Ghana/World Bank: THE MULTI-SECTORAL MINING INTEGRATED PROJECT (MMIP): Artisanal and Small-Scale Mining (ASM) Formalization Project

Ghana’s ASM Policy and Regulatory Regime with Focus on Gold

National Conference on ASM in Ghana
Third World Network - Africa
14-15 May 2019, Accra
Ghana
SECTION I: POLICY, IMPACTS, CONTEXT AND CURRENT PRACTICES
1) ASMs would be assisted to improve upon their operations.

2) ASM is reserved for Ghanaian citizens.

3) Government will continue to ensure the use of appropriate, safe and affordable technologies in small-scale mining.

4) Government will ensure that mining is integrated with other sectors of the economy.

5) Mining inputs and services shall be of local origin to the maximum extent possible.

6) The rights and interests of landowners and local communities regarding benefits accruing from the use of land shall be guaranteed during the entire mining process.

7) Sustainable livelihood programmes to improve the economic condition of communities shall form an integral part of the planning for any mining activity.

8) ASM, has a view to improving geo-scientific information, processing and reducing environmental degradation.

9) Support for approved research may be made available through the Mineral Development Fund and others.
Specifically on SALT:

- It is Government's policy to secure the continued development of an efficient and thriving salt industry that will extract all possible by and co-products from the production process and generate supplies for domestic as well as raw material needs of appropriate local and regional industries.

- It is also expected that the salt industry will facilitate and accelerate the development of our oil fields as well as the downstream local petro-chemical industry. The salt industry will also support the proposed integrated bauxite-alumina industry (Ghana Integrated Aluminium Development Corporation), and the agriculture, food and beverage, water and textiles sub-sectors.
GALAMSEY AND ASSOCIATED NEGATIVE IMPACTS

IRRESPONSIBLE MINING

ILLEGAL MINING
Unregulated ASM: Current forms

- Illegal ASM (Galamsey)
- Unauthorized use of licenses
- Encroachment of LSM concessions
- Involvement of foreign sponsors
- Unauthorized mechanization
- Unlicensed mining

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### Current Approach Towards Illegal Mining in Ghana

<table>
<thead>
<tr>
<th>Initial Temporary ban on ASM</th>
<th>Militarized enforcement initiative (<em>Operation Vanguard</em>)</th>
<th>Changed approach</th>
</tr>
</thead>
</table>
| • Mixed results, affected over 1,400 registered legal miners.  
• The miners had lobbied to lift the ban. | • Estimated cost of $20 million  
• Low court-appearance rate and even lower conviction rate  
• Risk that soldiers are co-opted by illegal miners.  
• Human rights, legal and reputational risks | • Government has lifted the ban and vetted approx. 900 legitimate miners. |
SECTION II: THE ECONOMIC AND LEGAL CONTEXT OF ASM IN GHANA
The Economic and Legal Context of ASM in Ghana

ASM: the backbone of gold and diamond production

- Approx. up to 37% of Gold, and 100% of diamonds produced in Ghana

Tremendous potential for job-creation and poverty reduction

- A significant source of direct (est. 1 million people) and indirect (est. 3 million people) employment

Illegal mining, or “Galamsey” remains a challenge

- Incursions into LSM concessions leading to conflicts
- Environmental degradation, deforestation, and water pollution
- Economic leakage through smuggling and tax evasion
- Lawlessness and social conflicts
- Security issues
THE REGULATORY FRAMEWORK OF SMALL SCALE MINING

Minerals, property of the Republic (Act 703, Section 1)

- 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.

Mining activities require mineral rights (Act 703, Section 9)

- A mineral right [by the Minister]

Licence needed for small scale mining: Act 703, Section 82 (1)

- A person shall not engage in or undertake a small scale mining operation for a mineral unless there is a licence granted by the Minister for Mines

Qualification of applicant for small scale mining licence (Act 703, Section 83)

- A licence for small-scale mining operation shall not be granted to a person unless that person: (a) is a citizen of Ghana; (b) has attained the age of eighteen (18) years

New Sanctions for Infractions (Act 703, Section 99); as amended (Act 900, Section 2)

- **GHANAIAN**: (buying or selling minerals without licence or without valid authority - prison term of 5 years or Fine of 3,000 penalty units or to both. - *(PENALTY UNIT: GHȻ12.00)* – (engages a foreigner) to summary conviction of a 10 years or Fine of (2,000 – 20,000) penalty units or to both;

- **FOREIGNERS**: (30,000 – 300,000) penalty units (up to 20 years) or to both.
SECTION III: KEY CHALLENGES/SOLUTIONS
Key Challenges/Solutions

- How to develop a strategy which permitted co-existence and promoted the development of orderly, viable and sustainable small-scale mining sectors...in close collaboration with host communities themselves and the local governments within the context of environmental integrity and sanity.

