

Final report

The impact of Chinese involvement in small-scale gold mining in Ghana

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May 2015

When citing this paper, please
use the title and the following
reference number:
E-33110-GHA-1

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International Growth Centre (IGC)

Research Report on:

The Impact of Chinese Involvement in Small-scale Gold Mining in Ghana

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Abbreviations

AFP	Agence Francaise-Press
ASM	Artisanal Small-Scale Mining
BECE	Basic Education Certificate Examination
CHRAJ	Commission on Human Rights and Administrative Justice
CSIR	Centre for Scientific and Industrial Research
DCE	District Chief Executive
DISEC	District Security Council
EPA	Environmental Protection Agency
GES	Ghana Education Service
GHS	Ghana Health Service
GHC	Ghana Cedis
GIS	Ghana Immigration Service
GNA	Ghana News Agency
GoG	Government of Ghana
JHS	Junior High School
NADMO	National Disaster Management Organisation
PMMC	Precious Minerals Marketing Company
PNDCL	Provisional National Defence Council Law
REGSEC	Regional Security Council
UE	Upper East

1. Introduction

This report is the result of research on “The Impact of Chinese Involvement in Small-Scale Gold Mining in Ghana”: the cases of Gbane and Dunkwa-on-Offin, in the Upper East and Central regions of Ghana respectively. The research was led by Professor Gordon Crawford, University of Leeds, with Dr Atinga Mba, Rector, Bolgatanga Polytechnic, Dr Gabriel Botchwey, University of Education, Winneba, and Coleman Agyeyomah, independent consultant. The research was carried out from March 2014 through to April 2015.

1.1 Background and Context of the Research

Artisanal and small-scale gold mining (ASM) in Ghana has traditionally been an indigenous activity, often using rudimentary means of extraction, which can be traced as far back as the 15th century. Currently, it is an important means of livelihood for many relatively low-income Ghanaians, as well as highly significant for the economy as a whole. Indeed, it is notable that the scale of small-scale mining and thus its economic importance has increased dramatically in recent years. (See Table 1 below). Of particular significance for this research is that small-scale mining by law is ‘reserved for Ghanaians’, as outlined in the Minerals and Mining Act 2006 (Act 703). Yet a very notable phenomenon has occurred in the sector in the last decade: the arrival of large numbers of foreign miners, especially from China. A starting point of this research is that these two facts are intertwined, i.e. the dramatic increase in small-scale gold production and the involvement of foreign miners. Thus this research examines foreign involvement in small-scale mining, its overall impact on the sector and the implications for economic growth and development. The research focuses on Chinese miners simply because all evidence indicates that they constituted by far the greatest number of foreign miners in the small-scale sector.

From 2006 onwards, small numbers of Chinese and other foreign miners started coming to Ghana to engage in gold mining. The hike in gold prices from 2008 onwards led to a veritable gold rush and the arrival of significant numbers of foreign miners, mainly working on an illicit and illegal basis given that the sector is reserved for Ghanaian citizens. Foreign miners came from nearby countries in the West Africa region, as well as faraway places like Armenia and Russia, but the largest concentration was from China.¹ Indeed, in 2013, a Chinese newspaper

¹ Interview with EPA official, Accra, 9 April 2014

reported that an estimated 50,000 miners had left China for Ghana.² Although this figure may be exaggerated, it does indicate the size and significance of the influx of Chinese miners. The Chinese miners introduced a higher level of mechanisation, notably the use of excavators and wash plants, which led to larger areas of land being turned over to mining, with increased environmental degradation. By 2013, the scale of Chinese citizens' involvement in informal gold mining in Ghana had grown to such proportions, with increasingly hostile media coverage of 'illegal Chinese miners' and instances of local conflict, that the Government of Ghana was forced to act. On 15 May 2013, President Mahama established a high-level Inter-Ministerial Task Force to combat illegal small-scale mining. While the President was careful to include all illegal mining activities, both by Ghanaians and non-Ghanaians, the sub-text was clear that this measure was primarily aimed at foreign miners. The Task Force was essentially a military operation undertaken by the army and police in June and July 2013, referred to as the 'flushing out' of illegal miners, and led in mid-2013 to the arrest and repatriation of significant numbers of foreign nationals, the majority of whom were Chinese, and the voluntary departure of many more.³

Although the visible presence of foreign miners in small-scale gold mining has declined as a result of the Task Force's operations, this research looks at the enduring legacies of this short, intensive period of foreign involvement. It asks the following questions. First, in what ways is foreign involvement in artisanal and small-scale mining impacting on the local economy and on rural livelihoods? Second, what are the risks of local conflict and how can conflict be prevented or resolved by relevant state authorities? The questions are addressed through empirical research in two case-study locations that examined differing aspects of foreign involvement, as outlined in the methods section below.

The research report proceeds in seven main sections. After this introduction, the second section focuses on the study methods. The third section provides background information on the rise of foreign involvement in small-scale mining and the controversies that emerged. The fourth

² www.issafrica.org/iss-today/ghana-takes-action-against-illegal-chinese-miners, 23 August 2013. Based on report in *South China Morning Post*.

³ Figures for deportation of Chinese nationals are somewhat confusing. Figures obtained from the Ghana Immigration Service (GIS) by this research stated that a total of 1065 foreign nationals were deported in 2013, of whom 713 were Chinese nationals. In contrast, newspaper sources in mid-July 2013 cite GIS figures that a total of 4,592 Chinese nationals had been deported since the Task Force commenced its operations, though this includes those who had submitted to deportation on a voluntary basis (Modern Ghana 12.7.13, citing AFP).

section examines the mix of conflict and collaboration over resources that foreign involvement generated, while the fifth looks at the role of the media in highlighting the emerging problems and the responses of government. The sixth section is provides the research findings, examining various aspects of the impact of foreign involvement. The concluding section provides answers to the research questions and highlights some broader issues that have emerged, and ends with a series of policy recommendations.

2. Methods of the Study

The research investigates the recent Chinese presence in small-scale mining through two contrasting case-studies in southern and northern Ghana. First, in southern Ghana, we examined foreign involvement in the main area of alluvial small-scale gold mining covering the Western, Central and Ashanti regions, with research undertaken at the selected location of Dunkwa-on-Offin, the municipal capital of the Upper Denkyira East Municipality in the Central region, where a strong Chinese presence had been reported. Second, in northern Ghana, we investigated the role of a Chinese mining company, Shaanxi (Ghana) Mining Co. Limited, operating ostensibly as a ‘mine support service provider’ to registered small-scale miners engaged in underground mining in the Gbane community in the Talensi district in the Upper East region. These two examples of Chinese involvement in small-scale mining in Ghana provided an interesting comparison: one illegal, the other legal, at least ostensibly; one widespread, the other an isolated example; one in the south in alluvial, surface mining, the other in the north in hard rock, underground mining. Two small research teams were led by the principal investigator, Prof. Crawford, working with Dr Mba and Mr Agyeyomah in the Upper East region, and with Dr Botchwey in the Central region.

Data collection methods entailed key informant interviews with governmental, NGO and private sector actors at central, regional and district levels, plus interviews and focus groups at community level. A review of print media sources was also undertaken from January to September 2013, covering the run-up to President Mahama’s establishment of the Inter-Ministerial Task Force and its main operational period. Data collection commenced in April 2014 with interviews in Accra with relevant central government stakeholders, including: the Minister for Lands and Natural Resources, responsible for the Inter-Ministerial Task Force; the Minerals

Commission; the Environment Protection Agency and Ghana Immigration Service. Scoping visits were also undertaken to both research locations in April 2014, with full data collection in July and August 2014. Data collection commenced at regional level and then moved to the district and community levels. Post-fieldwork in the two regions, further interviews were undertaken in Accra in August 2014 and January 2015, including with Chinese respondents. See appendix.

In the Upper East, regional-level interviews in Bolgatanga included the Lands Commission, the Minerals Commission, Environmental Protection Agency (EPA), the Ghana Police Service, CHRAJ, the judicial service, as well as international and local NGOs involved in the mining issues and in attempts to resolve the local conflict that had occurred. In Talensi district, the team engaged with the political and administrative leadership in the district (i.e. the District Chief Executive, District Coordinating Director, Planning Officer), as well as the leadership of the District directorates of the Ghana Education Service (GES) and Ghana Health Service (GHS), the district police commander, and the regent of Tongu and his council of elders. At community level, in the Gbane community where Shaanxi have constructed a deep, underground mine, the team interviewed community leaders, traditional authorities, school teachers, the local assembly member, community-based organisations, including the local activist group, the Movement of Gbane People for Justice, as well as Shaanxi Mining Company and the two mining concession holders working with Shaanxi. A total of 21 interviews were undertaken involving 35 respondents. See appendix. Additionally, five focus groups discussions were held in local communities (Namolgu, Gbane, Kejetia, Obuasi and Tarkwa), involving three mining and two non-mining communities, and five trained enumerators administered fifty household questionnaires to respondents in those same five communities, ten in each community. Visits were also made to the mining sites of two small-scale licensed concession holders not working with Shaanxi, as well as Shaanxi's administrative and processing site.

In the Upper Denkyira East Municipality, municipal level interviews were conducted with government officials in Dunkwa-on-Offin, including the Municipal Coordinating Director, Municipal Education Director, Municipal Health Director, Environmental Planning Officer, Community Water and Sanitation Officers, and Municipal Assembly members, as well as officials from the Minerals Commission, Ghana Police Service, Immigration Service, National Disaster Management Organisation (NADMO) and the Water Company. The Environmental

Protection Agency was based at the regional level in Cape Coast where the regional officer was interviewed. At non-governmental level in Dunkwa, local journalists and members of the local branch of the Small-scale Miners Association were interviewed. At community level, individual interviews were held with traditional authorities and community leaders in two mining communities in the municipality. A total of 21 interviews were undertaken involving 24 respondents. Focus group discussions were also held in the two communities, separately with women, men, and youth, with groups made up of local people either engaged in or directly affected by artisanal small-scale mining. Visits were also undertaken by the research team to ASM mining sites to observe the mining processes at first hand, including the land degradation and water pollution problems.

The research did not aim to interview Chinese miners for two main reasons. One is that this research was conducted one year after the Inter-Ministerial Task Force had undertaken its operations, and therefore the presence of Chinese miners was no longer evident, at least not visibly. Secondly, on a practical, financial basis, this was a small research project and the funds did not extend to the engagement of a Chinese translator, essential for any such interviews. However, the research project did interview selected members of the Chinese business community in Accra, including those with direct knowledge of small-scale mining activities. An interview with the Chinese Embassy in Accra was repeatedly sought but without success. Additionally, and surprisingly, an interview request with the Ministry for Foreign Affairs in Accra was declined.

3. Small-scale gold mining in Ghana and foreign involvement

Foreign involvement in small-scale gold mining, especially by Chinese miners, became a very controversial issue in Ghana in 2012 and 2013, leading ultimately to the operations of the Inter-Ministerial Task Force. This section examines essential background information in three sub-sections. First, it provides statistical information on the rapid increase in the scale of small-scale mining, and thus its economic importance, in the past decade. Second, it focuses on the legal framework of small-scale mining. Third, it charts the rise of Chinese involvement and the initial consequences in terms of local conflict and adverse media coverage, culminating with the establishment of the Inter-Ministerial Task Force by the President.

3.1 Rising significance of small-scale gold mining

Although the Government of Ghana has placed most emphasis on large-scale gold mining by transnational corporations, and neglected small-scale mining in comparison (Hilson et al. 2014: 294), it is the small-scale sector that has grown in size most significantly, especially in the last decade. As depicted in Table 1 and Figure 1 below, not only has the volume of gold from small-scale mining increased 7-fold from 225,411 ounces in 2005 to 1,576,478 ounces in 2013, but also the percentage of total gold production from small-scale mining (in comparison with large-scale mining) has increased from 7.4% in 1995 to 15.2% in 2008 and to a remarkable 36% in 2013 (Minerals Commission 2014).

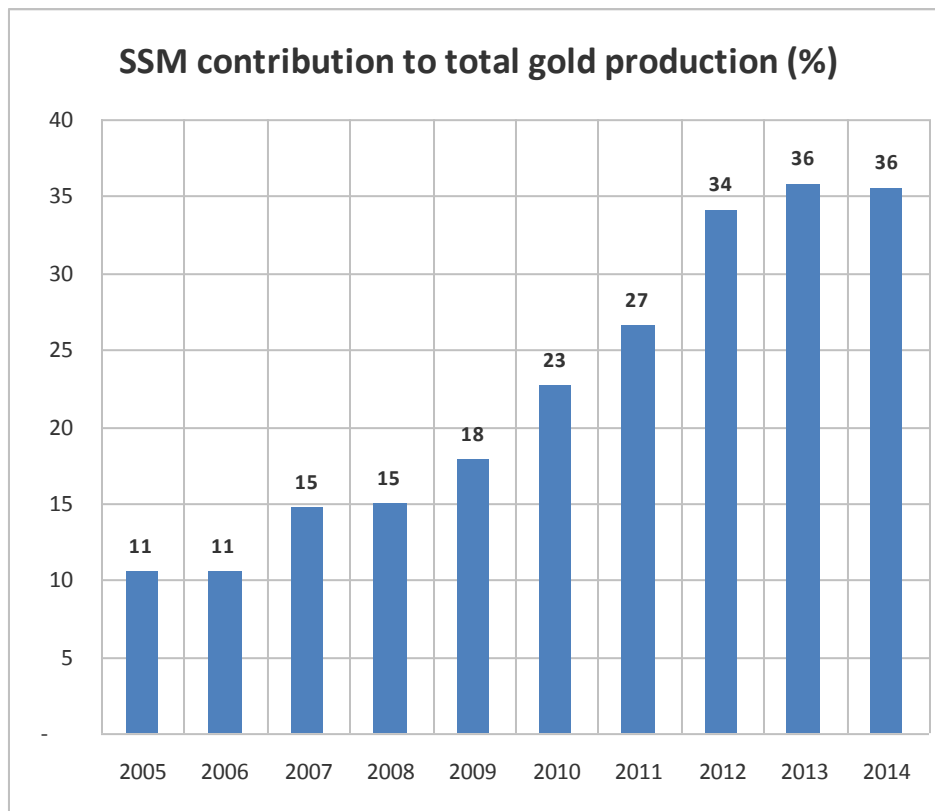
Table 1: Total Gold Production in Ghana

Year	Large Scale Producers (Ozs)	Small Scale Producers (Ozs)	Total Ghana Productions (Ozs)	SSM contribution to total gold production (%)
2005	1,913,534	225,411	2,138,945	11
2006	2,090,721	247,063	2,337,784	11
2007	2,239,696	388,594	2,628,290	15
2008	2,378,012	418,943	2,796,955	15
2009	2,564,095	555,737	3,119,832	18
2010	2,624,391	767,196	3,391,587	23
2011	2,697,661	978,611	3,676,272	27
2012	2,856,243	1,481,670	4,337,913	34
2013	2,820,419	1,576,478	4,396,897	36
2014	2,685,399	1,484,793	4,170,192	36

(2014 figures are provisional)

Source: Minerals Commission 2014

Figure 1: Contribution of small-scale mining to total gold production



Source: Minerals Commission 2014

It is very evident that the contribution of the small-scale gold mining to the national economy has become highly significant and is no longer simply a livelihood strategy for relatively poor rural households using rudimentary methods.

3.2 Legal framework

Constitutionally, all minerals in Ghana are the property of the state, vested in the hands of the President: “Every mineral in its natural state ... is the property of the Republic and is vested in the President in trust for the people of Ghana” (1992 Constitution). Two elements of the legal framework are especially important for this research. First, small-scale mining in Ghana takes both legal and illegal forms. Until 1989 it was formally illegal, although widely practised. The *Small-Scale Gold Mining Law* 1989 (PNDCL 218) legalised and attempted to regularise small-scale mining by introducing a licensing process. This was then consolidated in the current *Minerals and Mining Act 2006* (Act 703). This enables artisanal miners to apply for a concession of 25 acres maximum in designated areas through the Minerals Commission, and

then to obtain a licence to mine. Nonetheless, it is estimated that less than 30 percent of small-scale miners are formally registered (Chamber of Mines 2010: 1), and the large majority of small-scale mining operations remain informal and illicit, known as ‘galamsey’.⁴ Despite attempts by the government’s Minerals Commission to increase the formal registration of small-scale miners, the process of acquiring a small-scale concession and a license to mine is regarded by many miners as lengthy, bureaucratic and expensive (Hilson et al. 2014: 297), and so the majority simply continue to mine on an unlawful basis. Additionally, apart from occasional crackdowns (Hilson and Yakovelva 2007), the law is seldom applied and therefore *galamsey* activities have continued to proliferate. Thus the difference in practice between legal and illegal miners is not so evident and one licensed concession holder admitted frankly that “all legal miners have been *galamsey* at some point in time”.⁵

Second, and most significantly for this research, small-scale mining is by law ‘reserved for Ghanaians’, with the *Minerals and Mining Act 2006* (Act 703) [Section 83(a)] stating that: “A licence for small-scale mining operation shall not be granted to a person unless that person is a citizen of Ghana.” Despite this legal provision, there has long been some foreign involvement in small-scale mining in Ghana. Yet, until recently, this foreign presence was limited and largely restricted to nationals of neighbouring West African countries. The last decade, however, saw a large increase in foreign involvement, especially that of Chinese miners, as discussed in the next sub-section. This context where the majority of small-scale mining operations remain illicit and formally illegal, although mainly tolerated, may partly explain why foreign miners were able to come into the sector and commence mining activities, despite such activities being unlawful.

