

Daniel K. Twerefou, Kwadwo Tutu,
John Owusu-Afriyie, and Kwame Adjei-Mantey

Attitudes of local people to mining policies and interventions



In brief

- This study aims to assess the attitudes of mining communities towards mining policies and interventions in Ghana, and provide policy recommendations that may improve community-mining relations, and the more sustainable exploitation of Ghana's natural resources.
- This study is based on a survey of 1500 households in 16 districts, as well as focus group discussions with resettled communities, chiefs and elders, groups under alternative livelihood projects, compensated individuals, and young people.
- This study finds that the majority of local people do not have a favourable attitude towards mining sector policies and interventions. 53.6% of respondents have an unfavourable attitudes towards mining sector policies and interventions, compared to 28.4% who have favourable attitudes.
- Economic challenges are the most pressing issues in mining communities that cause unfavourable attitudes towards mining sector policies and interventions, followed by environmental factors, and then social factors.

This project was funded by IGC Ghana, as part of the IGC's Energy research programme

Introduction

Even though exploitation of minerals, especially gold has occurred in Ghana for over a century, there are still many challenges that have made it difficult for the country to realise the sector's full potential. This is evidenced by the low contribution of mining to gross domestic product (persistently below 5 percent) and poor employment generation, in spite of significant foreign direct investment inflows into the sector. In addition to a weak contribution to growth, the mining sector faces several other challenges from poor adherence to policies, regulations and interventions, especially by Small Scale Mining (SSM), conflicts and other environmental and economic challenges which have shaped the attitude of mining communities towards the sector and consequently the performance of the sector as a whole.

The Ghana Shared Growth Development Agenda II aims to ensure the continued pursuit of macroeconomic stability and the sustainable exploitation of Ghana's natural resource endowments in order to propel the country into middle income status by 2020. Achievement of these objectives may be hampered by the challenges enumerated above. The overall objective of the study is therefore to assess attitudes of local communities towards mining policies and interventions. Understanding the drivers of observed attitudes with the view to making recommendations may improve community-mining relations and encourage sustainable exploitation of Ghana's mineral resources.

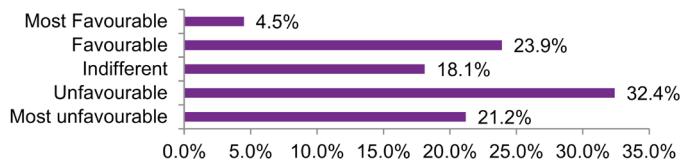
Methodology

The research used a multidisciplinary and integrated methodology involving a combination of qualitative and quantitative data collection. Specifically, data was obtained through literature review and consultation with all public and private entities in the sector. Data gaps emanating from the desktop research and consultation were addressed through a nationwide survey, Focus Group Discussions (FGDs) and key informant interviews. While the survey was administered using a structured questionnaire to approximately 1500 households in 16 districts, the FGDs involved resettled communities, chiefs and elders, groups under alternative livelihood projects, compensated individuals and youth.

Findings

Our analyses indicate that generally, a majority of local people do not have a favourable attitude toward mining sector policies and interventions. On a scale of 1 to 5 (1-Most unfavourable, 5-Most favourable), ranking of respondents on their attitude towards mining sector policies and interventions indicate that about 53.6 % of them have either most unfavourable or unfavourable attitude towards mining sector policies and interventions while 28.4% had most favourable and favourable attitude. (Figure 1) About 18.1 % were indifferent.

Figure 1: Attitude of Local People toward



Source: Authors' Survey, 2014

In ascertaining the major drivers of the observed attitude, we use equal weights and aggregate specific issues under economic, social and environmental factors on a scale of 1 to 5 (1 - not a serious problem, 5 -most serious problem). Overall, economic challenges are the most pressing issues in mining communities that force them not to heed mining sector policies and interventions with a mean rank of 3.53, followed by environmental- 3.38 and social- 2.95. The observed view of the mining communities can be justified, in that, if one considers the fact that mining communities are mainly subsistence farmers and miners, then taking away their land without providing any viable sustainable alternative leaves them with limited options for their economic survival. This may mean defying policies and interventions in order to make a living for themselves and their families.

Key issues in mining areas that have impact on the economic conditions of mining communities include compensation payments, unemployment, Alternative Livelihood Projects (ALP), loss of land for farming, destruction of basic infrastructure, among others. With regards to social conditions the key issues revolve around resettlement, conflicts, inadequate provision of social services, water scarcity. While the environmental issues focuses on land and forest degradation, water, air and noise pollution.