- Can best be addressed by adopting a multi-stakeholder approach, in deep consultation with the artisanal and small-scale miners themselves, NGOs and development agencies etc., but with government taking a lead role in addressing the issues.

- What the MMIP does differently is to, in addition to the establishment of the Inter-Ministerial Steering Committee against galamsey (an ad hoc measure), use a project management approach involving clear activities/outputs with associated budgets, clear timelines, milestones, outcomes and impacts using the requisite institutions and the miners themselves to sanitize the galamsey space.

- Has received Cabinet approval for implementation; and has the support of the licensed small-scale miners associations and development partners and Embassies/High Commissions in Ghana; and it is ready for launch and take off.
Unregulated ASM: Downside Risks

- Illegal mining and general lawlessness
- Losing investment attractiveness
- Economic loss due to environmental damage
- Cross-border conflicts
- Localized conflict
- Political capture
- Risk of de facto export ban from non-compliant countries
SECTION IV: CASE STUDIES AND LESSONS LEARNT
Case example: Tanzania/Ghana

How did Tanzania address illegal mining in ASM?

Tanzania

Starting in 2008, Illegal mining was threatening the sustainability of the mining sector in Tanzania

Confrontation between illegal rock collectors and security forces: North Mara Mine, Tanzania May 2011

Ghana

OPERATION VANGUARD SINCE JULY 31, 2017

1,179
Total Operations Conducted

1,374
Total Number of Arrests

389
Total Excavators Immobilized

244
Total Excavators Seized

141
Total Number of Convictions

506
Total Water Pumps Seized

89
Total Vehicles Seized

136
Total Arms Seized

2,408
Total Ammunition Seized

5,816
Total Changfang Immobilized

1,078
Total Water Pumps Immobilized

Data Source: Operation Vanguard, June 2018
World Coalition Against Galamsey
+233522769322 | facebook.com/opvangalac | stopgalamsey.com

#STOP

#GALAMSEY

#GALAMSEY

#GALAMSEY
**Tanzania’s example**

**Tanzania Lesson 1: Provide new ground for small-scale mining**

- **Rwamgasa Demarcated:** 15.30 Sq km
  - Estimated ASM: 4000
  - Total Number of PMLs: 19

- **Kapalamsenga Demarcated:** 620.66 Sq km
  - Estimated ASM: 170

- **Itumbi Demarcated:** 15.21 Sq km
  - Estimated ASM: 4000
  - Total Number of PMLs: 103

- **Londoni Demarcated:** 766.46 Sq km
  - Estimated ASM: 300
  - Total Number of PMLs: 1560

- **Mbesa:**
  - Demarcated: 156.04 Sq km
  - Estimated ASM: 6
  - Total Number of PMLs: 1500

- **Estimated ASM:** 90
  - Total Number of PMLs: 9

- **Estimated ASM:** 4000
  - Total Number of PMLs: 150

- **Estimated ASM:** 4000
  - Total Number of PMLs: 19

- **Estimated ASM:** 3000
  - Total Number of PMLs: 26
Good practice example: Tanzania

Tanzania Lesson 2: Simplify licensing procedures
Ghana Future Example:

Lesson 3: Involve Chiefs and amend mining laws to include roles of local level structures

- The **CURRENT LAWS ON SMALL-SCALE MINING DOES NOT ACTIVELY INVOLVE THE TRADITIONAL AUTHORITIES** in the control and management of the mining operations in their jurisdictions.

- **THERE SHOULD THEREFORE BE A REVIEW OF THE MINING LAWS, TO INCLUDE TRADITIONAL RULERS** and community members in small-scale mining areas in the management of small-scale mining operations.

- The **AMENDMENT OF THE MINING LAW SHOULD ALSO INCLUDE THE ROLES THAT LOCAL LEVEL STRUCTURES SHOULD PLAY, ENSURE CAPACITY BUILDING, determine benefits for them and include the PAYMENT OF SPECIAL LEVIES** by the small-scale miners to these local participants for their operations.
SECTION V: NEW APPROACH SOLICITED
Rationale for Support to ASM Formalization

Large Scale Mining
• Contributes to macro-economic objectives

Leveraging the economic complementarities between LSM and ASM is required to improve total mining sector contribution to shared prosperity

ASM
• Shared prosperity through wider community benefits, rural incomes, and sector employment
Integration:
Local empowerment intervention programs (multi-stakeholder involvement)

Legislation:

Enforcement:
Police, Military, Judicial Service and Customary Laws ( Chiefs and Elders)

Civil:
Non-militant and non-combatant approaches

Integration:
Local empowerment intervention programs (multi-stakeholder involvement)

Technological Approach:
Drones, Satellite Imagery etc.