One exception to the ban on foreign involvement in small-scale mining has been that foreign companies can act as ‘mine support service providers’ to small-scale concession holders, as outlined in Act 703. This enabled private companies, including foreign ones, to provide mining support services to registered small-scale miners, inclusive of technical and logistical assistance. It was on this basis that Shaanxi Mining Co. Ltd. originally entered into an agreement in 2008 with two licensed concession holders in Talensi district in the Upper East region. This law was actually changed in June 2012, so that foreign companies could no longer be given a

⁴ Galamsey is an adulterated version of the English phrase ‘gather them and sell’ (Chamber of Mines 2010: 3)

⁵ Interview with licensed small-scale miner and member of the Association of Small-Scale Miners, 26.7.14

licence to provide support services, but the change did not apply retrospectively.⁶ Therefore Shaanxi continues as one of only two such foreign service providers to small-scale miners in the country, and, more controversially, has had its license renewed since the legal change.

3.3 Influx of Chinese Miners into ASM

Foreign involvement in small-scale mining in Ghana increased very significantly from 2008 onwards, driven by the high price of gold. As noted, although various foreign nationals have been present, the largest concentration has been of Chinese nationals. This section looks at the rise of this phenomenon of Chinese involvement in small-scale gold mining and what lies behind it.

Chinese miners and small-scale alluvial mining

Chinese involvement in small-scale gold mining in Ghana goes back to 1998. This research identified and interviewed an individual Chinese citizen, resident in Ghana since 1995, who stated that he was responsible for introducing Chinese nationals into the small-scale mining sector in Ghana.⁷ He had been working for a Chinese employer in the entertainment business in Accra, mainly in casinos, but his contract expired in 1998. He was aware of gold mining in Ghana and undertook some investigations into *galamsey* activities, and was struck by the rudimentary nature of techniques. He then invited a small group of Chinese miners from Hunan province to Ghana. He himself had no mining experience but had English language skills and local contacts. This so-called Hunan group introduced the *changfa* crushing machine in 1998. This grinds gold-bearing rocks into powder which can then be washed to extract gold particles. The intent was to revolutionise small-scale mining by replacing aspects of manual labour with machinery. The Hunan group expanded to around 300 Chinese miners and was in Ghana from 1998 to 2005, but he stated that they did not make much money and the business venture collapsed.⁸ Most of the Hunan group returned home, while those who remained became traders, selling and servicing the *changfa* machinery and other mining equipment. It was also stated that this group tried to engage with the Minerals Commission with a view to encouraging the use of

⁶ Interview with official from Ministry of Lands and Natural Resources, Accra, 9 April 2014

⁷ Interview with Chinese national 13 August 2014

⁸ Interview with Chinese national 13 August 2014

their machinery with small-scale concession holders, but with little interest from the Minerals Commission.⁹

The second phase of Chinese involvement commenced in 2006 when this same Chinese national met a miner from Guangxi province, an autonomous region in the south of China, who introduced him to the ‘trommel’ machine, or wash plant, for use in alluvial gold mining. This led to the trommel being brought into Ghana by our respondent and first used on 15 August 2006 in the Western region.¹⁰ It vastly increased the number of grams of gold that could be extracted on a daily basis. Each machine required a team of 8 workers to operate it, and therefore groups of 8 Chinese miners started to come into the country. Large sums of money were being made and news of this spread rapidly by word-of-mouth back in China, especially in Shanglin County in Guangxi province, the home county of the original miners and where this technique had been used for more than 30 years. Consequently, significant numbers of Chinese miners migrated from Shanglin County to Ghana, with numbers reaching thousands in a short space of time, and becoming known as the ‘Shanglin gang’. The substantial increase in the gold price from 2008 onwards led to further escalation of Chinese miners migrating to Ghana. Another driver was the ongoing economic boom in China, enabling lower class Chinese citizens to borrow sums of approximately US \$25,000 from the bank, and thus providing groups of 8 Chinese miners with up to US \$200,000 for investment in small-scale gold mining activities in Ghana.¹¹ It was at the height of the Chinese involvement in this small-scale gold mining boom in Ghana in 2012 and 2013 that Chinese media reported that almost 50,000 Chinese nationals had migrated to Ghana for purposes of small-scale gold mining,¹² mostly from Shanglin County. Although this figure is impossible to verify, it is clear that numbers of Chinese miners were very substantial and in the tens of thousands. Our case-study area in the alluvial gold mining region in southern Ghana, Upper Denkyira East Municipality, was one place where Chinese miners arrived in “droves”, in the words of a local government official. He described the situation in 2012 “as if plane loads [of Chinese miners] were coming in every day”.¹³ Similarly another respondent stated that Chinese miners dominated small-scale mining in the municipality and would be found “in every site”,

⁹ Interview with Chinese national 13 August 2014

¹⁰ Interview with Chinese national 13 August 2014

¹¹ Interview with Chinese national 13 August 2014

¹² www.issafrica.org/iss-today/ghana-takes-action-against-illegal-chinese-miners, 23 August 2013. Based on report in *South China Morning Post*.

¹³ Interview with local government official 28/7/14

and that, by 2011, you would meet a Chinese person “every two steps” in Dunkwa-on-Offin.¹⁴ Although clearly exaggerated and not to be taken literally, such accounts do indicate the scale of the Chinese presence in the ASM sector in those years.

However, this only tells part of the story. How could tens of thousands of Chinese and other foreign nationals be working in an industry that, by law, is restricted to Ghanaian citizens? Further, how could Chinese miners in particular operate in a country that is so different from their own in many respects? It is clear that Chinese miners could not operate without Ghanaian collaboration, and our research suggests that collusion in illegality occurred at many levels of Ghana government and society. We were informed that Chinese migrants from Shanglin County were relatively poor people, not highly educated, and rarely able to speak English.¹⁵ They were unfamiliar with Ghanaian culture and traditions, especially regarding land ownership, and clearly required guidance and assistance in entering local communities. The phrase that ‘the Chinese were led by Ghanaians’ was one repeatedly heard in our fieldwork. Stories of chiefs disbursing land to Chinese miners for significant sums of money, as well as allegations of official corruption, were also recurring themes, for example in interviews and focus group discussions. And, not least, the Chinese undertook mining in close collaboration with Ghanaian miners, either with concession holders or in galamsey-type activities. In Upper Denkyira East Municipality, an informant stated that most concession holders were working with the Chinese¹⁶, including members of the local Association of Small-scale Miners, confirmed by one Association member who had worked with Chinese miners himself.¹⁷ The attraction to Ghanaian miners was the technology, know-how and finance that the Chinese brought, enabling the volume of gold production to be considerably increased.

Therefore it is evident that the influx of Chinese miners into small-scale gold mining in Ghana, and the new methods that they introduced, did not simply lead to conflict over resources but to significant levels of collaboration with Ghanaians. This is examined further below.

¹⁴ Interview with local journalist 26/7/14

¹⁵ Interview with Chinese national 13 August 2014

¹⁶ Interview with local journalist 26/7/14

¹⁷ Interview with licensed small-scale miner and Association of Small-scale Miners member, Upper Denkyira East Municipality, 26/7/14

Shaanxi (Ghana) Mining Co. Limited and 'service provision' to small-scale miners

It was a surprise to this group of researchers to find a Chinese mining company in a remote corner of Ghana in the Upper East region where small-scale mining itself is relatively recent. Our investigations informed us that Shaanxi's presence stemmed from a local concession holder, the owner of Yenyeya Mining Group in Gbane in Talensi district, visiting China in 2008 on a one-month government-sponsored trip, one of 25 selected small-scale miners.¹⁸ Various mining projects were visited, including Shaanxi's headquarters. Initial connections were thus made and Shaanxi officials in turn visited Talensi district later in 2008. According to the owner of Yenyeya Mining Group, Shaanxi made contacts with the Minerals Commission and both the local chief and the paramount chief, and then submitted an application to the Minerals Commission for a license to operate as a 'mine support service provider', which was approved.¹⁹ According to Yenyeya's owner, Shaanxi were concerned that his 25-acre site was too small, so an adjacent concession holder, Purbotabaa Mining group, owned by the local chief's son, joined in the agreement, thus giving the 50 acres on which Shaanxi currently operate their mine.²⁰ A somewhat different scenario is given in the actual agreement between Yenyeya Mining Group and Shaanxi Mining (Ghana), dated 24 September 2008.²¹ This states that as well as making available the Yenyeya concession to Shaanxi, a key obligation on the part of Yenyeya is to make available the adjacent concession of Purbotabaa mining group and another "ten (10) Concessions at the agreed sites", with US \$10,000 to be paid by Shaanxi to Yenyeya "upon receipt of Purbotabaa's mining licence". Additionally, default on the agreement would be constituted by Yenyeya "fail[ing] to make available the two Concessions and the further ten (10) Concessions", or to give Shaanxi "unlimited access to the Concessions and future ten (10) Concessions". The agreement also specifically states that "Yenyeya must not engage itself in any mining activity" on the agreed concessions. Overall the owner of Yenyeya received a 'commitment fee' of US

¹⁸ Interview with owner of Yenyeya Mining Group, 14.07.14

¹⁹ Interview with owner of Yenyeya Mining Group, 14.07.14. The company's Chief Executive Officer, Mr. Wei Xin, is also reported in May 2012 as stating that the company held discussions with the Presidency, Minerals Commission, Regional Minister, District Chief Executive, traditional rulers before starting operations, although it is not known whether this was in 2008 or later. See <http://www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=274243>

²⁰ Interview with owner of Yenyeya Mining Group, 14.07.14

²¹ A signed and dated copy of this Agreement has been seen.

\$100,000, and a share in future profits, as part of the contractual agreement.²² Two points arise here.

First, the intent in this agreement is clearly not ‘service provision’ to the legal concession holder, but that Shaanxi will undertake all mining activity, and indeed Yenyeya are specifically prohibited from engaging in mining activity. Our understanding is that this is not legal. As stated by the Minerals Commission, it is illegal for Ghanaian concession holders to sub-lease their concessions to non-Ghanaians, yet this is what has effectively happened here.²³ Indeed the revocation of the licence of any Ghanaian concession holders who sub-let their concessions to non-Ghanaians was part of the mandate of the Inter-Ministerial Task Force established by President Mahama (see below). Yet the law has not been applied and Shaanxi has been allowed to construct a state-of-the-art, high-tech underground mine on the sites of two local ASM concession holders. Shaanxi’s mine on the 50 acre site involves one incline shaft and three vertical shafts that provide access deep underground to two main tunnels from where gold-bearing ore is extracted.²⁴ The underground tunnels are estimated to run for 700 meters in one direction and 900 meters in the other.²⁵ A large, modern processing plant has also been constructed on the company’s administrative and processing site, and the whole operation employs 450 staff, as of July 2014.²⁶ This is not ‘service provision’ to small-scale miners; it is simply large-scale underground gold mining on two combined small-scale sites.

Second, the plan to expand to a further ten concessions is an explicit part of the agreement. Although this was never realised, and there was no basis that one concession holder could guarantee this, it seems highly likely that this fostered the real concerns in the local community that Shaanxi was intent on ‘taking over’ small-scale mining in the area, leading to the local conflict outlined below.

²² The commitment fee paid to Yenyeya by Shaanxi of “not more than” \$100,000 was made up of US \$15,000 on signature of the agreement; \$10,000 on receipt of Purbotaaba’s mining concession; \$10,000 when Shaanxi enters the mining concession to begin operations; and “after the construction of the shaft, YENYAYA will be paid an amount of Ten Thousand US Dollars every month until the final balance is paid fully upon the completion of the Mine Construction including the Processing Plant”. Contract Mining and Management Agreement between Yenyeya Mining Group and Shaanxi Mining (Ghana) Limited, signed and dated 24 September 2008.

²³ Interview with Minerals Commission official, Accra, 17 April 2014.

²⁴ Interview with Shaanxi Mining Company, 15.7.14

²⁵ Interview with former Shaanxi underground workers, 17.7.14

²⁶ Interview with Shaanxi Mining Company, 15.7.14

4. Conflict and collaboration over resources

A key concern that this research addresses is the conflict that can arise over competition for valuable resources, especially in the context of an influx of foreign miners into a sector ‘reserved for Ghanaians’, and indeed it was incidents of such local conflict that initially motivated this research. In alluvial small-scale mining in Southern Ghana, violent disturbances between local villagers and Chinese miners were reported from mid-2012 onwards. In Talensi district, Shaanxi’s operations also led to local opposition and local conflict in 2012. Yet, the presence of foreign miners (or a foreign company) with capital, technology and expertise in a sector that has been neglected by the state (Hilson et al. 2014) also leads to the extensive collaboration by Ghanaian miners, as well as by those in authority who can use their position to opportunistically derive financial gain. Based on a media review and on fieldwork interviews and focus groups, this section examines the local conflicts that emerged in both research locations, as well as the collaboration and collusion that facilitated the phenomenal rise of foreign involvement in illegal mining, especially by Chinese miners, with the government eventually forced to act through the introduction of the Inter-Ministerial Task Force.

Conflict and collaboration in Southern Ghana

In the gold-rich Ashanti region, violent disturbances between local villagers and Chinese miners were reported from mid-2012 onwards, including incidents where Chinese miners were armed with weapons. However, it was the death of a Chinese boy in October 2012 in a police raid on illegal miners that drew international attention to this issue, with the Chinese Foreign Ministry demanding an investigation by the Government of Ghana (BBC News 15.10.12). The media review highlighted a context of rising violence in 2012 and 2013 with deaths and serious injuries on both sides, including conflicts between rival Ghanaian and Chinese miners, as well as incidents of robbery of Chinese miners at mining sites.²⁷

On 31 December 2012, two Chinese miners were shot dead in an attempted robbery at a mining site.²⁸ They were described by the press as ‘senior consultants’ and said to be working for

²⁷ It is a matter of fact that many Chinese miners (illegally) armed themselves with weapons – a Chinese respondent stated that they had weapons “from the very beginning”. This was seen as justified in order to protect themselves in often isolated mining sites in the bush. And the same Chinese respondent also stated that the Chinese response would be to seek compromise where violence was threatened. (Interview 12.01.15).

²⁸ “Two Chinese miners were allegedly shot and killed when suspected armed robbers stormed their camp at

a Ghanaian mining company, Hansol Limited, that provided support services to small-scale miners.²⁹ In February 2013, in the Amansie West district in the Ashanti region, three Ghanaian youths from Manso Abodum community were shot and wounded allegedly by a Chinese miner in a mining dispute where Chinese miners were said to be mining illegally, along with Ghanaian counterparts, on the concessional area of a registered small-scale mining company (Finger Mining Ltd), a situation said to have created tension in the Abodom community and its environs (Expose Ghana 11.02.13). According to the police report, the prelude to this incident was a mass gathering by local youth at the chief's palace to complain about the Chinese operations and the complicity of the chief, accused by the youth of having been 'bought off', in allowing this illegal activity (Daily Graphic 11.02.13). Subsequently, the youth marched to the mining site where the shootings took place in the context of alleged seizure of gold and money from the Chinese miners (Daily Graphic 11.02.13). In follow-ups to this incident, it was reported that the police arrested Chinese miners for bearing arms without a license, and that seven Chinese miners were arrested for working on separate concessions belonging to other small scale mining companies, named Ore Royal and Bene, at Manso Abodom (Daily Graphic 16.02.13). In May 2013, two Ghanaians were shot and killed allegedly by Chinese miners over a disputed piece of land at Mamiriwa near Obuasi in the Ashanti Region (Daily Graphic 10.5.13). The origins of this dispute appeared to be a dispute between two Ghanaian concession holders, one who had sold off his concession to Chinese miners, and the other who alleged that the Chinese miners had encroached on his concession and therefore "called his boys to go and ward off the Chinese workers", two of whom were allegedly shot by the Chinese in the context of a violent attack (Modern Ghana 9.05.13, citing Myjoyonline.com|Joy News).

These various types of violent conflict reflect the range of responses that emerged in the context of an influx of foreign miners and the sudden availability of wealth in low-income communities. Conflicts arose between Chinese miners and Ghanaian miners, and between those Ghanaian miners who collaborated with foreign miners and those who did not. Additional

Nkoranza, near Subin in the Upper Denkyira West District of the Central Region on Monday- New Year's eve. Li Jian Sheng, believed to be in his late 40s, and Li Chao Hua, 35, worked with Hansol Small Scale Mining Company as senior consultants" (Daily Guide 4.1.13).

²⁹ In its report on this incident, the Daily Guide reported that "The Ghana-China Friendship Union (GCFU) put the figures of Chinese nationals killed by armed robbers at the mining sites at 87" (Daily Guide 4/01/13, cited in Modern Ghana 4.01.13). While such attacks undoubtedly occurred, this figure of 87 deaths of Chinese nationals remains unconfirmed and uncorroborated, and would seem to be an exaggeration, given that such high numbers of armed robbery and deaths would have been extensively covered in the Ghanaian media.

conflicts occurred between Ghanaians, especially between powerful individuals such as chiefs, who facilitated illegal foreign mining, and local people who felt that their livelihoods were threatened.

However, this phenomenon of foreign involvement in small-scale alluvial gold mining has also been characterised by significant collaboration between Ghanaians and foreign miners, especially attractive when ‘quick money’ was there to be made. Such collaboration ranges from business deals between Ghanaian and Chinese miners to the collusion of traditional authorities and government officials in the facilitation of illegal mining. Such complicity often entails corrupt and illegal practices by those in authority. Case-study evidence was credible and compelling, and included references to high-level government involvement, as outlined below.

