

**OBUASI MODEL FOR SMALL SCALE MINING:**

*Introduction*

Ghana, like most mineral rich African countries has been grappling with the conundrum of how to manage a large army of informal miners operating alongside large scale multinational mining companies. The largely unregulated informal mining sector has seen an exponential growth in the last two decades, mainly on account of a surging mineral price on the world market, as well as a ballooning unemployment crises, particularly in mining communities.

In Ghana it is estimated that the population of informal miners is between 500,000 and 1,000,000 (Hilson, 2013). Though the miners make significant contributions to local economies (for example, constructing roads to otherwise remote communities and providing social amenities like water) and contribute substantially to total gold production (32 percent of total gold production came from informal miners in 2016), concerns have also been raised about the negative impacts of their operations. The hardest hit has been Ghana's water bodies. Water bodies in mining communities have been polluted with dangerous chemicals like cyanide and mercury, rendering them unusable. Major river bodies like Prah, Birim, Ankobrah and Densu that also serve as water treatment points have all been polluted mainly through the activities of informal miners. A research undertaken by civil society group Wacam in 2007 indicated that over 80 percent of all water bodies in Obuasi and Tarkwa have been polluted by mining (not only informal mining), (Wacam, 2007). State owned water provider, Ghana Water Company raised the pitch of the discussion when it observed that the cost of treating water has shot through the roof due to pollution by informal miners. The company further went ahead and warned that there is "an imminent threat of Ghana's water resources running dry in a few years" (<http://citifmonline.com/2017/03/22>) Beside the pollution of water bodies informal mining has also been blamed for a high prevalence of child labour and high school dropout rate in mining communities (ILO, 2010).

In the face of the devastating effects of informal mining on the environment, there has been a general outcry to do something about the problem. Groups like *Media Coalition Against Galamsey*<sup>1i</sup> have sprung up to lead the charge against informal mining that has been blamed for destroying the country's environmental resources.

The management of informal mining in Ghana has been a challenge. This is partly a product of weak regulation of the sector as well as lack of a recognition of its contribution to overall national development. Ghanaian governments for a long time have used a combination of two key factors to address the informal mining challenge. The first is law. Apart from the Small Scale Mining Law which was passed in 1989 that legalized small scale mining, there have been other legislation that have been passed over the years to streamline the operations of this sector. In 2006 the Small Scale Mining Law was subsumed under the Minerals and Mining Act, 2006 (Act 703). Again, in an apparent desire to end the informal mining menace Parliament passed the Minerals and Mining (Amendment) Act 2014. The law as amended now provides for much more stringent punishment for illegal miners, including those who engage foreigners to work on their sites.

Apart from the use of the legal regime to stem the tide of informal mining in the country, various governments have also relied on the use of the military as an option to address informal mining. In actual fact, the current *Operation Vanguard* which is a deployment of a combined military/police team to stop "galamsey" is not new in terms of its objectives. During President J. A. Kufuor's tenure between 2002 and 2005, in response to persistent complaints from the Ghana Chamber of Mines, an *Operation Flush Out* was undertaken. Soldiers invaded galamsey spots across the country and widespread human rights violations were reported. Similarly, in 2013 an *Inter-ministerial Presidential Taskforce* was also constituted by the then President John Mahama as a solution to the galamsey "menace". The taskforce arrested a number of illegal miners, including a substantial number of Chinese and other foreigners, seized mining equipment and assaulted some innocent people in the process. That in 2017 the nation is still discussing galamsey is testament to the unsustainability of these interventions that had been adopted in the past. Already Operation Vanguard recorded its first casualty in Obuasi when a 26 year old suspected informal miner, Kwame Agyeman was shot dead by the military in the early days of the anti-galamsey operation.

Obuasi presents a very innovative way of addressing the challenges of informal mining. After 120 years of mining, operators of the Obuasi Mine, AngloGold Ashanti decided to place the mine under “Care and Maintenance”. This decision of the company to temporarily shut down the mine led to the retrenchment of almost the entire workforce of over 6,000. With the ranks of the unemployed swelling up as a result of this retrenchment exercise, it was only a matter of time before informal mining became lucrative once again.