LECITA MODEL (A PROJECT MANAGEMENT APPROACH)
THEORY OF CHANGE

• IF **sustained awareness creation** is undertaken; and

• ... IF **alternative livelihood opportunities** are created, coupled with the **identification of suitable areas for prospecting**; and

• ... IF operators are organized into **cooperatives (mining-based organizations)** and assisted with extension of technical services; and

• ... IF the **rule of law** is allowed to operate;

• ... THEN **jobs will be created** and **sustainable livelihood of mining communities** assured;

• ... AND THEN **illegal & irresponsible mining** would be curbed under some concession arrangements and the **environment protected** (degradation minimized and water pollution stopped); and **sanity brought** into the mining sector, **resulting ultimately in poverty alleviation and wealth creation**.
A Proposed New Approach for Ghana

Social
- LSM vs. ASM, health issues, disease spread, chemical exposure, conflict, transboundary issues, migration, lack of social services, child labor
- Donor assistance, better government capacity to implement policy
- Low organization, no formal legal status, lack of written contracts, low education, gender sensitivity

Environmental
- Mercury and cyanide pollution, erosion and deforestation, alluvial river damage, river-situation and rock drainage dumping, riverine tailings
- Collective EAs promote awareness of test practices, tech innovation

Governance & Formalization
- Enforced legal frameworks for ASM, better representation in policy for ASM zones, compliance, model mines
- Fair-trade schemes, value-added processing centres, invest mining revenues into ASM communities, skill diversification

Economic & Markets
- ‘Gold rush’ inflation, exploitation by intermediaries, lack of finance/capital, labor intensive technology, illicit activities & smuggling, high barriers to legal market entry
- Better communication, knowledge sharing, multi-stakeholder collaboration

Networks, Knowledge & Policy
- Improved data collection and research, better provision of demand directed services for ASM
- Low organization, no policy, unspoken legitimacy

Challenges
Solutions
Cross-cutting solutions
Proposed multi-sectoral approach to combatting illegal mining in Ghana

- Accelerate Geological Investigation
- Bring services closer to ASM
- Simplify ASM permitting
- Empower ASM Communities
- Promote investment in ASM Value Addition
- Redefine Small-Scale Mining; Restrict the Use of Large-Scale Equipment in ASM
SECTION VI: FINANCES, PROPOSED WORLD BANK SUPPORT AND PROPOSED SOLUTIONS
<table>
<thead>
<tr>
<th>Project Cost (US$)</th>
<th>Funding Partners (US$)</th>
<th>GoG Contribution (US$)</th>
<th>PPP (US$)</th>
<th>Others (US$) (Corporate Bodies, Fund Raising Etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>50%</td>
<td>20%</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>200,000,000</td>
<td>100,000,000</td>
<td>40,000,000</td>
<td>40,000,000</td>
<td>20,000,000</td>
</tr>
</tbody>
</table>

**Project Component**

<table>
<thead>
<tr>
<th>Project Component</th>
<th>USD</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review and Enforce the Legal and Regulatory Regime</td>
<td>10,000,000</td>
<td>5</td>
</tr>
<tr>
<td>Dredge Rivers, Reclaim Degraded Lands and Free Lands for Agribusiness</td>
<td>100,000,000</td>
<td>50</td>
</tr>
<tr>
<td>Implement Social Interventions to facilitate livelihood creation in mining communities</td>
<td>50,000,000</td>
<td>25</td>
</tr>
<tr>
<td>Adapt Technology to ensure efficient mining, processing, environmental and monitoring activities</td>
<td>20,000,000</td>
<td>10</td>
</tr>
<tr>
<td>Human Resource Development and Project Management</td>
<td>10,000,000</td>
<td>5</td>
</tr>
<tr>
<td>Communication</td>
<td>10,000,000</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>200,000,000</td>
<td>100</td>
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</table>
WB Proposed Project Overview

• **Project Development Objective (PDO):** Create enabling conditions for the orderly, safe, sustainable, and environmentally sound development of artisanal and small-scale mining in Ghana.

• **Constraints to be addressed:** Legal and regulatory weaknesses or gaps; institutional capacity; technical constraints (licensing, geology, mining and processing); environmental issues; economic and social sustainability; providing alternatives to illegal mining.

• **Proposed funding:** about U$100 million, consisting of US$80 million IDA loan and about US$20 million of GEF and FIP grants as well as other donor contributions. **THIS IS CURRENTLY BEING NEGOTIATED.**

• **Duration:** Proposed five-year (5) implementation period.