Collaboration between licensed Ghanaian miners and Chinese miners was very common, often driven by Chinese access to technology and capital. One concession holder stated that, “They [Chinese miners] come with money and machinery. Us, we don’t have money”.³⁰ He had given out part of his concession to Chinese miners in return for 15% of the value of gold produced, and this 85-15% split seemed to be the accepted division of proceeds. The volume of the gold produced using mechanised methods was so much greater that Ghanaian miners willingly entered into such business partnerships with Chinese miners – “We need Chinese partners” - given that their relatively small percentage entailed greater income than obtained using traditional methods.³¹ Such sub-leasing of concessions to non-Ghanaians was unlawful, but little or no action was taken against it until the Inter-Ministerial Task Force in mid-2013.

Chinese miners also obtained land to mine through the institutions of chieftaincy. There was a consensus amongst informants that groups of Chinese miners would enter a community through being led by a local to the chief, from whom land was then bought for mining purposes, despite the range of illegalities involved. This practice was mentioned in several interviews³²,

³⁰ Interview with licensed small-scale miner and member of Association of Small-Scale Miners, Upper Denkyira East Municipality, 26/7/14

³¹ Interview with licensed small-scale miner and member of Association of Small-Scale Miners, Upper Denkyira East Municipality, 26/7/14

³² Interview with local police commander, 23/7/14; interview with Minerals Commission official, 24/7/14; interview with local journalist, Dunkwa-on-Offin, 26/7/14; interview with Chinese citizen resident in Ghana, 12.1.15

and the acquisition of stool land by Chinese miners testifies to the fact that chiefs were involved in granting land, despite their denials.³³

In Upper Denkyira East Municipality, a local government official offered the view that “big shots in government” were involved in protecting Chinese miners and benefiting from their involvement in small-scale mining, including ministers of state and parliamentarians. In his view this was one reason why it had taken so long for the government to act, or as he put it “to wake up”. This individual cited two instances in his direct experience that indicated high-level government complicity in illegality. First, he stated that when attempting to challenge some Chinese miners that they had made phone calls and consequently he had been “threatened on the phone by [Ghanaian] big men” and told “to lay off the Chinese”. Second, when trying to get some Chinese nationals to register their businesses for local taxation purposes, he stated that the local office of the Ghana Immigration Service had warned him to stop as “they [Immigration] had instructions”. He intimated that various politicians were protecting the Chinese, especially at the time of the 2012 general election campaign in return for financial support to sponsor their campaigns.³⁴ A licensed small-scale miner in the municipality, who himself had worked with Chinese miners, stated that the involvement of Chinese miners “became uncontrollable” from 2010 onwards, and that if challenged, they would “threaten to call the Minister or police commander”, again suggesting that Chinese miners were often well-connected at high levels of government.³⁵ He further alleged, confirming the experiences of the local government official, that “People here in Dunkwa can never arrest Chinese people as they have top guys supporting them; they just need to make a phone call”. He expressed the view that such ‘top guys’ were “collecting their money every week from the Chinese”.³⁶ A Chinese respondent in Accra, with direct knowledge of the Chinese miners, reported stories of Chinese miners and their Ghanaian counterparts “lining up to bribe top government officials”, directly suggesting that Chinese

³³ Interview with local police commander, 23/7/14.

³⁴ Interview with local government official, 28/7/14

³⁵ Interview with licensed small-scale miner and member of Association of Small-Scale Miners, Upper Denkyira East Municipality, 26/7/14

³⁶ Interview with licensed small-scale miner and member of Association of Small-Scale Miners, Upper Denkyira East Municipality, 26/7/14

miners in effect had government protection up until the establishment of the Inter-Ministerial Task Force, when such protection (more or less) ceased.³⁷

Collaboration with Chinese miners was clearly very attractive to Ghanaian small-scale miners, both licensed and unlicensed, with large sums of money able to be made in a short period of time, due to the combination of more efficient extraction methods and the very high price of gold. The formal illegality of such operations was not a significant consideration, especially given that such a large proportion of small-scale mining was already unlawful *galamsey* operations. More disturbing, however, are the allegations that those in positions of authority facilitated illegal mining, either directly through provision of access to land for instance, or indirectly by ‘turning a blind eye’ in return for financial inducements.

Shaanxi Mining Company and Conflict and Collaboration in Gbane

In the community of Gbane in Talensi district, the site of Shaanxi’s operations, local opposition to the company’s activities intensified in 2012. A number of grievances emerged. Some local miners, including those who had previously worked with the concession holders, feared that their livelihoods were threatened by company expansion. There was general anger about the sinking of a mine shaft by Shaanxi very close to the local primary school (within 50 feet), with structural damage to the school caused by underground blasting. There were accusations that Shaanxi was mining outside of the concession area, including underground, ones that continue to the present time. A particularly controversial issue was the granting of a 50-year lease of land by the local chief to the company for their compound, including offices, staff accommodation and a processing plant, with local farmers asserting that this had entailed the loss of their farm land and the destruction of economic (shea nut) trees without compensation. The lease was said to be for 747.41 acres of land, a very substantial area and greater than the area of land on which Shaanxi have constructed their compound.

Opposition to Shaanxi’s operations was led by the District Assembly member for the Gbane electoral area, in conjunction with a youth leader in the community and other small-scale miners, both licensed and unlicensed. Initially, they went through official channels, including deputations to the District Chief Executive of Talensi District Assembly and the Regional Minister in Bolgatanga. But the opposition group felt that little notice was being taken of their complaints,

³⁷ Interview with Chinese citizen resident in Ghana, 12.1.15

especially in the context of allegations that the company was providing financial ‘sweeteners’ and ‘gifts’ to local officials.³⁸ Therefore, in March 2012, a delegation from the opposition group travelled all the way to Accra to personally deliver a letter to the Chief Executive Officer of the Minerals Commission in which they outlined their grievances and questioned the legality of Shaanxi’s mining operations. To its credit, the Minerals Commission responded immediately and sent an investigative team to look into the allegations against Shaanxi. Interestingly, the investigation team flew to the North and arrived in Gbane before the local delegation had managed to return from Accra by road. While the Minerals Commission team was in the area, the local opposition group staged a peaceful demonstration on 23 March 2012 to voice their grievances. Surprisingly, after this initial rapid response, it took the Minerals Commission until 5 October 2012 to report the findings of their investigation in a letter addressed to Shaanxi. These findings are outlined below. However, by then a major escalation of the conflict between Shaanxi and the local opposition movement had occurred.

A second demonstration in Gbane followed on 9 May 2012, which turned into a significant confrontation. The event was a ceremony organised by Shaanxi to launch the construction of a bridge over a local river, at which local VIPs were to attend including the deputy regional minister, the district chief executive and other government officials. The local opposition movement saw the bridge construction as a means of accessing land for mining and transporting heavy mining equipment to the other side of the river, and were frustrated by its portrayal as an act of corporate social responsibility and the participation by local political leaders in what they perceived as a public relations exercise.³⁹ Thus they demonstrated in opposition to the bridge construction. The detail of what happened that day is disputed and remains the subject of criminal proceedings at the time of writing, three years later. But the demonstration led to a violent incident, with 12 local people arrested, detained and charged with serious criminal offences of damage to company property and assault on Chinese employees of Shaanxi. Under the headline of ‘Police arrest assembly member and 11 others for rioting’, the Ghana News Agency (GNA) report stated that:

“Mr Bismark Zumah, Assemblyman for Gbane and 11 youth leaders have been arrested for organising a mob who disrupted a programme and molested people attending a function at Gbane near Tongo in the Talensi District. The young men [allegedly] burnt down a drilling machine

³⁸ Focus group discussion with members of the opposition group, 10.7.13.

³⁹ Focus group discussion with members of the opposition group, 10.7.13.

worth 100,000 dollars belonging to Shaanxi Mining Company Limited, a Chinese mining company, and injured four Chinese employees of the company last Wednesday during a function organised by the company to launch a bridge.”⁴⁰

The GNA report also reflected the level of support for Shaanxi from government officials. The Deputy Regional Minister “assured the Chinese of maximum security and protection in their operations. She expressed disgust at the behaviour of the youth, explaining that the project was undertaken by the company for their own benefit”. The Deputy Regional Police Commander described the incident as “unfortunate”, while noting that “armed police had been deployed to the area to bring the situation to normalcy and protect the Chinese firm from intimidation”. A statement from the Chief Executive Officer of Shaanxi, Mr Wei Xin, “expressed appreciation to the police for their continuous protection” and, significantly, noted that “before starting operations, the company held discussions with the Presidency, Minerals Commission, Regional Minister, District Chief Executive, traditional rulers, the community and other stakeholders”, indicating the extent to which the company had cultivated relations with political leaders at local, regional and even national levels.⁴¹ This also indicates that government, up to and including the president’s office, was aware of the activities of Shaanxi in this remote corner of the country. The response of opposition activists was to declare the formation of the Movement of Gbane People for Justice, seeking justice for those arrested as well as justice in a more general sense with regard to the distribution of benefits from local resource extraction. Following the arrests, the District Assembly member, Mr Zumah, was detained for one month in police custody until released on bail. The alleged damage to company property rose from the initial US \$100,000 (stated in the press report) to an extraordinary US \$3.4 million, including a drilling rig. Subsequently, the court proceedings against the 12 men have been repeatedly postponed, stated as due to the lack of an interpreter for the Chinese prosecution witnesses, the alleged victims of assault.⁴² Thus, 3 years after the May 2012 demonstration, the 12 local men still have very serious criminal charges hanging over their heads. This could be interpreted as an act of intimidation by the authorities, aimed at constraining the defendants’ oppositional activities to Shaanxi. State support for Shaanxi is also apparent from the police protection that

⁴⁰ Ghana News Agency, 11 May 2012, <http://www.modernghana.com/newstthread1/394850/1/>

⁴¹ Ghana News Agency, 11 May 2012, <http://www.modernghana.com/newstthread1/394850/1/>

⁴² Interview with court official, 8.7.14. The defendants’ lawyer stated in January 2015 that this failure by the judicial services to provide a Chinese interpreter had been going on for over two years. Interview 14.1.15.

commenced in May 2012 now having become a permanent presence. Quite extraordinarily, Shaanxi's mining site, compound and processing plant is guarded 24 hours a day by twenty Ghana Police Service officers, in addition to the company's own security guards. This is despite the fact that the 9 May 2012 incident was a one-off event and no such demonstration has occurred in subsequent years. We were informed by the district police commander that three of his force of 18 officers are deployed at Shaanxi at all times, thereby significantly reducing his capacity to deal with other policing matters in the district.⁴³ The full contingent of 20 officers that protect the Shaanxi site come from various district forces in the region, but are under regional command.⁴⁴ It is stating the obvious that this is a misuse of police resources, and clearly reflects a regional police decision, and maybe a regional *political* decision, to provide visible state protection and support to Shaanxi's operations, despite the legality of the company's activities being very dubious. Why are state authorities providing this support to a private mining company whose operations at least circumvent the law, and, by our understanding, almost certainly breach the law?

This question has already been partly answered by the widespread allegations of bribery and corruption, with claims that various powerholders in the district and region received 'gifts' from Shaanxi when they first established their operations. Local respondents talked of a pick-up truck given to the chief and a Dodge vehicle to the (former) DCE, with suggestions that regional state officials, including the police headquarters, had also been recipients of such 'sweeteners' from the company. Further allegations were that the local chief was receiving a monthly salary from the company and that brown envelopes with cash payments were liberally distributed by the company to government officials, including to the regional Minerals Commission.⁴⁵

However, the Minerals Commission at national level was one state agency that did appear to challenge Shaanxi's activities. The findings from their investigation in March 2012 were given in a letter addressed to the company dated 5 October 2012. They found that "Shaanxi was indeed operating outside authorized areas, and that the company had not paid appropriate

⁴³ The district police officer stated that 20 police officers drawn from Bolgatanga and Tongo were stationed at Shaanxi's mine. He further stated that Shaanxi had requested fifty officers. Shaanxi accommodates and feeds the officers. The total strength of the Tongo police station is 18 officers. Interview 9.7.14

⁴⁴ We were informed that policing matters in Gbane are dealt with directly from the Regional police headquarters, with the Tongo district police station effectively having no jurisdiction over Gbane, and thus distorting the police command chain. Interview 9.7.14.

⁴⁵ Focus group discussion with members of the opposition group, 10.7.13.

compensation for shea and other crops destroyed during its operations”. It was also noted that the CEO of the Minerals Commission had instructed Shaanxi to stop operating outside authorised areas at a meeting in Accra in March 2012. The letter also noted other “health, safety, and environmental concerns at the Shaanxi operations”, including the location of the head frame within 50 feet of the primary school and the structural damage from blasting to the school building. Consequently, the company was “required to comply” with the following:

1. “...desist from operating on unauthorized areas”, including underground.
2. “Pay adequate compensation to affected land owners whose shea and other crops were destroyed”.
3. “Remove the head frame located near the school building, cease mining activities within the vicinity,... [and] repair any damage to the school building”.
4. “Submit weekly reports to the Commission in respect of the above-mentioned requirements, commencing from 8 October 2012”.

Finally, it was stated that “failure to comply with these requirements will lead to revocation of the company’s operating licence”. The letter was signed by the Chief Executive Officer of the Minerals Commission, and copied to all relevant government officials, including the Minister of Lands and Natural Resources in Accra, and the Regional Minister for the Upper East Region, indicating that central government was aware of Shaanxi’s operations.

Yet this one firm response by a state agency to Shaanxi’s activities does not appear to have been sustained with the same vigour by the Minerals Commission, and one has to ask why. It is not known whether weekly reports were submitted, but it is clear that other requirements were not complied with and that no adverse consequences followed. Indeed, Shaanxi’s licence has been renewed rather than revoked. In July 2014, the head frame and mining shaft remained close to the primary school, at approximately 50 metres distance, albeit now inside a fence, and mining activities continued. Indeed, we observed ore being brought up from underground and tipped onto a conveyor belt every few minutes. The toilet block of the school was so structurally damaged as to be completely hazardous and unusable. Quite extraordinarily, mining debris from underground ore extraction was piled up immediately behind the school toilet block. Discussions were in place at that time to relocate the school and Shaanxi had clearly been successful in reversing the Minerals Commission instruction that its mining activities next to the school should cease, and instead the school is now to be relocated. Compensation to

landowners had also not happened at that time, though discussions were on-going, and a settlement was finally announced on 11 August 2014 with Shaanxi agreeing to pay 100,000 Ghana cedis shared between 43 affected farmers.⁴⁶

One outcome of the crackdown by the state on community activists after the events of 9 May 2012 was that the movement changed tactics and adopted a legal strategy that involved challenging Shaanxi's activities through the courts.⁴⁷ Two main court cases have been pursued. One is the defence against the criminal charges, while the other is a civil case seeking a 'recovery of possession' order which would nullify the document by which the chief sold land to Shaanxi. Contestation of the right of the chief to allocate the land to Shaanxi is based on the customary land system in the Upper East region where the tindana has allodial rights not the chief, although the chief argues in turn that this was his own land to sell and not customary land. This civil action also remains on-going with a final decision yet to be made. An application was also made for an interim injunction against Shaanxi to prevent them from entering the disputed land area. This was not successful, and Shaanxi's construction of its high-tech processing plant has gone ahead. The substantive 'recovery of possession' order was yet to be heard in the High Court, as of January 2015, but Shaanxi's operations would already seem to be a *fait accompli*.⁴⁸ This dispute over the land leased to Shaanxi is indicative of the intra-community conflict that Shaanxi's operations have led to, notably between those collaborating with the company and those opposed to its activities. On the one side is the Movement of Gbane People for Justice, composed of the local District Assembly member, youth leaders, and other licensed miners in the area. It appears that this group also has the support of the tindana and the four clan heads. On the other side is the chief and the concession holders that work with Shaanxi, including the chief's son. The opposition movement asserts that it has the support of most community members, while

⁴⁶ Daily Graphic, 12.8.14

⁴⁷ The movement's lawyer stated that he had advised that they adopt a legal strategy as resistance through protest had led to confrontation with powerful state forces. Interview 14.1.15. A member of the opposition movement stated that, "All over the world resistance movements have never been successful with violent confrontation. The success rate is very, very low all over the world. So we are saying let's get community movements like Gbane and others to take the route of the law, to be able to analyse policies within the sector, to understand what the laws are within the sector, and then to pick up issues through the law courts" - Focus group discussion with members of the opposition group, 10.7.13.

⁴⁸ The interim injunction application as filed on 14.11.12. A High Court judge in Bolgatanga ruled against it on 19.3.13. An appeal to the Court of Appeal in Tamale was filed on 8.4.13. A ruling that dismissed the appeal was made on 25.5.14. The remaining legal recourse is to appeal to the Supreme Court in Accra, but it has been decided not to do this. Therefore the substantive matter will now be heard in the High Court in Bolgatanga. Interview with Gbane Movement for Justice's lawyer, 14.1.15

Shaanxi's spokesperson referred to them as "disgruntled agents"⁴⁹ and the police described them, astonishingly, as "riff-raff".⁵⁰ What is undisputed is that Shaanxi's presence has led to significant community divisions. One local person, unconnected with the disputes, stated that a once harmonious community is now riven by factional divisions and mistrust.⁵¹ Another individual indicated a general loss of confidence with the chief and traditional authorities as community leaders:

"There was once peace and respect amongst community members and their leaders. But the advent of mining has beclouded the judgment of community leaders which has led to loss of respect for them".⁵²

Such intra-community divisions and conflict are indicated starkly by a third court case which involves charges against two community members for an alleged death threat against the chief. Again this relates to the disputed lease of land, with allegations that the individuals involved threatened the chief if he did not sign a document to negate the previous lease agreement made with Shaanxi.⁵³

The local conflicts that have emerged in Gbane concerning Shaanxi's operations, both between the opposition movement and the company and intra-community conflicts, have led to significant conflict resolution initiatives from non-governmental organisations. The international NGO, IBIS has funded local NGOs to bring all stakeholders together in order to resolve differences and misunderstandings through dialogue. Such interventions continued in 2014, with dialogue meetings held in March and May 2014, but the on-going court cases seem to be an obstacle to any real resolution of differences. It would also seem that Shaanxi's activities are relatively unconstrained by the conflicts, especially the intra-community conflicts, which have a 'divide and rule' effect. Indeed, Shaanxi's ongoing mining operations would appear to be facilitated by state collusion, most overtly from the permanent police protection at the company site, in a situation which, disturbingly, resonates with the allegations concerning state protection afforded to Chinese miners in informal alluvial mining in the south of the country.