Local people struggle to obtain fair compensation and resettlement and payments, because they lack knowledge of the rules and regulations that govern resettlement and compensation. These information asymmetries reduce the negotiation capacity of local people against internationally reputed mining conglomerates. There is also a serious problem with the constitution of Compensation and Resettlement Negotiation Committees. Lack of trust and pursuance of individual interests as well as divide and rule tactics used by the companies sometimes makes it difficult for communities to unite around issues while poor consultation and inadequate involvement of affected people in the formation of the Compensation and Resettlement Negotiation Committees also makes it difficult for them to achieve the desired results.

Valuation of properties damaged is low largely due to the poor negotiation power of communities and the government established values which serve as the minimum basis for valuation. Government set minimum values give companies greater bargaining power since any increase from the base is taken as an improvement, even if the agreed value is not commensurate with the economic value of the damage. It was observed that affected people usually do not utilise the compensation in short term income generating activities but rather through long term investments, making

short term sustenance difficult. Overall, majority of resettled and compensated people believe the packages they receive have not improved their livelihoods.

Unemployment remains a major challenge in many mining communities since the basic resources on which their livelihoods depend - land and forest - are taken away. Usually farm lands that are given in exchange are further away or associated with problems, while many inhabitants lack the skills required for mining. ALPs meant to supplement the incomes of mining communities have to some extent been an imposition, not driven by demand. They have not benefitted the majority of the people. Those who have benefitted from the programme have not been able to develop businesses, largely as a result of unavailability of markets and inadequate financing.

Various forms of conflicts occur between different stakeholders in mining communities. The most frequent were between SSM and Large Scale Mines (LSM) and between LSM and the communities. Reasons for the latter can be attributed to the failure of LSM to pay adequate compensation, employ local people, address issues from resettlement, fulfil promises made, minimise pollution and destruction of land. Conflicts between SSM and LSM on the other hand, can be attributed to unemployment in the community and claims by SSM that they are the original owners of the land. There is, however, some cooperation between Metropolitan, Municipal and District Assemblies and LSM and between Chiefs and the LSM attributable to royalty payments and some support they gain from them which in many cases does not benefit the community. Royalty payments in particular have no guidelines on the use of funds from the Office of the Administration of Stool Lands.

Environmental challenges facing mining communities in order of decreasing importance are land degradation, water pollution, forest degradation, vibrations, cracks in buildings and air pollution, all of which have had some negative impact on the livelihoods of mining communities. Some efforts are being made to address environmental problems through the provision of water, reforestation, etc., though to a limited extent.

Many SSM activities are illegal but have the potential to contribute significantly to poverty reduction as evidenced by the increase in production and employment, even though the environmental challenges they pose are quite significant. Generally, incomes in SSM are higher than those in the non-SSM sector. While weak regulations of the sector suggest that in the midst of high employment, people in SSM may still continue their activities. Factors that explain participation in illegal SSM by the communities include loss of livelihood, lack of alternative job opportunities, water pollution, gender, education and age. In spite of these, there are a considerable number of SSM workers who would prefer to shift to other sectors. Primarily due to the numerous risks/hazards associated with SSM, even with the precautions taken by workers.

Many illegal SSM would like to graduate from informality to formality but are hindered by factors such as non-availability of economically-viable lands with resources since the LSM has access to all the gold-rich lands; high costs of registration; undue delays and cumbersome registration processes that take place at

the head office of the Minerals Commission (MC); apathetic attitude of the MC to their registration applications; attitude of MC and other authorities who see SSM as a problem; political interference in the allocation of blocked-out areas for SSM; harassment of legal SSM by security personnel; influx of foreign nationals taking over reconnaissance and prospecting mining concessions with the connivance of Ghanaian concession owners and traditional authorities allocating to themselves, the power of allocating land for illegal mining activities.

Recommendations

It must be noted that mining is a very complex industry that needs greater attention relative to other sectors in that, the resource belongs to one party and exploitation of it by another party requires the destruction of livelihoods of poor communities. It is therefore imperative to get the cost-benefit equation right for all the stakeholders in order to reduce the observed adversarial attitude and ensure sustainable exploitation of the resource. In the midst of weak regulatory institutions, practical and local level decisions are taken by the owners of capital –mining companies, and in many cases to satisfy their economic goals to the detriment of the communities. A key solution to ensuring that benefits are properly shared is to effectively monitor incomes and leakages in the sector within the realms of the law by the regulatory and revenue authorities. With the establishment and functioning of the Extractive Industries Transparency Initiative to monitor government on the use of their mineral resources, the next step is to establish a mechanism that will also ensure that mining companies are transparent and accountable to not only shareholders but the community as well since they are key stakeholders.

