improving current livelihoods, as the following:

#### **3.8.1. Creating awareness/visibility for artisanal mining issues**

- What can be done to raise the visibility of artisanal mining issues (beyond its current largely negative image)?
- How can we mainstream artisanal mining into national data gathering?

#### **3.8.2. Land use**

- How can we balance the requirements of mining with other competing land uses, particularly in areas of widespread mineralisation?
- What should be the limitations on mineral rights holders in pursuing their activities vis-à-vis farming activities?
- Should buffer zones (not accessible to mining companies) be created around communities to allow them access land for mining if they so choose?
- How do we define the large scale mining lease to limit it to the actual area required for mining over say the next 10 years?

#### **3.8.3. Financing alternative livelihoods**

- Should the mining sector be responsible for creating alternative livelihoods and reducing poverty in mining communities?
- What should be the role of the active players – communities, traditional authorities, DAs, central government, mining companies etc.?
- How can the Mineral Development Fund be used to support interventions?
- What rural/micro financing arrangements can be used to support alternative livelihood schemes?
- What donor/NGO support can be brought into the scheme?

#### **3.8.4. Institutional and implementation issues**

- How do we get District Assemblies to assume ownership of programmes and interventions and to mainstream artisanal mining into their planning? What capacity building needs will be required?
- Which organization(s) should have primary responsibility for championing the implementation of the scheme – NDPC, Minerals Commission, Ministry of Food and Agriculture, NGO?
- What should be roles of various bodies at the micro, meso and macro levels?
- What are the indicators for measuring the desired outcomes and how do we define these within a consultative framework?

### 3.9. Section 9: Recommendations

Lastly Section 9 provides a catalogue of recommendations based on the findings of the surveys and review of existing programmes and policies. These recommendations address two main thematic areas; up-scaling small-scale mining and creating alternative livelihoods and are predicated on the following:

- creating opportunities for mining communities to engage in alternative means of livelihood outside mining;
- creating an enabling environment that will allow mining companies and communities to co-exist harmoniously for private enterprise - small, medium and large - to flourish;
- harnessing the synergies of various actors - Government, communities, mining companies, external support agencies, NGO's and private enterprise in ensuring sustainable livelihood in mining communities.

Some recommended steps are noted below:

#### 3.9.1. Preparatory steps

*Obtain baseline information on the poverty problem by:*

- i. providing an understanding of the state of poverty in the mining community;
- ii. assessing the level and type of economic activity in selected mining communities;
- iii. (broadly) assessing the extent of conflict in land use between mining companies and the community;
- iv. assessing the current roles of various community level institutions whose activities respond to the needs of the community – water, electricity, health facilities, schools, mining companies, local authorities, traditional rulers etc.;

*Review various options for addressing the issue of poverty/sustainable livelihood with the community in the areas of:*

- i. land use;
- ii. identification of alternative employment and economic opportunities;
- iii. identification of community needs to implement activities
- iv. community participation in decisions relating to the socio-economic impact (and remediation) of mining projects on the community;
- v. expected role of central government/district authorities on the use of portion of royalties accruing to communities, and mining companies contribution

*Identification of institutions and roles at the meso-level*

- i. (Ownership of the process by District authorities)
- ii. Dissemination of information on any pilot projects undertaken
- iii. Facilitation of land acquisition



***Produce a set of institutional, technical, financial and other support measures/guidelines necessary for realising the objectives of the programme. This should include***

- i. guidelines for identifying and assessing the viability of alternative economic activities in mining communities;
- ii. guidelines for community participation in the choice of appropriate activities;
- iii. identification of sources of technical (extension) and training support and their relationship with the programme;
- iv. identification of marketing and purchasing arrangements to support the scheme;
- v. identification of micro-finance arrangements and institutions to complement the scheme;
- vi. identification of (and guidelines for) obtaining funding for scheme (e.g. MDF, contributions from mining companies, HIPC funds, DA's Common Fund etc.)
- vii. Define fiscal incentives for mining companies that support the creation of non-mining employment

### ***Implementation Platform***

- i) Establish a national Steering Committee with membership from:
  - a. Ministry of Mines
  - b. National Development Planning Commission (GPRS)
  - c. Minerals Commission
  - d. Ministry of Agriculture
  - e. Ghana Chamber of Mines
  - f. District Assembly (hosting mining)
  - g. Traditional Ruler (from a mining community)
  - h. NGO in community development
  - i. Training/Entrepreneurial development institution

### **3.10. Input from Workshop**

The workshop of stakeholders is intended to come up with recommendations that reflect broad consensus. Therefore what has been presented in the draft report is certainly not exhaustive.

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