⁴⁹ Interview with Shaanxi's representatives, 15.7.14

⁵⁰ Interview with regional police, 9.7.14

⁵¹ Focus group discussion 16.7.14

⁵² Focus group discussion 16.7.14

⁵³ This case is also ongoing, although similar charges against a third defendant have been dismissed. Interview with lawyer 14.1.15.

5. Foreign miners, media representation and government (in)action

From the previous discussion of local conflicts, it is evident that the media played a key role in bringing the issue of foreign involvement in small-scale mining firmly into the public domain, especially in alluvial mining in the South. The media focus was largely on Chinese miners, rather than on foreign miners generally, reflecting the large proportion of Chinese nationals amongst non-Ghanaians involved in small-scale mining. It can also be argued that the media was (at least partly) responsible for pushing the government into action, given that initially there was limited response from government agencies as problems escalated. This section looks at the significant role of the media, its representation of foreign involvement in small-scale mining, and the impact this had on government.

From early 2012 onwards, there was extensive reporting of the issue of ‘illegal Chinese miners’ in the Ghanaian media, almost entirely negative. This research undertook a review of the Ghanaian media for the nine month period from January to September 2013, searching for news stories containing the words “foreign miner”, “Chinese miner” and “illegal miner” in three local mass media outlets, the *Daily Graphic* newspaper, and two web portals – Expose Ghana and Modern Ghana – each of which contains news items taken from a range of print and TV/radio sources. Within the nine months’ period, each outlet published a considerable number of stories covering various aspects of foreign involvement in illegal gold mining operations in Ghana: Modern Ghana had 48 relevant stories, the *Daily Graphic* had 36, and Expose Ghana had 44.

The overwhelming majority of the news stories and editorials were negative, with very few exceptions. Chinese miners were often referred to as “illegal, undesirable migrants” (Daily Graphic 29/03/13), “deviants” (Daily Graphic 25/02/13), “aliens” (Daily Graphic 05/03/13), who hunt for “easy riches” in Ghana (Modern Ghana 12/06/13). Their presence in Ghana and involvement in small-scale gold-mining is labelled as an “invasion” (Expose Ghana 18/03/13), a “menace” (Daily Graphic 19/06/13), and a threat to the lives of indigenous people (Modern Ghana 11/05/13). Little information was provided on the Chinese miners themselves or their motivations for becoming involved in small-scale mining in Ghana. We found no stories providing the ‘Chinese side of the story’. The largest proportion of the stories cover the conflicts involving Chinese miners, including the use of firearms. The second largest group of news

stories focus on the detrimental environmental effects of illegal mining in general and by Chinese migrants in particular, notably their use of heavy duty mining equipment resulting in environmental pollution and long-term land and water degradation. With the establishment of the Task Force, most stories then focused on the ‘flushing out’ of foreign miners, especially Chinese nationals, and on visa issues and deportations.

In another interesting study of Ghanaian perceptions of Chinese migrants, undertaken by a Chinese postgraduate researcher, Liu Shaonan, it was similarly noted that coverage of Chinese miners in the *Daily Graphic* during May-June 2013 was entirely negative in tone and used the word ‘illegal’ in all 22 stories (Liu 2014). The author states that the narrative of the reports created an impression that ‘illegal Chinese miners’ were responsible for “land degradation, water pollution, robbery and shooting, the loss of national wealth and a breakdown of Ghanaian law”, with no mention of Ghanaian counterparts or collaborators (Liu 2014: 3). The focus on the Chinese miners as separate actors, disconnected from their Ghanaian collaborators at various levels of Ghanaian society and government, entails dangers of misrepresentation and the scapegoating of foreigners for problems that have much wider origins within the national landscape.

Nonetheless, this adverse media coverage clearly put pressure on the government to take action. One especially hard-hitting investigative article from the *Graphic* online was headlined “Fight Against Foreigners In Small Scale Mining – Action Or Rhetoric?” (11/03/13), and did highlight the issue of Ghanaian collaboration, including government. This questioned “the government's commitment to flush out foreign illegal miners [as] more of rhetoric than action”, and suggested that “the role of some Ghanaian collaborators is rather helping to intensify the phenomenon”, and that such collaboration included powerful individuals and officials:

“Politicians, government officials, traditional rulers, security personnel, business men and opinion leaders are among a tall list of powerful and influential Ghanaians said to be strengthening the resolve of foreign illegal miners whose activities have devastated large acres of land and water bodies across the country”⁵⁴ (Modern Ghana 11/03/13, citing *Graphic* online).

The *Daily Graphic* (15/03/13) also called on the government to “Deal with illegal miners now”

⁵⁴ A related statement said that: “But it appears either the government has not been able to go beyond rhetoric to flush them out or some powerful and influential Ghanaian collaborators have succeeded in freezing the government's promise by preventing the arrest of the illegal miners or ensuring their immediate release after arrest” (Modern Ghana 11/03/13, citing *Graphic* online).

in an article that focused on foreign involvement as the cause of problems in the small-scale gold mining sector, and concluded that “As we look on in helpless amazement, foreigners who have outlived their welcome continue to degrade our lands and pollute our water bodies”.

Government’s response

Perhaps in response to such media criticism, the Ghana Immigration Service (GIS) undertook a (pre-Task Force) operation in late March 2013 in the Central, Western and Ashanti regions, in conjunction with the security agencies. This resulted in the arrest of 125 Chinese nationals for engaging in small scale mining (Expose Ghana 28.03.13, citing the Ghana News Agency (GNA); Modern Ghana 28.03.13, citing Myjoyonline.com). Reporting on this operation, the Assistant Commissioner of Immigration stated that “This operation is the first of a series which would be carried out across the nation and the Service would not relent in its duty to arrest and repatriate all foreigners who work without the requisite work and resident permits” (Expose Ghana 28.03.13).⁵⁵ In many respects, this operation, including the involvement of the security agencies, pre-figured the Inter-Ministerial Task Force that was set up two months later by President Mahama. In relation to both this prior operation and the later Inter-Ministerial Task Force, President Mahama was very careful to focus on illegal mining undertaken by both Ghanaians and foreigners, and not to specify the Chinese. In April 2013, he specifically stated, while speaking to a delegation from the Ghana-China Friendship Association, that there should not be discrimination in the combating of illegal mining: "We have laws. We do not have to discriminate. It does not matter who it is or the race, whether a Nigerian or a Chinese" (Daily Graphic 4/4/13).

⁵⁵ These arrests and deportations seem to highlight a dispute between government agencies and Hansol mining company, a Ghanaian company that provides support services to small-scale miners and who engage ‘Chinese partners’. Indeed, the day before the GIS statement on its operation, the CEO of Hansol and also chairman of Ghana-China Business Chamber of Commerce, Mr. Bernard Antwi-Boasiako, was reported as criticising the GIS for the arrest of those Chinese miners who, according to him, had legal documents to undertake business in Ghana (Modern Ghana 27/03/13, citing Peacefmonline.com). A further critique of the GIS emerged soon after, suggesting official collusion with illegality rather than combating it, with allegations of fraudulent practices. A pressure group calling itself Mass Action Committee, accused the leadership of the GIS of ‘endorsing’ “many entry Visas or entry Permits of Chinese workers who are now engaged in illegal mining” and thus “clandestinely” supporting illegal mining activities (Expose Ghana 07/04/13).

In other responses to the media-led criticism of foreign involvement in small-scale mining, the Minister for Lands and Natural Resources, Mr. Alhaji Inusah Fuseini, focused more on the foreign dimension. He emphasised the government's determination to "flush out foreigners" who were engaged in illegal mining in the country, and was reported as stating that "it was totally unacceptable for non-Ghanaians to disregard our laws and exploit our lands to their benefit" (Daily Graphic 05/03/13). In the run-up to the establishment of, and during the time of the Task Force, Minister Fuseini did maintain a strong position in opposition to illegal foreign mining, including in his negotiations with Chinese government representatives. In April 2013, a joint working committee of the governments of Ghana and China was initiated to "review circumstances leading to the influx of illegal Chinese miners to Ghana and bring up an integrated road-map to stop the influx" (Expose Ghana 13/04/13, citing source as Ministry for Lands and Natural Resources). The high-level working committee was chaired by Minister Fuseini, while the Chinese delegation was led by a senior official from the Chinese Embassy. Clearly, this was an attempt to maintain good relations between the two governments in the context of such relations being placed under strain by the small-scale mining issue. In particular there was a concern not to allow this issue to adversely affect disbursements of the US \$3billion loan from the China Development Bank for oil and gas industry infrastructure that had been signed a year earlier in April 2012.

The deteriorating situation with regard to both local conflicts and environmental destruction finally pushed the government to take more systematic action. On 15 May 2013, President Mahama established the high-level Inter-Ministerial Task Force to combat illegal small-scale mining. He stated that "We do clearly have a problem, and as government we have been working to prevent it from degenerating into a crisis". In line with previous anti-discrimination statements, he was careful to include all illegal mining activities in its remit, both by Ghanaians and non-Ghanaians. The mandate of the Task Force was to:

- a. Seize all equipment used by those who fail to comply with the new directives of obtaining licenses or renewing their licenses.
- b. Arrest and prosecute Ghanaians and non-Ghanaians involved in illegal small-scale mining.
- c. Deport all non-Ghanaians involved in small-scale illegal mining.
- d. Revoke the licenses of Ghanaians who have sub-leased their concessions to non-Ghanaians.

- e. Revoke the licenses of Ghanaians who have illegally engaged the services of non-Ghanaian miners in the small-scale mining sector.

(Minerals Commission 2014)

The Inter-Ministerial Task Force commenced its operations in early June 2013 and continued for approximately two months. It covered the Western, Ashanti, Central and Eastern regions only, in other words the main areas of alluvial small-scale mining in the South of the country. The Task Force did not go to the North and therefore Shaanxi's operations in Upper East region were not affected. Although chaired by the Minister of Lands and Natural Resources, the Task Force was a military-style operation involving the National Security Council and implemented by the military and police. Media accounts reported the immediate arrest of illegal miners, with a continuing focus on Chinese miners (Modern Ghana 6.613, citing the Ghanaian Chronicle). By 20 June 2013, it was announced by the Ghana Immigration Service (GIS) that 269 foreign miners had been deported following arrests in Task Force operations, comprising 218 Chinese nationals and 51 from Niger (Daily Graphic 20/06/13). By mid-July, the focus on the deportation of Chinese miners continued, with GIS reporting that a total of 4,592 Chinese nationals had been deported since the Task Force commenced its operations, of which 571 had been arrested and the rest had 'turned themselves in' to authorities and agreed to leave voluntarily (Modern Ghana 12.7.13, citing AFP). Small numbers of Russians, Togolese and Nigerians were also arrested. Task Force activities appeared to be concentrated into the first few months of operation. The Minerals Commission reported that:

“As of the end of 2013, the Task Force had arrested 1,568 foreigners and 51 Ghanaians. Forty (40) vehicles, 85 earth moving equipment and forty-nine (49) weapons were also seized. A total of 3,877 foreigners including those who voluntarily submitted themselves for repatriation have been deported.”

Oddly, the total number of deportees is less than reported for Chinese citizens alone in mid-July by GIS. Perhaps this is explained by 'voluntary repatriation' being a rather loose category which did not always capture those not formally arrested and deported.

Although the Task Force has led to a much reduced presence of foreign miners in the small-scale sector, at least visibly, it is also clear that some elements of its mandate were not implemented. Surprisingly, given that this was a Task Force against *illegal* mining, there have been no prosecutions of either Ghanaians or non-Ghanaians. Additionally, no licences have been

revoked of those small-scale miners who sub-leased their concessions or engaged the services of non-Ghanaians, despite these being common practices, and ones which were continuing a year later, as observed during fieldwork in July 2014.⁵⁶

Additionally, what was the Inter-Ministerial Task Force's role in relation to alleged collusion of government officials with illegal foreign mining, especially where Chinese miners were involved? This seems mixed or ambivalent, at best. On the one hand, the Task Force appeared to play a role in combating the corrupt practices and alleged collaboration of government officials in illegal foreign mining, notably by Chinese miners. For instance, there was a high profile case in our case-study district of Upper Denkyira East Municipality where the Municipal Chief Executive (MCE) was arrested on suspicion of bribery and extortion of Chinese miners arrested by the Task Force in return for their release, with large sums of money confiscated from his office (myjoyonline.com/pages/news/201306/107428.php). The MCE denied the charges and was subsequently released without prosecution, but was later removed from his post. On the other hand, the Inter-Ministerial Task Force itself was tarnished with accusations of corruption and of undermining its own mandate. Accusations were two-fold: one that Task Force officers were open to bribes from Chinese miners *not* to arrest them; and second that those Chinese miners who could not buy their way out of arrest and deportation were subjected to mistreatment and theft of property, gold and money.⁵⁷

One further adverse consequence of the Task Force's operations that targeted and labelled Chinese miners as criminals was a significant rise in opportunistic robberies of Chinese miners by Ghanaians. Reports of such attacks by Chinese miners to family and friends in Shanglin County led to demonstrations there, with protesters at the county and regional government offices demanding action by authorities to assist their relatives (Modern Ghana 12.06.13, citing Graphic online and AFP).

Response of Chinese government to the Task Force

The initial reaction from Chinese authorities was described as “defensive and critical of the

⁵⁶ Interview with small-scale miner near Dunkwa who had sub-let his concession to a group of Chinese miners, 29.7.14. His concession was in the Ashanti region and the Chinese miners had encroached onto a neighbouring concession that had led to problems with his neighbours.

⁵⁷ Focus groups (one mixed adults, one mixed youth, 27.7.14) held in Pokukrom near Dunkwa-on-Offin expressed the views that the Task Force had gone to Chinese mining sites, arrested Chinese miners, burnt equipment and taken money.

Government of Ghana” by the Minister for Lands and Natural Resources.⁵⁸ This was most evident with the arrival in Accra of a nine-member delegation from China's Guangxi province, in which Shanglin County is located, within a week of the President’s announcement of the Task Force. The delegation reportedly requested that Chinese miners engaged in small scale mining should not be arrested, a request that was turned down by the Minister (Modern Ghana 20.5.13, citing Myjoyonline.com). Although discussions occurred behind closed doors, the Minister stated in an interview that the delegation from Guangxi had argued that Chinese migrants had been deceived by Ghanaians, that they were the victims of the situation, and had perceived themselves as involved in legitimate business, all of which he had refuted on the basis that illegal activities cannot be described as legitimate business.⁵⁹ However, initial tensions with Chinese authorities were largely resolved, the Minister reported, by taking them in a helicopter over mining areas to see the extent of the environmental damage. He stated that, “This had been very effective”.⁶⁰

Subsequently, there was a softer response from Chinese authorities. At a press conference almost one month later on 18 June 2013, the Chinese Ambassador to Ghana along with a delegation from the Chinese Ministry of Foreign Affairs accepted the right of the Ghanaian authorities to implement the law and that the Task Force was not merely targeting Chinese nationals, and merely requested that arrested Chinese miners be treated in a humane manner (Daily Graphic 18/06/13, Modern Ghana 18/6/13). Interestingly, the Ambassador also reported that Ghana's mining laws had been translated into Chinese so that those in the country were aware of the legal situation. If the Task Force signalled recognition by the government of Ghana that illegal mining, especially with foreign involvement, was out of control and action was necessary, then the Chinese authorities also seemed to finally acknowledge that Chinese citizens engaged in business activities in Ghana had to do so in accordance with local laws.

6. Findings: Impact of Chinese involvement

Fieldwork and data collection for this study was undertaken in July and August 2014, one year after the operations of the Inter-Ministerial Task Force in Southern Ghana. By then, the Chinese presence in small-scale alluvial mining was much less, at least visibly. Informants in Western and

⁵⁸ Interview with then Minister for Lands and Natural Resources, Alhaji Inusah Fuseini, 7 April 2014

⁵⁹ Interview with then Minister for Lands and Natural Resources, Alhaji Inusah Fuseini, 7 April 2014. Also see Modern Ghana 20.5.13, citing Myjoyonline.com.

⁶⁰ Interview with then Minister for Lands and Natural Resources, Alhaji Inusah Fuseini, 7 April 2014

Central regions stated that some Chinese miners were still engaged in actual mining, but now ‘deep in the bush’ and difficult to locate. The Minister of Lands and Natural Resources also stated in April 2014 that Chinese miners were “drifting back.”⁶¹ Chinese nationals also continued to be involved in the hire of mining equipment, as we noted in the mining centres of Tarkwa in the Western region and Dunkwa-on-Offin in the Central region. But it was evident that the Inter-Ministerial Task Force, inclusive of its seizure and burning of equipment and vehicles, had substantially reduced foreign direct involvement in illegal small-scale mining. Yet, over a short period of 5 years from 2008-13, it is clear that the impact of foreign involvement, especially of Chinese miners, has been significant, and that small-scale mining in Ghana will never be the same again. This section outlines the findings of the research into the impact of Chinese involvement. Despite the differences in the two case-studies, we try to integrate the findings from both locations, while also specifying the distinct findings in each case. Due to the more widespread nature of the phenomenon of irregular Chinese miners in the South, discussions below tend to focus on this location, and then specify the similarities and differences that arise from the example of Shaanxi’s involvement in the Upper East.