• **Beneficiaries:** Ministry of Lands and Natural Resources (MLNR), Ministry of Environment Science and Technology (MEST), Minerals Commission (MC), Forestry Commission (FC), Environmental Protection Agency (EPA), ASM Communities, ASM service providers
### B2. IMPROVING ASM REGULATION ENFORCEMENT CAPACITY

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduce and test drone technology for monitoring ASM</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Set up a system for monitoring and tracking the use of heavy equipment in ASM.</td>
<td>$300,000</td>
</tr>
<tr>
<td>Establish an ASM assay center with PMMC</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>Support the Judicial Service to establish environmental courts in ASM hot spots</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>Strengthen local capacity to manage and monitor ASM at district level</td>
<td>$1,500,000</td>
</tr>
</tbody>
</table>

### C1. PROVIDING ASM ENTREPRENEURSHIP SUPPORT

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish ASM Business Support Centers (incubator program)</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Set Up ASM demonstration centers</td>
<td>$4,500,000</td>
</tr>
<tr>
<td>Promote local-foreign partnerships in ASM value addition</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Establish ASM linkages with local manufactures and service providers</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

### C2. ENHANCING SOCIAL INCLUSION AND GENDER EQUALITY

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth skills development in ASM communities</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Women economic empowerment</td>
<td>$3,000,000</td>
</tr>
</tbody>
</table>

### C3. IMPROVING ENVIRONMENTAL SUSTAINABILITY

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reclaim and restore on a pilot basis degraded land for agricultural or industrial uses</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>Dredge three silted estuaries and Water ways to alleviate earlier pollution</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Implement Alternative livelihood support programmes in collaboration with communities</td>
<td>$5,000,000</td>
</tr>
</tbody>
</table>
ENVISAGED TECHNOLOGICAL/INSTITUTIONAL SOLUTIONS - SNAPSHOT

1. SATELLITE IMAGERY FOR BASELINES
2. TRACKING OF EARTHMOVING EQUIPMENT
3. COMMUNITY WARDENS
4. DRONES
5. RULE OF LAW (ENFORCEMENT)

A. RIVER PRO.
B. BEFORE
C. NOW
SECTION VII: INSTITUTIONAL/IMPLEMENTATION ARRANGEMENTS
PROJECT INSTITUTIONAL & IMPLEMENTATION ARRANGEMENTS

COMPOSITION RECEIVES CABINET APPROVAL

- National Steering Committee
- National Project Coordinating Unit
  - National Project Management Unit (Implementation Agencies)
  - District Steering Committees
  - District Project Management Units
SECTION VIII: KEY RISKS, PROJECT RISKS, CLOSURE AND SUSTAINABILITY
## SOME KEY RISKS

<table>
<thead>
<tr>
<th>Risk</th>
<th>Risk Rating (H-High; S-Substantial; M-Modest; L-Low)</th>
<th>Mitigation Measures</th>
</tr>
</thead>
</table>
| **Project Risks - Social and Environmental**  
Provision of Alternative Livelihood Programmes for acceptance by the miners may prove to be a challenge. So also will be *substantial reclamation of disturbed lands* for release for agribusiness. | H | Internationally agreed development goals (SDGs) - esp., Goal 12 ("ensure sustainable consumption and production patterns" with its second target, “by 2030 achieve sustainable management and efficient use of natural resources” … *to serve as a catalyst in achieving reclamation and reforestation.* |
| **Project Risk - Funding Partners**  
The *ready availability of funds* especially GoG counterpart funding may not be forthcoming as expected due to continuous budgetary constraints. Financing assurance by Government and funding partners has to be watched carefully. | S | All Ambassadors of Regional Blocs in Ghana were sensitized in meetings spearheaded by the Ministry of Foreign Affairs on the Galamsey menace. Full support was pledged by almost all of them. Development Partners full support is envisaged. [MMIP made the pilot of the Global ASM Platform in Paris OECD 2019 Forum.](#) |
| **Stakeholder risk - women, youths and vulnerable groups.** | H | Through *human right-based approaches*, community participation, training of law-enforcing agencies and creating some sense of ownership among stakeholders. |
PROJECT CLOSURE & SUSTAINABILITY

• RESULTS AND ALL FOLLOW-UP ACTIVITIES OF THE PROJECT WILL DOVETAIL INTO THE SECTOR MEDIUM-TERM PROGRAMMES OF THE IMPLEMENTATION AGENCIES FOR CONTINUITY.


• More recently, the Minerals Commission, through a WB project, facilitated the ESTABLISHMENT OF DISTRICT MINING COMMUNITIES (DMCs) in addition to training and equipping them. THE OUTCOMES OF THIS INTERVENTION WILL SERVE AS SOLID BASIS FOR THE IMPLEMENTATION OF THE ACTIVITIES OF THE MMIP TO ENSURE SUSTAINABILITY.
THANK YOU