There is a need to increase value addition to mineral products and use more local inputs in the production process. This is the only way of ensuring that the mining sector is vertically and horizontally linked to other sectors of the economy and creating sustainable and decent employment to bring about growth in mining communities. This will enable mining communities to respect mining sector policies and interventions.

It is also important to develop guidelines on community mining relations on issues that commonly affect mining communities. These guidelines will help assess efforts by communities and mines to follow mining sector policies and interventions and facilitate fairer negotiations. In general, focusing on achieving the African mining vision is imperative. Below we provide recommendations on some specific issues:

Conflicts

- Develop and approve Legislative Instrument on the use of royalties by MMDAs, Traditional Authorities and Stools.
- Monitor and guide consultation processes of the mining companies as well as proper documentation of all the consultations.
- Facilitate mining companies to embrace communities as integral, not peripheral, to their activities.
- MMDAs should orientate District Plans around the activities of mining

companies to ensure the vertical and horizontal integration of mining activities with the local economy.

- Provide clear guidelines that spell out how new farmlands would be acquired for resettled communities and the distance between their new homes and the location of the farmlands.
- Define the role of stakeholders such as Chiefs clearly to ensure that there are no adverse selection and moral hazard issues associated with their intermediate role and to ensure transparency.

Compensation and resettlement

- Intensify monitoring and evaluation by regulatory bodies after resettlement to address any emerging negative impacts of the resettlement.
- Provide guidelines on many of the issues that affect mining communities. For example if there is a crack in a building resulting from mining, the guideline should focus on how to address issues with timelines.
- Provide adequate knowledge and awareness of the regulations relating to compensations and resettlement.
- Provide adequate and effective representation of affected persons on the negotiation committees by increasing the current number (3) of representatives.
- Valuation of properties should be realistic and updated annually using economic instruments and analysis.
- Provide guidelines for the negotiation process that involves some consultation of the originally affected people.
- Provide significant support to the negotiation committee.
- Define the issues of livelihood properly and undertake independent monitoring and evaluation studies to assess livelihoods. Such studies should be funded by the regulatory agencies.
- Appointment of experts to support communities in negotiations should be made by the community but paid by the government since an expert paid by the mining company may not be fair to the communities

Alternative livelihood programmes

- Increase the number of people in the ALP.
- Re-organise the ALP to make it more meaningful by taking into consideration funding, demand and value chain development.
- Focus more on community ALP in order to increase economics of scale.
- Increase the share of royalties recycled to the mining communities through the OASL, and provide guidelines that will make it more beneficial to communities affected by mining activities.

Environmental issues

- EPA should be resourced to improve their monitoring and evaluation role.
- Treatment of respiratory diseases directly attributable to the mining activity should be made free and borne by the companies operating in the communities.
- Natural resources accounting should be undertaken to assess the environmental

cost of mining so that appropriate resource rent can be levied on companies.

Small-scale mining

- Simplify the procedure for registering SSM and if possible fund the registration and allow them to pay over time.
- Enhance support to SSM to enable them refine their production process.
- Encourage LSM to “adopt” and nurture SSM to formality through incentives.
- Encourage LSM to seed off part of their excess land to SSM.
- Facilitate modernising of SSM technology.
- Enhance government-sponsored participatory training exercises as medium for communicating information about appropriate technologies.

About the International Growth Centre

The International Growth Centre (IGC) aims to promote sustainable growth in developing countries by providing demand-led policy advice based on frontier research. The IGC directs a global network of world-leading researchers and in-country teams in Africa and South Asia and works closely with partner governments to generate high quality research and policy advice on key growth challenges.

The IGC believes that long-term poverty reduction will not be achieved without sustainable economic growth. IGC research focuses on developing an effective state, fostering private sector enterprise, enabling functioning cities and promoting access to energy – with the underlying aim of driving up living standards and lifting people out of poverty. With offices in 14 countries, the IGC sponsors the work of hundreds of researchers in leading universities around the world. The IGC is based at the LSE in partnership with the University of Oxford, and led by Professor Jonathan Leape, Executive Director, and Directors Professor Robin Burgess and Professor Paul Collier. The IGC is funded by the UK Department for International Development (DFID).

Contact the IGC

International Growth Centre
London School of Economics
Houghton Street
London
WC2A 2AE
www.theigc.org
mail@theigc.org