6.1 Mechanisation and intensification of small-scale mining

In alluvial gold mining in Southern Ghana, Chinese involvement has transformed the small-scale mining sector through the introduction of new technology and machinery, especially in comparison with the traditional methods using pick axe, shovel and pans. In particular, the Chinese introduced the now widespread use of excavators, wash plants (‘trommel’) and crushing machines (*changfa*), as well as water platforms and suction equipment for dredging in rivers. Chinese miners also brought considerable amounts of capital, and the combination of new technology and capital has led to a huge intensification of production both on small-scale concessions and on unlicensed land. Areas of land are now mined in weeks that previously would have taken years using traditional methods. One small-scale concession holder told us that an area half the size of a football pitch would now take him two to three weeks to mine using excavators and a wash plant, compared with four to five years using traditional methods.⁶² Mining at this site was undertaken 24 hours a day, with employees working 12 hour shifts. Such

⁶¹ Interview with then Minister for Lands and Natural Resources, Alhaji Inusah Fuseini, 7 April 2014

⁶² Interview with small-scale concession holder 29/7/14

intensification of mining through mechanisation is a major and significant change in a very short time. It entails a transformation that will not be reversed and it can be said with confidence that small-scale gold mining in Ghana has changed forever.

In hard rock, shallow underground small-scale mining in the Upper East, the mechanisation and intensification of mining is limited to the one site where Shaanxi operates, but with legal and policy implications in relation to ‘service provision’. Shaanxi has constructed a high-tech, state-of-the-art, large-scale underground mine on two adjacent small-scale mining sites. They have thwarted the law on service provision. It is clear that this is not provision of ‘mine support services’, nor is it small-scale mining; it is simply large-scale mining on the concessional areas of Ghanaian concession holders in disregard of the law which prohibits the sub-leasing of concessions to non-Ghanaians. Indeed, to tackle this element of illegality was part of the mandate of the Task Force. Yet Shaanxi have had their operational licence renewed not revoked. The fact that Shaanxi has been allowed to mine in this way with the full knowledge and connivance of Ghanaian government authorities raises major questions about collusion and corruption, as discussed below.

6.2 Small-scale mining becomes big business (for some)

One consequence of mechanisation and intensification of production in alluvial mining is that the economic rewards are now much greater for concession holders, Chinese miners and *galamsey* operators alike. One common mode of operation that continues post-Task Force involves concession holders effectively sub-leasing their concession to Chinese miners and splitting the value of the gold production, commonly 15 percent to the concession holder(s) and 85 percent to the Chinese miners who effectively do all the mining.⁶³ We were informed by concession holders that a 15 percent stake can amount to an income of 15,000 to 25,000 Ghana cedis per week (approximately £3000 to £5000 per week).⁶⁴ Although the Chinese miners bear the cost of production, it is also evident that they have made large amounts of money. One Chinese interviewee, who had Chinese miners as business clients, stated that “in 4 to 5 years, a lot of Chinese millionaires, even billionaires” were produced, adding that they “had worked very

⁶³Interviews with small-scale concession holders 26/7/14 and 29/7/14

⁶⁴ Interviews with small-scale concession holders 26/7/14 and 29/7/14

hard”.⁶⁵ He also noted how his clients engaged in conspicuous consumption in Ghana, including in casinos. Chinese media reports also confirmed the huge amounts of money that Chinese miners were making in small-scale gold mining in Ghana. In a story that followed President Mahama’s announcement of the Inter-Ministerial Task Force, the *21st Century Business Herald*, a Chinese business daily newspaper, reported on the riches made by the estimated 50,000 Chinese miners in Ghana, the ‘Shanglin gang’ (Ghanaweb 17 May 2013).⁶⁶ The headline figure was that US \$500 million had been made, citing stories of gold bars brought home as gifts and Ferraris being ordered from the proceeds. The report cited one local bank source as stating that in May and June 2011 alone, more than 1 billion yuan (approximately US \$150 million) was wired into Shanglin from abroad. They reported that 100,000 yuan could be made in gross profit *daily* (approximately US \$15,000), presumably per small-scale mining operation of about 8 miners. The report also confirmed the ‘enthusiasm for gambling’ at casinos, as well as the harassment and robbery suffered by the Chinese miners. Although these newspaper reports are difficult to verify and may not be entirely accurate, they do indicate the large amounts of money involved and that fortunes were often quickly made.

However small-scale mining is only a lucrative business for a few. While a relatively small number of Ghanaian miners, invariably men, at the apex of the small-scale mining industry can now earn significantly more than the President’s official salary, not all Ghanaians have benefited. Indeed, the stratification and inequalities amongst Ghanaians involved in small-scale mining have significantly increased, inclusive of a gender dimension. In contrast to the earnings of licensed male concession holders, women, children and many young people are left to extract remnants of gold by re-washing the gravels that remain in heaps of ‘tailings’ at abandoned pits after intensive mining has been completed. This is known locally as ‘doing pooley’ and described by low-income women as backbreaking work.⁶⁷

There are similarities in the Upper East, though again with some differences. Here one concession holder acknowledged that the agreement with Shaanxi involves a 93% to 7% split of the value of gold produced.⁶⁸ He was not unhappy with that seemingly small percentage,

⁶⁵ Interview with Chinese national, resident in Ghana, 12.01.15

⁶⁶ See <http://www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=274243>

⁶⁷ Women’s focus group discussion, Buabenso, Upper Denkyira East Municipality, 29.07.14

⁶⁸ Interview with owner of Purbotabaa Mining Group, 14.07.14

indicating the significant value of the gold being extracted. Shaanxi have made a huge financial investment in the construction of a sophisticated underground mine since late 2008, and clearly they anticipate large profits. However, one puzzling and unsatisfactory issue emerges here. As of July 2014, Shaanxi maintained that no commercial production of gold had been undertaken some 5-6 years after the company commenced operations. The company's representatives stated that "no gold produced, no gold sold", and that, while the large processing plant is "almost complete", "production is yet to begin".⁶⁹ This is not credible. The contract with the concession holders, signed in 2008, is based on a split of gold produced. Would the two concession holders be happy with 7% of nothing after 6 years? Clearly not, and evidence from various sources confirmed that production is on-going, and has been for some years. One interviewee informed us of gold extracted at the end of every 12 hour shift being secured in the company safe, generally the size of a ball that would fit into the fist of one hand, and that the chief executive of the company would arrive once a week and remove the gold.⁷⁰ At the regional Minerals Commission, we were given sight of monthly return forms for December 2013 and March 2014, outlining the amount of gold produced and signed by one of the concession holders working with Shaanxi, as well as gold purchase forms from the Precious Minerals Marketing Company (PMMC) in which Shaanxi Mining Ltd was the named customer (i.e. seller), with one dated 4/2/14.⁷¹ In earlier years, while the underground mine was under construction, the company bought piles of 'tailings' from local miners as its small processing plant was more efficient and able extract leftover gold.⁷² Given that local small-scale miners are producing gold by rudimentary means on a daily basis, it is simply not believable that a multi-million dollar mine project is not producing gold, nor providing some return for the huge investment made by its owners, some 5-6 years after commencement of operations.

In terms of stratification and inequalities, it could be argued that Shaanxi has enhanced local employment opportunities through creating a large number of jobs for local miners, given

⁶⁹ Interview with Shaanxi manager 15.7.14

⁷⁰ Interview with former Shaanxi employee, Talensi district 16.7.14

⁷¹ Interview with regional Minerals Commission officer, Bolgatanga, 9/7/14

⁷² Interview with former Shaanxi employee, Talensi district 16.7.14; interview with former Shaanxi underground workers, 17.7.14., Bolgatanga

its employment of 450 workers, of which 350 are local.⁷³ Yet statements from sacked underground workers spoke of poor working conditions and the lack of unionisation.⁷⁴

6.3 *Environmental degradation (for all)*

An adverse impact on the environment has long been associated with small-scale alluvial mining, especially with *galamsey* activities, given their illicit nature and lack of accountability for any damage caused. Particular concerns have been the destruction of farm lands, the diverting of streams and rivers for mining purposes, and surface and ground water pollution relating to the usage of hazardous chemicals, notably cyanide and mercury for gold processing. One consequence of mechanisation has been the intensification of environmental degradation in areas of alluvial mining, inclusive of both land and water bodies. This was evident from our own research. We observed large tracts of arable land that had been destroyed by mining in the Central Region, no longer usable for farming activities. Often such degraded land contained abandoned pits that had been left uncovered and become flooded, posing a danger to local residents, especially children, as well as to livestock. We were informed that a young girl had drowned in an open pit next to the primary school in Pokukrom, near Dunkwa.⁷⁵ This particular pit remained open and hazardous at the time of fieldwork in August 2014. Extensive destruction of farm lands occurred in particular with the rush to acquire land for small-scale mining in the gold rush from 2008 onwards, inclusive of the purchase of land for mining purposes by Chinese miners. One informant told us of how local farmers, including his father, sold their cocoa farms to Chinese miners for between 20-50,000 Ghana cedis (approximately £4000 - £10000) from 2009/10 onwards.⁷⁶ They were attracted by the instant money, but their whole farms were destroyed in a matter of weeks through “the soil being turned upside down” by excavators, and the land no longer usable for farming. Loss of farm lands has affected both cocoa production and food crop production, with an adverse effect on both food security and the country’s foreign currency earnings. On legal concessions, it is the local licensed miners who have responsibility for land reclamation, yet a view expressed by respondents was that the license holders would

⁷³ Interview with Shaanxi representatives, 15.07.14

⁷⁴ Interview with sacked underground miners, 17.07.14

⁷⁵ Interview with municipal education director, 25/7/14

⁷⁶ Interview with small business operator, Wasa Akropong, Western region, 2/4/14.

take money from Chinese miners for reclamation purposes, but then not undertake the land reclamation after mining was complete.⁷⁷

While the scale of land degradation has increased significantly with the mechanisation and intensification of small-scale mining, the destruction of river systems has been a new, and potentially catastrophic form of environmental degradation. This has occurred through the introduction of direct mining within rivers by Chinese miners. This involves dredging the riverbed and processing of the excavated alluvial material for gold. It has resulted in rivers now being severely polluted, notably the river Pra and its tributaries such as the Offin, with high levels of water turbidity, loss of aquatic life, and increasingly contaminated drinking water. The river Offin was described by a local journalist as “now looking like coffee with milk”, and that is an apt description. Several points can be made about this very unwelcome development of river mining. First, it is illegal. It is against the law to mine within 100 metres of a river bank, far less in the river.⁷⁸ Second, it is fairly undisputed that direct mining in rivers was introduced by Chinese miners, initially in the river Pra in the Central Region in 2004/2005.⁷⁹ They introduced the required technology in the form of a barge or platform fitted with suction equipment. Indeed, a Chinese respondent stated that a Chinese friend had tried to register this equipment as his ‘intellectual property’ to guard against imitations.⁸⁰ Third, despite its illegality, river mining continues and we observed it being undertaken quite openly by local galamsey in the Dunkwa area. The same Chinese respondent stated, however, that the Chinese no longer mined within water bodies. The degree of water pollution has very severe consequences, not only the destruction of the aquatic eco-system, but also the contamination of water supplies for local communities, including those served with piped water, and the increasing cost of treatment to make such water potable (CSIR – Water Research Institute 2013).

The scale of environmental degradation to both land and water bodies from intensive, mechanised and unregulated small-scale mining is huge. The government has not yet undertaken an assessment of total environmental damage, which will probably require satellite imagery, nor

⁷⁷ Interview with Assembly member for Pokukrom, 27/7/14

⁷⁸ Interview with Minerals Commission official, 9.7.14

⁷⁹ Interview with EPA official, 30/7/2014

⁸⁰ Interview with Chinese citizen resident in Ghana, 12.1.15

has it estimated the cost of reclamation work.⁸¹ But it is clear that such costs will be extremely high. Even the most basic method of filling in abandoned pits and levelling the soil will be very expensive, and the cost of restoration of water bodies is probably incalculable.⁸² Yet who will pay for such costs, given that those who caused the damage have either fled or cannot be identified? Clearly this is a cost to be borne by the Ghanaian government, raising a revenue issue that is examined below.

With regard to Shaanxi's mining operations in the Upper East region, there is less direct environmental degradation given that the mine is an underground mine situated on two mining concessions. However, blasting with explosives can cause damage to property and noise nuisance. This is most evident in the case of the primary school building in Gbane, next to which the company has located one of its mine shafts, which has suffered structural damage and teachers and children are said to run outside in fear when blasting occurs. And the landscape next to the school is strewn with heaps of waste debris from underground. In addition, the company's compound and processing plant occupies land lost to local farmers, with compensation only paid some years later.

6.4 Economic Impact

Table 1 (above) indicated that official gold production from small-scale mining more than doubled in the four years from 2010 to 2013, from 767,196 ounces to 1,576,478 ounces. This is an extraordinary rise in overall production. It corresponds with the gold rush from 2010 onwards that involved the influx of foreign miners, especially from China, and the introduction of heavy machinery and more sophisticated technology. It is also worth noting that these official figures only capture the gold sold through official channels. Given the high value of gold, this represents an extraordinary amount of wealth that is being produced. Clearly there are significant economic benefits to those who are directly engaged in the extraction and sale of this very valuable resource, and we have already noted that small-scale mining has become 'big business' for those who control this informal sector. The economic benefits can also be distributed more widely through cash injections into the local economy as a whole. Nonetheless, in discussing the impact of Chinese involvement in Africa, Kaplinsky (2008) reminds us that economic effects can be

⁸¹ Interview with deputy executive director of EPA, 9.1.15

⁸² Interview with deputy executive director of EPA, 9.1.15

both positive and negative, as well as direct and indirect.⁸³ Therefore, analysis has been undertaken in this way based on fieldwork data, first for the Upper Denkyira East Municipality in the Central region (see Table 2 below), and then for Talensi district in the Upper East region (see Table 3 below).

Table 2: Economic Impacts in of foreign involvement in small-scale mining: Upper Denkyira East Municipality, Central Region

Direct positive	Direct negative	Indirect positive	Indirect negative
Cash injection through direct purchase of land and farms for mining; paying between GHC 8,000 -15,000 per acre.	Loss of cocoa farms and land for subsistence agricultural production	Boosting local economic activity through purchase of food; fuel for mining equipment; increased rental incomes for landlords. ‘Business booming’ in Dunkwa.	Increased cost of living, especially rents, food, and inaccessibility of certain food items, e.g. vegetables.
Foreign sponsoring of locals to acquire concessions and front for them in mining activity.	Where partnerships formed, about 85% of the gold goes to Chinese nationals and the local concession holders get between 10-15%	Some mining machines introduced by the Chinese now being manufactured by local people.	Differential economic impact for different economic and social groups. Local losers as well as local winners
Providing mechanized mining equipment through rentals to locals, e.g. excavators.	Local miners ASM laid off with introduction of new technology	(Interview with small scale mining operator, 26/7/2014; interview with small scale mining operator, 28/7/14)	(Interview with Municipal Assembly official, 28/7/2014)
Employment and training of locals as machine operators. Employment of other locals on daily basis as low skilled workers receive GHC 12 to 15 per day. Employment of women as cooks at mining sites.	Increased gold production but difficulty in tracing how the gold is traded or exported out of the country		Increased number of sex workers and sexual exploitation of local young girls
Forming business partnerships with locals to engage in the mining activities, based on specified arrangements to share the proceeds.	Loss of tax revenue to the state and local government as gold mined is largely unaccounted for officially;		(Interview with radio journalists, 23/7/2014)

(Interview with small scale mining operator, 26/7/2014)

Source: project fieldwork data

In economic terms, there have been direct benefits from gold mining as well as more indirect ones in the local economy, and these have outweighed the negative ones, at least in the short-

⁸³ In his grid, Kaplinsky uses the terms ‘complementary’ and ‘competitive’ to describe the positive and negative aspects.

term. As well as the large amounts of money made directly by those in control of gold production in the small-scale sector, including Chinese mining groups, other local business people did well from the soaring demands for fuel, food items and rental accommodation associated with the gold rush. A common phrase was ‘business was booming’ in Dunkwa.⁸⁴ According to one ASM association member, “local businesses were booming, especially sales of fruits, vegetables and general food items; locals employed to operate mining machines [by Chinese miners] were paid better wages than those working for local small-scale miners.”⁸⁵ In his words, “the town was hot, very busy” and local people “had money in their pockets”.⁸⁶ Indeed, research revealed that local traders had been upset when the Task Force chased away the Chinese miners, with the consequent decline in sales. This confirmed the study by Liu (2013), who undertook interviews in Dunkwa at the time of the Task Force operations in June 2013. Local respondents reported loss of employment, for instance as cooks or laundry women at mining sites, and significant declines in business, with local traders stating that “we want them [the Chinese miners] to come back” (Liu 2013: 14).⁸⁷

However, there are also losers in situations of economic boom. Other local people suffered from the rising cost of living, notably food prices and rents, driven up by the high demand, as well as the unavailability of basic goods, such as vegetables and meat, reportedly bought up en masse by Chinese miners and taken to their encampments ‘in the bush’.⁸⁸ In addition, shortages of diesel became a common phenomenon in Dunkwa due to the high demand for excavators which, we were told, require GHC 800 worth of diesel for every 8 hours of operation.⁸⁹ Such shortages of fuel were still evident a year after the Task Force operations in July 2014, directly experienced by the researchers, indicating that the increased demand for fuel

⁸⁴ Interview with journalist, 23/7/14; with municipal assembly official, 28/7/14.

⁸⁵ Interview with journalist, 23/7/14; with former small scale miner, 23/7/14; with ASM association member, 26/7/14.

⁸⁶ Interview with licensed small-scale miner and member of Association of Small-Scale Miners, Upper Denkyira East Municipality, 26/7/14

⁸⁷ Liu (2013: 14) reports a worker at a filling (gas) station in Dunkwa as stating that sales declined from “30-40 thousand litres per day when the Chinese were here; but now after the clamp down, the business dropped sharply to only 1 thousand litres per day”. Additionally, one female market trader is reported as stating emotionally: “You Chinese people come back to Ghana! Chinese people come back to Ghana! Chinese is job and money! After Chinese were gone, my life is getting tougher. In the past I could earn 200 cedis working for Chinese, but now I have nothing. If you Chinese do not come back, we are going to march to the government to ask for your coming back” (2013: 15).

⁸⁸ Interview with municipal assembly official, 28/7/14

⁸⁹ Interview with licensed miner and member of Association of Small-Scale Miners, 26/7/14

had continued due to the now routine use of heavy machinery by small-scale miners. We observed large volumes of fuel being purchased by both Ghanaian and Chinese miners. Thus, economic impact was experienced differently by different economic and social groups, as pointed out by a local government official, with economic difficulties for those who did not share in the gold boom either directly or indirectly, including both relatively poor and better-off professional people.

Further negative effects were due to the switch in land use from farming to mining, with a detrimental impact on agricultural production. This also contributed to rising food prices and reduced availability of locally produced food, with people from outlying villages now more dependent on buying food from markets in Dunkwa, and on wage incomes to do so, and less reliant on subsistence production.⁹⁰ The loss of farm land is a significant long-term negative effect as good agricultural land has been destroyed and no longer fit for cultivation, sold by local land owners for short-term financial gain.⁹¹ Additionally, agricultural productivity on land proximate to mining areas can also be negatively affected by the soil, water and air pollution that is associated with intensive mining, including exhaust material from heavy machinery and heavy chemical use. Aragon and Rud (2013) highlighted the adverse impact of mining-related pollution on agricultural productivity close to large-scale mines in Ghana, as much as a forty percent decline, and the consequent decline in local household incomes and increase in poverty. Further research is required on the same phenomenon in relation to intensified small-scale mining.

Other aspects of direct and indirect impact in Table 2 are discussed in later sub-sections, for example, with regard to tax revenue.

⁹⁰Interview with municipal education director, 25/7/14

⁹¹ Interview with small business operator, Wasa Akropong, Western region, 2/4/14

Table 3: Economic Impacts of Shaanxi Mining Ltd. 's involvement in small-scale mining in Talensi District, Upper East Region

Direct Positive	Direct Negative	Indirect Positive	Indirect Negative
<p>Shaanxi has provided direct employment for local people from communities around Gbane, currently 350 out of 450 employees.</p> <p>These employment opportunities have provided incomes for some local people, and therefore improved livelihoods for their families.</p> <p><i>(Focus group discussions in Gbane area, 16/7/14)</i></p>	<p>Poor working conditions (low wages/ remunerations)</p> <p>Threats and intimidation from Shaanxi management to workers' leaders who initiate efforts to unionize labour.</p> <p>Lack of job security</p> <p>Poor safety measures at mining sites</p> <p><i>(Interview with former Shaanxi employees, 17/7/14)</i></p> <p>Non-compliance with Ghana's land laws e.g. Shaanxi have not registered the land for their administration & processing plant with Lands Commission; consequently they are not paying ground rent for the land <i>(Interviews with the Lands Commission, Bolgatanga, & Talensi District Assembly)</i></p>	<p>Emergence of new businesses, e.g. microcredit company, electricity supply services from private power producers, water services from private companies,</p> <p>All these services hitherto did not exist in the mining communities.</p> <p>Boost for existing businesses from small-scale mining generally, including Shaanxi operations.</p>	<p>Loss of economic trees (shea nuts and dawadawa) which support community livelihoods.</p>

Source: project fieldwork data

Table 3 shows that the activities of Shaanxi Mining Company have led to more positive than negative *economic* benefits, both direct and indirect, for local people. The provision of local employment is the most evident direct economic benefit from Shaanxi's construction of a large-scale, high-tech underground mine on two small-scale sites, with 350 local people employed out of the total workforce of 450 employees. The availability of more cash income in the local economy has given an indirect boost to other local businesses, including new ones that have emerged. The growth in employment and incomes is countered somewhat by the negative impact on community livelihoods due to the loss of economic trees. There is also a gender aspect here,

given that the miners in Shaanxi's employment are men, whilst those who have lost income from activities such as shea nut collection are invariably poor women.

One proviso in terms of the benefits gained from employment at Shaanxi's mine is the nature of the wages and conditions, claimed to be poor by former employees. A dispute over pay had led to the dismissal of 23 underground workers in February 2014.⁹² Known as 'loko boys' or underground 'cleaners', their job was to gather the gold-bearing rocks after underground blasting. Wages were based on a piece rate of four Ghana cedis per truck, shared between teams of 8 workers, amounting to approximately 190-200 Ghana cedis per month (£40). According to the sacked workers, there had been a verbal agreement that the piece rate would rise to five Ghana cedis per bucket in 2014, but the company had reneged on this and no increase was received at the end of January 2014. When they challenged Shaanxi's management about this, 23 workers were issued with termination letters, targeting those who had worked there longest and were the most vocal. Working conditions were also said to be very tough. Workers were not unionised, and when one worker had talked about unionisation, he was fired.⁹³

In sum, it is difficult to calculate the exact economic costs and benefits of foreign involvement in small-scale mining, given the informal and often illegal nature of the sector. In southern Ghana, as well as the increased incomes gained by those directly involved in mining, it is clear that there were economic benefits to the wider community and to the local economy, though with losers as well as winners due to price rises. Such benefits were also relatively short-term, for the period of the mining boom only. However, the main loser in southern Ghana is the state. While state officials may have benefited privately, the state gains little revenue, while incurring substantial future costs, especially in dealing with significant environmental degradation. In Talensi district, Shaanxi's operations have provided employment opportunities mainly for men, albeit in harsh working conditions, but with some adverse affects on women's livelihood activities.

6.5 Social Impact

The intensification of small-scale mining, partly attributable to foreign involvement, has had considerable social impact, often due to the unlicensed, unregulated and informal nature of the

⁹² The following information comes from an interview (17/7/14) with five of the sacked workers. All had worked for Shaanxi from 2010 or 2011 until their dismissal in February 2014.

⁹³ Interview (17/7/14) with five of the sacked workers.

sector. It is evident from the phenomenal rise in gold production from small-scale mining, quadrupling from 2007 to 2013 (see Table 1), that many more low-income households are now engaged in this sector as a main means of livelihood. This includes the increasing incidence of women and children, using rudimentary methods of shovel and bowl, seeking leftovers of gold on abandoned sites that have already been mined intensively by mechanised operators, Ghanaian and non-Ghanaian alike. We examine the social impacts on education and health, focusing on the alluvial gold mining area in southern Ghana. Key informants in the district education and health directorates identified a number of adverse effects. Many of the same effects, especially on education, were also evident in the case-study location in Upper East due to the increased prevalence of galamsey activities, with some examples cited below. However, these are not attributable to Shaanxi Mining company. One benefit of a high-tech, state-of-the-art mine is that child labour is not employed, and the incidence of mining-related accidents is perhaps reduced.⁹⁴

Education

Discussions and data obtained from the Ghana Education Service in Upper Denkyira East Municipality indicated the following:

- Low enrolment and low attendance of pupils in mining villages, including in primary schools. For example, there is a Junior High School with only 9 pupils for all three classes (JHS1 to JHS3) in Pokukrom, a mining village, and about to be closed due to low enrolment.⁹⁵
- Poor performance of pupils in mining communities in comparison with those in non-mining communities.⁹⁶
- Behavioural problems in schools. It was stated that a lack of respect for teachers has emerged as school children earn significant income from small-scale mining, with teaching becoming increasingly difficult in an environment of ill-discipline.⁹⁷

⁹⁴ However, one Chinese employee of Shaanxi had died in a mining accident. Interview with ex-Shaanxi workers (17/7/14).

⁹⁵ Interview with Municipal education official, 24/7/2014; Pokukrom Focus Group, 27/7/2014

⁹⁶ Upper Denkyira East Municipal GES Directorate: Basic Education Certificate Examination (BECE) Results Analysis 2011, 2012, 2013.

⁹⁷ Interview with Municipal education official, 24/7/2014 'There have been cases where schools have been deliberately targeted and soiled with faecal matter, including defacing of school books, documents, classrooms,. The illegal mining operators also attack pupils and teachers in the school who complain or educate children to refrain from "galamsey" activities, especially persuading the children not to visit the mining sites. This is because some of the pupils work for the illegal miners and they are unhappy when teachers prevent them from going to work for them. Some parents also encourage their children to get involved in the "galamsey" activities because they bring them some of the money they earn from the sites. When teachers impress upon the parents not to let their children go to the mining sites, the parents in turn question the teachers whether they will replace the monies that the pupils bring from the mining sites, should they stop the mining activity'.

- Some parents support their children in going to the mining sites instead of school and criticise or even attack teachers who discourage them from doing so.⁹⁸
- Instances of the soiling of classrooms with faecal matter, allegedly by small scale mining operators, angered by teachers discouraging pupils from going to work for them.⁹⁹
- High rate of teenage pregnancy among school girls in mining towns and villages, often due to young boys having cash incomes with which to support young girls.¹⁰⁰

It is clear that the attraction of immediate financial rewards – ‘quick money’ – has led to children dropping out of school, or attending irregularly, and working in small-scale mining. This was evident from research in alluvial mining in Southern Ghana. It was also confirmed by the research in Talensi district in the Upper East. Although not connected with the operations of Shaanxi mining company, we were informed by primary school teachers that the ability to make money through mining has led to similar problems of poor attendance and indiscipline in schools. The head teacher of one local primary school stated that children aged 8-12 are going to work in the mines on a regular basis, particularly at the end of the week when there are especially high rates of absenteeism.¹⁰¹ In his view, this was often due to parental pressure on the children, though, in contrast, some parents asked the school to monitor their child’s attendance as they did not want their children to go to the mines. Children are employed by ‘galamsey’ operators, with the boys going down the underground mines, and their size is clearly seen as an advantage in narrow tunnels, while the girls work as ‘shankers’ doing the sieving of the gold bearing rocks. It was stated that problems of indiscipline were especially difficult in Junior High Schools, with children, who often earned more money than the teachers, challenging the authority of their teachers.¹⁰² The adverse effects on children’s education associated with the increase in small-scale mining is likely to have a longer-term impact on their employment prospects, given that the allure of ‘quick cash’ trumps school attendance and the achievement of educational qualifications.

⁹⁸Interview with Municipal education official, 24/7/2014

⁹⁹Interview with Municipal education official, 24/7/2014

¹⁰⁰Interview with Municipal education official, 24/7/2014

¹⁰¹ Interview with primary school head teacher, Talensi district, 11.7.14. There was an absenteeism rate of 25% on the day of the interview in classes primary 3 (age 8) to primary 6 (age 11).

¹⁰² Interview with primary school head teacher, Talensi district, 11.7.14

Health

Small-scale mining is a hazardous business, especially when undertaken in an unlicensed and unregulated way. Again the growing importance of small-scale mining as a means of income generation has led to health impacts. Discussions at the Municipal Health Directorate in Upper Denkyira East Municipality revealed a range of direct and indirect effects, including some associated with the large presence of Chinese miners up, all with a negative impact on individual health and generating increased pressure on health services, as follows:

- Increase in health problems associated with small-scale mining, including skin lesions, scabies, skin rashes, increased malaria cases.
- Gunshot and cutlass wounds from violent conflicts at mining sites, including attempted robberies of Chinese miners.
- Increased prevalence of HIV/AIDS, Hepatitis B and other Sexually Transmitted Diseases due to pervasiveness of prostitution and sexual promiscuity.
- Increased rates of tuberculosis and respiratory tract infections due to dust and smoke inhalation from machinery.¹⁰³
- High rate of teenage pregnancy confirmed, including school leavers, explained partly by Chinese miners offering money for sex with young girls.¹⁰⁴
- Children falling into open mine pits and sometimes dying; 6 such cases in 2013 and 3 up to mid-2014.¹⁰⁵

In sum, key informants here with responsibility for education and health in the two districts have identified a number of adverse social effects related to small-scale mining. From the information provided it would seem that the social impact of mining is entirely negative. Nonetheless, while there are clear links to the mining sector, it must be noted that the social problems identified may be attributable to a wider range of factors. Yet the weight of the evidence from respondents does indicate that the expansion in small-scale mining has led to an increase in a range of social problems.

¹⁰³ Interview with municipal director of health, 25.7.14

¹⁰⁴ Interview with local journalist, 26/7/2014

¹⁰⁵ Interview with Municipal health official, 25/7/2014

6.6 Lost Revenue

One implication of mining that is largely unlawful is that significant opportunities for revenue collection by the Government of Ghana are being lost, as noted in Table 2 above. The key source of government revenue from small-scale gold mining is through sales of gold to the Precious Minerals Marketing Company (PMMC), a government agency, which is then responsible for gold exports. The Government of Ghana takes 0.5% of the value of gold exported by PMMC as revenue.¹⁰⁶ Small-scale miners, including *galamsey* operators, sell gold to licensed gold buyers, who in turn, and by law, sell the gold to PMMC. Although PMMC does not distinguish gold that comes from legal and illegal operators, it appears that it has become increasingly difficult to trace how gold is traded and exported, especially with increased gold production. Thus there are suggestions that gold is being smuggled out of the country, with a significant loss of hard currency revenue to the state.¹⁰⁷ In particular, it is alleged that Indian agents are buying gold, including from licensed gold buyers, which is then exported directly out of the country, without it passing through PMMC.¹⁰⁸ Although this research has no direct evidence of how gold produced by non-Ghanaian miners, including Chinese miners, was sold, it would seem likely that a significant proportion of such illegal production was not going through official channels, but being taken illegally out of the country and sold. Indeed, a knowledgeable source at national level stated that this is “a widely-held view”¹⁰⁹, while an informed source in Dunkwa-on-Offin expressed the view that “gold was sent direct to China”.¹¹⁰ In addition, a licensed concession holder who had worked with Chinese miners stated that most gold was smuggled out to China, with “so many ways” of doing so.¹¹¹ He recounted one method where containers that brought machinery into the country were then used to smuggle gold back to China through cutting out part of the container, putting the gold inside and re-welding. We have no means to verify the accuracy of this, but equally no reason to doubt the veracity of this first-hand information.

¹⁰⁶ Interview with official from PMMC, Accra, 13.8.14

¹⁰⁷ Interview with official from Environmental Protection Agency, 9.4.14; interview with officer from National Association of Small-Scale Miners, 13/8/14

¹⁰⁸ Interview with official from PMMC, Accra, 13.8.14.

¹⁰⁹ Interview with National Association of Small-Scale Miners, 13/8/14

¹¹⁰ Interview with local journalist, 26/7/14

¹¹¹ Interview with licensed small-scale miner and member of Association of Small-Scale Miners, Upper Denkyira East Municipality, 26/7/14

Apart from the gold selling process, very little revenue accrues to the government from small-scale mining activities, despite the extremely large sums of money now being made by those involved at the apex of the business. In terms of taxation, clearly illegal foreign miners are paying no taxes to the government. Similarly, unlawful *galamsey* operators pay no tax, yet their operations have increased in scale, both through collaboration with foreign miners and through adoption of new technology. Even licensed concession holders pay little or no taxes or royalties, with exemption for the first 3 years of operation, despite the potential for concession owners to gain very high incomes.¹¹² Concession owners are obliged to pay a small annual fee to the local government for a business operations permit, yet “some do and some don’t, as they are so powerful”, according to a local government official.¹¹³

Shaanxi’s operations in the Upper East region also raise interesting questions concerning revenue payments to the state. Since commencing operations in 2008, Shaanxi has constructed a multi-million dollar underground mine, one whose legality we have questioned, given the evasion of existing laws. The legality of Shaanxi’s operations is questioned further when it appears that virtually no revenue payments have been made to the Ghanaian state. From statements made by company representatives, it seems that no royalty payments have been made and no corporation tax paid on the basis of “no gold produced” and “no sales of gold”.¹¹⁴ Despite stating an intent to pay royalties when ‘production starts’, our understanding is that Shaanxi had not paid a single cedi to central government, as of August 2014. Yet it is difficult to regard such statements about non-production as other than fabrication. This research received testimonies from well-placed sources that gold was being produced, and had been for some considerable time. One respondent stated that a fist-sized nugget of gold was produced every 12 hour shift and deposited in the company safe.¹¹⁵ Details were provided by this respondent of both the production process and the safe deposit process. Other respondents stated that gold refining with the large processing plant commenced in July 2013 and that approximately 100 meters of stock piles of gold bearing rock had been processed and replaced, with the waste material after extraction of gold – know as ‘oven’ – remaining at the back of the plant.¹¹⁶ Local respondents

¹¹² Interview with small-scale concession holder 29/7/14

¹¹³ Interview with local government official, 28/7/14

¹¹⁴ Interview with Shaanxi officials, 15.7.14

¹¹⁵ Interview with former Shaanxi employee, Talensi district 16.7.14

¹¹⁶ Interview with former Shaanxi underground workers, 17.7.14, Bolgatanga.

even informed us that mine workers had been able to pilfer small amounts of gold, and that some employees had been sacked by Shaanxi for stealing gold, again indicating that gold was indeed being produced.¹¹⁷ We were also informed from two separate sources that in earlier years Shaanxi had bought waste material from other small-scale miners in the vicinity from which they were able to extract leftover gold using their small processing plant, given its greater efficiency over the methods being used by the *galamsey*.¹¹⁸ From information obtained from Shaanxi, it seems that the only tax revenue paid to the Ghanaian government has been a total of 70,000 Ghana cedis to the District Assembly for the years 2011-2014 for business operations fees and property rates for their administrative compound on the land leased from the chief.¹¹⁹ This amounts to approximately £4000 pounds per year or the equivalent of the value of a few ounces of gold. At the time of fieldwork, the company was not paying ground rent for the land they occupy, mainly because they have not registered the land for their administration and processing plant with Lands Commission, and which is in breach of Ghana's land laws.¹²⁰

At both research locations, it appears that significant amounts of gold mined is unaccounted for officially, with consequent loss of tax revenue to the state. However, there is also another side to such revenue discussions – which is expenditure – and the problems associated with foreign involvement in small-scale mining have entailed considerable costs for the government of Ghana. Local government officials in both research locations complained that revenue received was small in comparison with the expenditure involved in dealing with the myriad of problems associated with small-scale mining that they were called on to resolve.¹²¹ For Talensi District Assembly officials this included the various problems associated with Shaanxi's operations including issues of land compensation, the school relocation, intra-community conflict, and even complaints from sacked employees concerning the nature of their dismissal. While undertaking fieldwork, we directly experienced the preoccupation of Assembly officials, notably the District Chief Executive, with these issues. For central government, the most significant expenditure is that associated with environmental reclamation. As discussed above,

¹¹⁷ Focus group discussion, Talensi district 16.7.14 and interview with small-scale mining concession holders, Talensi district, 14.7.14

¹¹⁸ Interview with former Shaanxi employee, Talensi district 16.7.14; interview with former Shaanxi underground workers, 17.7.14., Bolgatanga

¹¹⁹ Interview with Shaanxi officials, 15.7.14; confirmed by interview with DCE, Talensi District Assembly, 11.7.14,

¹²⁰ Interviews with the Lands Commission, Bolgatanga, 8.7.14, & Talensi District Assembly officials, 11.7.14

¹²¹ Interviews with officials from Talensi District Assembly, 11.7.14, and Upper Denkyira Municipal Assembly 28.7.14

the cost of land reclamation and restoration of water bodies is huge and probably incalculable. If undertaken, this will entail substantial and long-term expenditure for the government of Ghana and exert significant pressure on already constrained public financial resources, while those private individuals who benefited from the illegal extraction of gold have evaded all responsibility.

6.7 Legal Impunity

Despite the various elements of illegality in foreign involvement in small-scale mining, these have frequently been ignored and the law not enforced. Examples include: the foreign purchase of small-scale concessions from Ghanaians; mining in rivers; allegations that gold produced is not being sold through the proper channels; and the simple illegality of non-Ghanaians being involved in the sector in any way. Clearly local Ghanaians have collaborated in unlawful practices at various levels of society, including small-scale concession holders as well as local *galamsey* operators. But the scale of illegality is greater with foreign involvement, especially where the scale of such involvement expands to the extent of tens of thousands of Chinese miners. Additionally, the consequences are much more significant, for instance environmental degradation. In alluvial mining in the South, the situation prior to the establishment of the Task Force in May 2013 has been described as a “culture of impunity”, where small-scale mining was being undertaken collaboratively by Chinese miners and Ghanaians in a manner that was “out of control”,¹²² with little or no respect for the law, and with little application of the law by the relevant authorities. In the words of one official, there was a need to “make the law bite”.¹²³ Shaanxi’s mining operations in Gbane are also characterised here as illegal, on the basis that they are not engaged in service provision for which they have a license, but have effectively sub-leased the concessions of two Ghanaian concession holders and constructed a large-scale mine on those concessions. It would appear that this has been achieved with the full knowledge and collusion of regional and district authorities, including the police.

¹²² Interview with government official, Accra, 9/4/14

¹²³ Interview with government official, 28/7/14

6.8 Institutional Failure and Corruption

Why were laws on small-scale mining being flouted with so little enforcement? Why was this culture of impunity allowed to develop with regard to foreign involvement? Why did it take so long for government to act in the alluvial South? Why is Shaanxi physically protected in its activities by a daily force of 20 police officers, rather than the legality of their operations being questioned by state officials? It would appear that various authorities have failed in their responsibilities, from immigration officials to Minerals Commission to regional and local government and the police. Yet Ghana is not a failed state or even a weak state, as was eventually seen with the Inter-Ministerial Task Force and the military-style operation. So why has such pervasive institutional failure occurred at different levels of government? The endemic nature of corruption would seem to be central to any answer. In both fieldwork locations we were constantly hearing allegations of various powerholders taking bribes and/or being bought off, as outlined above. This extended from local people, including chiefs, to relatively high ranking government officials.¹²⁴

This appeared to enable irregular Chinese migrants, in collaboration with local Ghanaians, to operate with little fear of various authorities or the law. Allegations of corruption also extended to the national Task Force itself, with reports of significant payments to its members in order to avoid arrest. We were told that those Chinese who were arrested and deported were those that ‘could not pay’.¹²⁵ The issue of corruption is taken up further in the conclusion.

7. Conclusions and Recommendations

The research posed two main questions. In this final section, we return initially to these questions and give overall answers. Our findings, however, took us beyond the boundaries of these questions and we continue here by addressing the wider issues that arose concerning the nature of the Ghanaian state and the mode of natural resource extraction. We finish with a series of policy recommendations.

¹²⁴ Interview with journalist, 23/7/14

¹²⁵ Interview with small-scale miner collaborating with Chinese, 29/7/14

The first question asked in what ways is Chinese involvement in artisanal and small-scale mining impacting on the local economy and on rural livelihoods? It is evident that over a 5-year period, at most from 2008 to 2013, small-scale mining in Ghana has changed significantly and irreversibly, and that such changes can be attributed to a large extent to the influx of the Chinese miners from Shanglin County. They introduced machinery, techniques and capital that have revolutionised the small-scale alluvial gold mining sector. Such machinery and techniques have subsequently been adopted by Ghanaian small-scale miners, notably concession holders, at first in partnership with Chinese miners, and now increasingly without Chinese involvement. Small-scale mining has been mechanised and is no longer artisanal, and there will be no going back to the old techniques, at least by the licensed operators. The machinery, notably the use of excavators and the ‘trommel’ wash plants, have hugely intensified the scale and efficiency of extraction, probably by a factor of 100, and large areas of land are now mined in weeks that previously took years. This scale of production has also hugely increased the rewards available to some small-scale miners, so that those Ghanaians that control operations are now able to earn very large sums of money, considerably more than the President’s official salary. Yet such rewards are only available to a small elite within the sector, and the livelihoods situation for the large majority of low-income Ghanaians, especially women and young people, may have worsened, now reliant on re-washing the gravels leftover from intensive mining. Mechanisation has also greatly intensified the associated environmental degradation, so that Ghana now faces a severe environmental crisis in alluvial gold mining areas, especially in the Ashanti, Western and Central regions. The introduction of mining in rivers has caused serious degradation to water bodies, notably the rivers Pra and Offin. This is directly attributed to the Chinese, including the design and construction of river mining barges with suction equipment, though river mining is now undertaken almost entirely by Ghanaians, quite openly despite its illegality.¹²⁶ In terms of economic impact, our analysis has demonstrated a range of effects in areas of small-scale mining: positive and negative, direct and indirect. Certainly the Chinese miners injected considerable amounts of capital into local economies, with one Chinese respondent estimating an

¹²⁶ Previously local miners would divert rivers for mining purposes, but to mine directly in rivers was said to be ‘unthinkable’ before the arrival of Chinese miners (interview, senior environment official, 9.1.15). One respondent stated that a Chinese colleague in Ghana invented the river mining barge and registered it as his intellectual property (interview with Chinese citizen resident in Ghana 12.1.15).

(unverified) amount of US \$2 billion invested into the Ghanaian economy.¹²⁷ It was even suggested that the significant depreciation of the Ghanaian cedi in 2014 was partly attributable to the activities of the Task Force in arresting and deporting foreign miners, especially Chinese citizens, with a consequent decline in the availability of US dollars due to the decrease both in Chinese investment in mining and in foreign exchange earnings from gold sales.¹²⁸ At the time of the gold mining boom, however, the significant injections of capital into local economies certainly benefited many local traders, though also caused shortages and high prices for basic goods and accommodation in the mining areas. The intensification of small-scale mining also created skilled employment for local machinery operators. The irreversible changes to the small-scale mining sector that have occurred, partly as a result of the influence of Chinese miners, certainly enhance the income-generating potential of small-scale mining in rural areas, as well as potential revenue benefits to the state. This is evident from the striking figures cited at the beginning of this report where the volume of gold produced by the small-scale sector has increased 7-fold from 225,411 ounces in 2005 to 1,576,478 ounces in 2013, equivalent to a remarkable 36% of total gold production (see Table 1). It is very evident that small-scale mining, so long neglected by governments in comparison with the large-scale sector (Hilson et al 2014), has great potential to contribute to national economic growth in Ghana and to provide incomes and livelihoods for many low-income rural dwellers, as well as tax revenue to pay for public services and infrastructural provision. Yet the sector can only fulfil such potential if it is adequately *regulated*, including environmental measures. The paradox uncovered in this research is that the various negative consequences mainly stemmed from the wholesale *disregard* for existing regulations, in order to enhance private benefits. This raises broader issues about the nature of the Ghanaian state, which are addressed further below.

Second, what are the risks of local conflict and how can conflict be prevented or resolved by relevant state authorities? The influx of foreign miners, especially the large numbers from China, certainly led to resentment and instances of local conflict. Some of these have been

¹²⁷ Interview with Chinese citizen resident in Ghana, 12.1.15, citing figures given in a meeting at the Chinese Embassy by a representative of the Ghana-China Mining Association. A Chinese newspaper source in 2013 provided a lower estimate of 3 billion yuan (approximately US \$450 million) investment specifically from Shanglin miners, citing a Shanglin investor, although this figure still remains a very substantial one. See <http://www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=274243>

¹²⁸ Interviews with Chinese citizen resident in Ghana, 12.1.15, and with representative of Ghana-China Business Chamber of Commerce, 13.8.14

documented above, and the conflicts and community divisions in Gbane in Talensi District remain a key element of the longer-term impact that Shaanxi mining company has had on the local community. Yet, crucially, the research has highlighted the degree of collaboration, rather than conflict, which occurred between Ghanaians and Chinese miners. Indeed the media focus on ‘illegal Chinese miners’ created an illusory impression of the separate and independent activities of Chinese miners, one that easily lends itself to the scapegoating of foreigners for domestic problems, when their activities were only possible due to extensive collusion of Ghanaians in various forms of illegal practices.

The issue of actual and potential conflict between indigenous and foreign miners, and between foreign miners and state security forces, was somewhat belatedly addressed by the Inter-Ministerial Task Force. On the one hand the Task Force was successful in so far as foreign miners, notably Chinese nationals, are now much less evident on the ground. Chinese miners have returned to China, or reportedly moved on to other countries in the region, such as Mali, Cameroon, Sierra Leone and Liberia (pre-Ebola), or, as we observed, are now engaged in mining-related services in Ghana such as equipment hire and repair.¹²⁹ On the other hand, the methods of the Task Force and the sustainability of its results can both be questioned. The Task Force was a militarised response to the problem of illegal mining and associated local conflicts. During the Task Force’s operations in July and August 2013, there were reports of burning and confiscation of equipment and property, including vehicles. It is arguable that such a violent and destructive response was neither necessary nor appropriate in dealing with what was essentially an economic activity. It was also a response that had the potential itself to lead to xenophobic scapegoating of Chinese individuals within Ghana, and we were informed that the violent nature of the Task Force’s actions caused considerable anxiety amongst the wider Chinese business community, concerned that the pervasive anti-Chinese hostility at that time could threaten their legitimate business activities and indeed their own personal safety.¹³⁰ In terms of sustainability, the Task Force was a short-term national-level response which by-passed the existing district and regional security institutions, i.e. the District and Regional Security Councils (DISEC and REGSEC respectively). It was stated that the Task Force entered into specific locations without

¹²⁹ Interview with Chinese citizen resident in Ghana, 12.1.15

¹³⁰ Interviews with Chinese citizen resident in Ghana, 12.1.15, and with representative of Ghana-Chinese Chamber of Commerce, 14.8.14

any consultation or involvement with the relevant local government authorities, undertook their operations and then withdrew.¹³¹ One local government official bemoaned this lack of local content in design and implementation of conflict prevention measures and felt that the local authorities had been “disrespected” and “disempowered”.¹³² It is suggested that joint action by national security in collaboration with the local DISEC and REGSEC, with operations involving the local police service, is a more appropriate and sustainable approach to dealing with the problems of illegal mining and associated conflicts and security issues.

While the repercussions of Shaanxi’s involvement in small-scale mining in the Upper East are unresolved and remain the subject of court actions, the local conflicts generated by the presence of foreign miners in the alluvial South are now largely past. Yet competition for a valuable resource like gold contains within it the potential for generating further conflict amongst Ghanaians themselves, especially where mining is undertaken in an illicit and unlawful manner. If illegal mining in Ghana is to be successfully addressed, as was the stated intention of the Inter-Ministerial Task Force, then the sector requires not only a strong regulatory framework, as discussed above, but also effective enforcement of that framework at a local level in a non-militaristic manner by local authorities.

As well as answers to the specific research questions, this investigation has also led to a wider range of questions and associated findings. Why was unlawful activity allowed to occur to such an extent that, at its height in 2012, it involved tens of thousand of foreign miners in a gold rush worth millions of dollars, much of which appears to have evaded the taxation net of the state, and simultaneously caused environmental degradation to land and water bodies of an incalculable cost? Why was the Ghanaian state so slow to respond to this situation and what does this tell us about the nature of the state?

Different explanations could be suggested for the slowness of response. Did both main political parties take their eyes off the ball in 2012 during the election campaign prior to the December 2012 elections? Or, relatedly, did politicians at this time not want to be seen as imposing regulations on economic activity, due to perceptions of such regulations as unpopular

¹³¹ Interview with local government official 28.7.14

¹³² Interview with local government official 28.7.14. This individual also stated that local authorities had been effectively told that they were “incapable, ineffective and useless” by national government authorities and security services.

and viewed as government heavy-handedness? Was the government worried about antagonising the Chinese government after the signing in December 2011 of the deal for the US \$3 billion loan, as noted above? Although such explanations may have contributed to the slowness of response until mid-2013, the analysis here is that the main explanatory factor was the collusion of politicians and government officials in illegal mining, especially by Chinese miners, through taking bribes to ‘turn a blind eye’, and thus sharing in the benefits of unlawful practices. Allegations of corruption amongst Ghanaian state officials and traditional authorities was a recurring theme in interviews, as detailed above. Of particular interest was the observation of a Chinese respondent with first-hand experience of incoming Chinese miners. He specifically stated that, post-Task Force, the Chinese miners were “no longer *protected* by the [Ghanaian] government”, and therefore had largely moved on to other countries in the region or returned to China.¹³³ This strongly indicates the nature of the relationship that, pre-Task Force, Chinese miners had with some government officials who are charged with upholding the law – i.e. foreign miners were protected and thus able to carry out unlawful and highly profitable activities as long as they provided financial payments to officials. His allegations were that “money talks” and that Chinese miners had made payments to both top government officials and those at ground level, with the latter also expected to channel money to higher-level officials. He alleged that “many people were involved”, including officials from key government agencies. Indeed his view was that Chinese miners were “bullied by Ghanaian officials” in their attempts to extract money. Further, his explanation for why the Task Force was eventually established was that while some government officials were benefiting, others were not, and the latter category were unhappy at not sharing in the considerable benefits being gained.¹³⁴

While allegations of corruption against government officials in Ghana or elsewhere is not exactly a revelation or a surprising finding, the degree of the collusion in illegality by those whose role it is precisely to prevent such activity is very disturbing. The consequences are that a culture of impunity emerged between 2010 and 2013 in a free-for-all looting of Ghana’s valuable natural resources, with attendant large-scale environment degradation. How do we explain such

¹³³ Interview with Chinese citizen resident in Ghana, 12.1.15

¹³⁴ Interview with Chinese citizen resident in Ghana, 12.1.15. His words were that those officials not benefiting “became crazy as there was so much money involved”.

troubling outcomes? An explanation has to go beyond individual opportunism to gain money by politicians, chiefs and government officials.

It is posited here that this situation emerged due to a combination of neo-patrimonial culture and neo-liberal resource governance. Similar to other countries in sub-Saharan Africa, politics in Ghana can be described as neo-patrimonial (Chabal and Daloz 1999; Lindberg 2003). Behind the façade of the Weberian legal-rational state, patrimonial structures based on levels of patron-client relationships continue to operate. Such structures are most commonly associated with political parties, especially those in power, where the political ‘big man’ disburses state resources to his political supporters in a hierarchy of clientelistic relationships from national to local levels. Party political appointees to senior public positions reinforces such tendencies and, it is argued, has led to a generalised culture of rent-seeking amongst public officials, where state authority can be exploited for private gain, for example through disbursement of state-funded contracts or, in this instance, through providing access to mineral resources. Taking advantage of public position for private purposes can take the form of non-interference where illegal and illicit activities are tolerated and not subjected to the existing legal framework in return for financial inducements. It is suggested that such rent-seeking structures led to a tolerance of foreign miners, despite their illegality, and a failure to take action until media pressure and evidence of severe environmental consequences became impossible to ignore.

It is further argued that neo-liberal resource governance has reinforced these tendencies associated with a neo-patrimonial political culture. With regard to small-scale gold mining, neo-liberalism resource governance has impacted in general and specific ways. Generally, it has meant, *inter alia*, the subordination of the state to private capital, a lack of (or weak) state regulation, and a failure to build up the regulatory capacity of relevant state agencies. More specifically, it has entailed the prioritisation of large-scale mining by transnational corporations and the neglect of the small-scale sector. In-coming Chinese miners in particular have been able to exploit this neglect through collaboration with Ghanaian counterparts who have experienced key state regulatory agencies, such as the Minerals Commission, as more obstructive than enabling (Hilson et al 2014). The privileging of the private sector over state regulation contributed to a culture that has encouraged and reinforced rent-seeking by public officials, especially through non-intervention, and enabled irregular Chinese migrants, through provision of bribes, to undertake small-scale mining illicitly and with impunity.

How can such deeper-seated issues be addressed? Clearly viable and effective state institutions are required, ones that are able to develop and enforce a regulatory system for natural resource management, including in the small-scale gold mining sector. How such institutions can be achieved is a much bigger question, one beyond this paper. Nonetheless, it is clear that creating institutions and laws that work will require changes to the values and practices inherent in the current neo-patrimonial system, especially in the ways that political parties vie for power and control of state resources in order to enrich themselves and their supporters. Simultaneously, there is a need to shift away from neo-liberal resource governance to a situation where the state adopts a more pro-active role to ensure that resource extraction is organised and regulated in ways that enable low-income Ghanaians to share in the benefits of natural resource exploitation. To this end, we finish with a series of policy recommendations.

Policy recommendations

The contribution of the small-scale gold mining sector to economic growth and to foreign exchange earnings has increased significantly in recent years, as shown in Table 1, now accounting for over one-third of all official gold production in the country. It is also notable that this increase in production has corresponded with the rise in foreign involvement, especially that of Chinese miners from 2008 onwards, and the unprecedented changes in production methods that this has brought. Yet this study has also highlighted how the sector has been characterised by a dramatic rise in problems over this same time-period, most notably issues of illegality, impunity and environmental degradation. The Inter-Ministerial Task Force was a short-term response to an urgent and serious situation and clearly longer-term solutions are required. In the light of the findings from this study, a number of policy recommendations are put forward to address the current challenges associated with small-scale mining, in particular the issue of foreign involvement. These include changes in legislation, taxation policy, law enforcement, clarity on service provision, mining licences, taskforce creation and operations, and tackling environmental issues and corruption. By such measures, it is also suggested that the sector's contribution to sustainable economic growth and development can be enhanced.

Legislative issues

There is currently a situation where many local ASM operators, both registered and unregistered, are working with foreign partners irrespective of the law stating that small-scale mining is reserved for Ghanaian citizens only. The local ASM operators have been working with the Chinese in particular, now mostly undercover. Some locals simply acquire lands directly from community landowners or chiefs, and sell these to the Chinese to undertake the mining. Others go through the legal concession acquisition process and then form a partnership with the Chinese, taking between 10-15 per cent of the gold produced while the Chinese who finance the entire mining operations take 85-90 per cent. This appears to be the *de facto* situation in spite of the legislation against such practices, and one that is unlikely to change any time soon: local operators benefit from the capital investment, machinery and expertise that foreign miners bring, and both locals and foreign partners are making large amounts of money from intensive gold mining. Government may therefore consider changes in legislation in the ASM sector to come to terms with what is happening on the ground. It may be necessary to amend the small-scale mining legislation to formally allow foreign miners to work with registered Ghanaian concession holders. This will then create the space to set clear guidelines on the nature of partnerships, financing regulations, service provision, subcontracting rules, and ensure effective reporting and tracking of the gold produced and the revenues that accrue, as outlined below.

Service provision

One of the most important legislative areas concerns service provision, i.e. the provision of mining support services to ASM operators. Foreign service provision was introduced in the 2006 Mining Act, before being prohibited in a 2010 amendment, though this did not apply retrospectively. This study has included the example of Shaanxi Mining Company in the Upper East region, one of only two foreign service provision companies that remain in the country. Shaanxi's activities have been controversial and, from our understanding of current legislation, are not legal. Despite Shaanxi's claims to be engaged in service provision to two ASM operators, as their licence allows, but they are simply mining on concessions they have effectively sub-let; and they are engaged in large-scale mining, not small-scale. Shaanxi has successfully circumvented the law, and by questionable means has managed to achieve state support, and indeed state protection for its activities. Similar to the irregular Chinese miners in the alluvial sector in the South, Shaanxi has created a *de facto* situation where they are undertaking mining

in Ghana despite the legislative position. Thus there is an urgent need both to clarify service provision regulations in the ASM sector and for such regulations to be enforced. Shaanxi's activities aside, there is a strong argument for foreign service provision to be permitted, given potential benefits to local ASM operators. But any such legal change would require clear guidelines. The study revealed an array of mining-related activities that are not clearly defined in the law. For example, there were foreigners and locals who were hiring out mining equipment such as excavators, trommels, *changfa* and others to ASM operators. Others specialized in servicing of equipment; others provided seed money to set up gold buying businesses in the ASM sector. Therefore the question of service provision needs to be urgently considered by the state: which activities constitute service provision and which ones do not; and who is permitted to engage in these activities, and under what conditions? Appropriate amendments to existing legislation and legislative instruments are required.

Taxation

The study revealed that local ASM operators that enter into partnerships with Chinese miners can earn between GHC 15,000 to GHC 25,000 per week; for the Chinese miners, often working in small groups, this comes to more than GHC150,000 per week. There was no evidence that any of this income is taxed by the state. With changes in legislation to formalise foreign involvement in ASM, concession holders could be required to report on gold production levels and made to pay taxes that are commensurate with the revenues generated from their activities. Then the profits made by foreign nationals could be taxed as well. These are real opportunities for the state to collect royalties, income and corporate tax because the current revenues from licensed ASM activity are hardly commensurate with their present designation as small-scale businesses.

License acquisition

Findings from the study indicate that license acquisition processes may take up to two to three years. Many ASM operators consider the processes laborious, time-consuming and expensive. Thus, there are instances where they submit the application and then simply proceed to the mining site and begin operations. With the introduction of machinery, the entire site may be mined out in a relatively short period and before the decision on the licence application is made by the state institutions. The miners may then move on to a new site and start a new operation,

creating a cycle of impunity. Thus, licensing acquisition problems need to be addressed to achieve a more efficient and less protracted process without losing effective scrutiny of applications. In turn this could contribute to regularisation of the current informal sector, with an increased proportion of licensed ASM operators, and better regulation of their activities.

Law enforcement

Currently there seems to be open disregard for regulations governing land acquisition, mining in water bodies, concession acquisition, mining operations and land reclamation. Findings from the study indicated that due processes are largely being ignored. For example, some cocoa farms were taken over for mining operations without due processes; platforms were directly mounted in water bodies to undertake dredging mining; the statutory 100-metres mining distance away from river bodies was not being observed; and most mined-out areas were just abandoned with dangerous uncovered pits. The law enforcement institutions and organisations lacked the capacity to do their work, and in some instances, there were allegations that they had been bribed to look the other way. Relevant government agencies with responsibilities associated with small-scale mining (for instance, the Minerals Commission, Lands Commission, Environmental Protection Agency) need to work more closely with district authorities and the local police service to ensure that existing laws are indeed enforced, and local communities given greater protection from adverse impacts.

Environmental problems

One of the major problems associated with intensified ASM is environmental destruction especially vegetative cover, water bodies, lands and uncovered mined-out pits. Findings revealed that in some cases, the local concession holders collect sums of money from the Chinese to reclaim the environment after the mining operation, but then they fail to do so, and land is left in a degraded state. In other cases, the environment is just simply abandoned. One recommendation is to make it mandatory for ASM operators and their partners to post bonds, as the large-scale mining companies do, so that, if they fail to reclaim the environment after the mining operation, such monies may be used to take care of the environmental damage. The existing environmental laws regarding ASM also need to be strengthened and applied effectively. Environmental damage, local hazards, dangers to school buildings, community water resources and roads need

to be carefully assessed before and after ASM mining operations, with remedial action taken. Such activities come into the remit of the Environmental Protection Agency and clearly there is a need for greater presence on the ground. It was evident that a single regional office based in Cape Coast was not able to deal with all the issues associated with intensified ASM in the Central Region. It is recommended that the current move towards the establishment of district-level EPA offices should be encouraged and implementation expedited.

Task Force problems

The creation of the Inter-Ministerial Task Force clearly showed that Ghana is far from being a weak state. However, it revealed different problems that weakened the effectiveness of the work of the Task Force. It was a heavily militarised, top-down body and it seems to have operated with little collaboration with institutions at the local level, especially local government. Findings from the study revealed that the Task Force did not give adequate notice to the local governments when embarking on operations. There were reports that some members of the Taskforce burnt mining equipment, and were also accused of stealing gold, money, vehicles and other belongings of those they arrested. There were several allegations of extortion of money from foreign miners and that those who were arrested were the ones who could not pay. Such monies were allegedly smuggled away through the mobile money systems in the localities. Their operations were also selective, concentrating on specific places and leaving out 'no-go' areas because, it was alleged, some members of the Task Force had been paid off. These problems cast cloudy shadows on the work of the Task Force, and they need to be addressed to make any such future endeavour more effective. In particular it is recommended that any future government task forces deemed necessary to deal with illegal mining are locally-based and organised by the existing District and Regional Security Councils (DISEC and REGSEC), with operations undertaken with the local police service.

Corruption

Respondents in the study made serious corruption allegations running from the top hierarchy of the state to the local level. For example, it was reported during some interviews that a common saying among Chinese miners is: 'Ghana, big man, big envelope: finish!' Interestingly, it is the local Ghanaian front men who lead foreign miners to the relevant authorities, both governmental

and traditional, and who facilitate foreign involvement in illegal activities through bribery and corruption. If these allegations are true, then they help to explain the blatant disregard for laws, rules, procedures, and the slow response by the state to the ASM mining crisis. This seems to have contributed to the environmental destruction and the free-for-all scramble for gold by Ghanaians and foreigners in recent years. Every necessary step needs to be taken to tackle the corruption problem.

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Minerals Commission (2014) document obtained from the Minerals Commission, Accra, thought to be the small-scale mining section extracted from the annual report

Appendix: List of interviewees (anonymised)

Interviews conducted in April 2014

Date	Interviewee	Organisation	Position	Location
5.4.14		Ministry of Energy and Petroleum	Chief Director	Ministries, Accra
7.4.14		Ministry of Lands and Natural Resources	Minister of Lands and Natural Resources	Ministries, Accra
7.4.14		Ministry of Lands and Natural Resources	Chief Director	Ministries, Accra
9.4.14		Environmental Protection Agency	Director, Planning, Programming, Monitoring and Evaluation	Ministries, Accra
9.4.14		Ministry of Lands and Natural Resources	seconded from Minerals Commission, deputy technical director for mining	Ministries, Accra
14.4.14		Small-scale mining company	Concession holder	Gbane, Talensi district, Upper East
15.4.14		IBIS, Tamale	Programme officer	Tamale
17.4.14		Minerals Commission	Officer responsible for small-scale mining	Accra
17.4.14		Ghana Chamber of Mines	Director Public Affairs and Environment	Accra
17.4.14		Parliament	Chairman, Select Committee, Mines And Energy	State house, Accra

Interviews conducted in July 2014
Upper East region

Date	Interviewee	Organisation	Position	Location
7.7.14		Centre for Development Alternatives (CENFAD);	Director	CENFAD office, Bolgatanga
		Northern Patriots for Research and Advocacy (NORPRA)	Executive Director	Bolgatanga
8.7.14		High Court	Registrar	Bolgatanga
8.7.14		Circuit Court	Registrar	Bolgatanga
8.7.14		Environmental Protection Agency (EPA)	Regional Director	Bolgatanga
8.7.14		Lands Commission	Regional Director	Bolgatanga
8.7.14		Talensi District Assembly	Assembly member for Gbane	Bolgatanga
9.7.14		EPA	Assistant programme officers	Bolgatanga
		EPA	Assistant programme officers	Bolgatanga
9.7.14		Minerals Commission	Regional Director	Bolgatanga
9.7.14		Ghana Police Service	Regional Police Commander	Bolgatanga
		Ghana Police Service	Commandant Police training Depot Pwalugu	Bolgatanga
10.7.14		District Education Directorate, Talensi district	Human Resource Manager (HRM)	Tongo
		District Education Directorate, Talensi district	Physical Education (PE) coordinator	Tongo
		District Education Directorate, Talensi district	Budget officer	Tongo
		District Education Directorate, Talensi district	Cultural officer	Tongo
10.7.14		District Health Directorate, Talensi district	District public health nurse	Tongo
11.7.14		Ghana Police	District	Tongo

		Service, Talensi district	commander	
11.7.14		Gbane primary school	Head teacher	Talensi district
11.7.14		Talensi District Assembly	District Chief Executive (DCE)	Tongo
		Talensi District Assembly	District Coordinating Director (DCD)	Tongo
		Talensi District Assembly	District Planning Officer(DPO)	Tongo
14.7.14		Accra mining group	small-scale mining concession holders	Gbane
14.7.14		Pubortabaa mining group	small-scale mining concession holder	Gbane
15.7.14		Shaanxi mining company	Public relations officer; human resources manager	Gbane
16.7.14		Former Shaanxi employee	security personnel	Namolgo, after focus group
16.7.14		Chief of Gbane		Chief's palace
		Chief of Gbane's son		Chief's palace
17.7.14		Afrikids	Officer Regional office	Bolgatanga
17.7.14		CHRAJ regional office	CHRAJ officers	Bolgatanga
17.7.14		Former Shaanxi employee	former underground miner	Bolgatanga
		Former Shaanxi employee	former underground miner	
		Former Shaanxi employee	former underground miner	
		Former Shaanxi employee	former underground miner	

Also 6 focus group discussions held, 3 in mining communities (Obuasi, Kejetia and Tarkwa) and 3 in non-mining communities (Gbane, Namolgu, & Gbare), and 50 household questionnaires administered in 3 mining communities and 2 non-mining communities.

Interviews conducted in July & August 2014
Upper Denkyira East Municipality, Central Region

Date	Interviewee	Organisation	Position	Location
23.7.14		Individual	Former galamsey	Dunkwa
23.7.14		Solar FM	Radio journalists	Dunkwa
23.7.14		Ghana Immigration Service	Deputy municipal director	Dunkwa
24.7.14		Ghana Police Service	Municipal Police Commander	Dunkwa
24.7.14		Traditional authority	Chief	Pokukrum
24.7.14		NADMO	Municipal Co-Coordinator	Dunkwa
24.7.14		Minerals commission	Municipal director	Dunkwa
24.7.14		Water company	Director	Dunkwa
25.7.14		Municipal health directorate	Municipal Director of Health	Dunkwa
25.7.14		Department of Environmental Health, Municipal Assembly	Water and sanitation officers	Dunkwa
25.7.14		Registry of Births and Deaths, Municipal Assembly	Registrar	Dunkwa
25.7.14		Municipal Education Office	Director	Dunkwa
26.7.14		Concession holder and member of local Small-Scale Miners Association	Concession owner and organiser for Small-Scale Miners Association, Dunkwa	Dunkwa
27.7.14		Upper Denkyira East Municipal Assembly	Assembly member for Pokukrum	Pokukrum
28.7.14		Small-scale concession holders		Visit to mining site outside Dunkwa and discussion
28.7.14		Upper Denkyira East Municipal Assembly	Administration official	Dunkwa
29.7.14		Nayak Mining Enterprise	Small-scale concession holder	Buabenso, Upper Denkyira East Municipality
29.7.14		Circuit court, Upper Denkyira East Municipality	Registrar	Dunkwa
29.7.14		Upper Denkyira East	Assembly member	Upper Denkyira

		Municipal Assembly	for Buabenso	East Municipal Assembly, Dunkwa
29.7.14		Upper Denkyira East Municipal Assembly	Assembly member for Kyekyewere	Upper Denkyira East Municipal Assembly, Dunkwa
30.7.14		Environment Protection Agency	Regional programme officer	Cape Coast

Also 4 focus group discussions held, two in Pokukrom and two in Buabenso, both mining communities.

***Interviews conducted in August 2014 & January 2015
Accra***

Date	Interviewee	Organisation	Position	Location
11.8.14		Ghana-China Friendship Association	Secretary	Accra
13.8.14		Association of Small-Scale Miners	National administrator	Diamond House, Accra
13.8.14		Precious Minerals Marketing Company	Official	Diamond House, Accra
13.8.14		Ghana-China Business Chamber of Commerce	Vice-Chairman	Tema
14.8.14		Ghana-Chinese Chamber of Commerce	Secretary-General	Accra
14.8.14		Freelance, ex-Daily Graphic	Journalist	Accra
14.8.14		Akonta mines, Ghana	Acting MD	Accra
15.8.14		Ghana Immigration Service	Assistant director of immigration	Headquarters, GIS, Accra
9.1.15		Environmental Protection Agency	Deputy Executive Director	Ministries, Accra
12.1.15		Chinese financial and legal consultancy firm	Principal consultant	Accra
14.1.15		Centre for Public Interest Law	Legal Associate	Accra
14.1.15		Ndezeb Consult, legal consultants	Lawyer and owner	Accra

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