In February 2016 a group of informal miners occupied portions of the Obuasi mine. All efforts to evict them failed. Later in August, 2015, Ghana’s Minerals Commission set up a Movement Committee that succeeded in relocating illegal miners from the company’s concession within two months. The Committee used a combination of innovative techniques that got the informal miners off the concession, and that also enabled the company to resume operations. This success story is significant in light of the adoption of similar strategies that failed in the current fight against informal mining across the country. The Obuasi Model presents a very good example of how to deal with what has become an albatross hanging on the necks of governments for the past three decades. This paper explores the Obuasi Model and offers lessons on how to deal sustainably with informal mining, and also goes ahead to identify some strategies on addressing the broader question of youth unemployment.

### ***Context***

Obuasi’s economy for centuries has been supported by agriculture (in the rainy season) and mining (in the dry season). A very well-developed mining industry emerged in the Adansi and Bekwai areas. Gold from mining served both cultural and industrial needs. For instance, in Akan traditional society it is customary for every family to have some gold products (gold dust, gold loom, gold jewelry, etc.). A very sophisticated goldsmith industry that carved diverse forms of gold artifacts for the chiefs for royal purposes had developed in Adansi, centuries before the arrival of European explorers. History has it that goldsmiths from the Adansi area carved beautiful and intricate gold ornaments for the Asantehene and other chiefs in the area.

The main method of mining then was artisanal, and it was passed on from generation to generation. No chemicals were used, and only rudimentary tools were adopted in the actual

extraction of the gold. This therefore did not create any harmful effect on the environment. This history is important to erase the erroneous impression that Europeans introduced Ghanaians to mining.

Following the passage of the Mercury Ordinance in 1933 by the British Colonial Government, followed by a nationalization of gold in 1936. By introducing these two key pieces of legislation the British Colonial Government made ownership of mines by indigenes extremely difficult, though there was no formal ban. Consequently, most indigenes who could not meet the new requirements for the ownership of mines had to sell off their mining concessions to British business interests. So in Obuasi, the two indigenous Fante timber merchants who owned the concession, Chief Joseph Ettruson Ellis, and Chief Joseph Biney, a few years after acquiring the concession from the Adansi and Bekwai Traditional authorities had to sell it off. A British merchant, Sir Edwin Arthur Cade bought the concession and created Ashanti Goldfields Corporation (AGC). The creation of Ashanti Goldfields Corporation, now AngloGold Ashanti also led to the gradual death of artisanal mining as practiced in times of old. This marginalization of indigenous ownership of mines continued through to the 1980s, till a new Small Scale Mining Law was passed in 1989 to give a formal legal recognition to the sector.

### *Mining Reforms*

A key reform that was implemented in the 1980s was the promulgation of a new Minerals and Mining Law, PNDCL 153 in 1986. This was the first amalgamated legislation on the mining sector in Ghana's over a hundred year old mining industry. PNDCL 153 opened up the mining industry to private sector participation. Some of the key reforms include the divestiture of the State Gold Mining Corporation, and the sale of the state's stakes in some state owned mining corporations to foreign multinational mining companies. Furthermore, this period also saw a scramble by existing mining companies to expand their operations through the introduction of massive open cast mining operations.

Obuasi's Ashanti Goldfields Corporation (AGC), became a poster boy of the reform era, receiving a Government of Ghana facilitated loan facility of 85 million dollars from the International Finance Corporation to undertake the Ashanti Mine Expansion Project (AMEP), a project that has been

blamed for the widespread environmental and social problems in Obuasi. This was the first time in Ghana's mining history that a private mining company had been given a loan by a multilateral financial agency. The Government of Ghana held up AGC as a major success story of the economic reforms that it had rigorously pursued under the guidance of the International Monetary Fund (IMF) and World Bank. The company in this regard received a lot of political support from the Government because it was thought at the time that it had enormous ore reserves that could be leveraged to revive it more quickly than other mines.

## **Challenges of Informal Mining**

### ***Marginalization of the sector***

A colonial legacy that marginalised all forms of mining by indigenes still drives much of the discourse around informal mining today. The unfortunate posture adopted by policy makers is that any form of mining by indigenes is "galamsey" and therefore illegal. This perception has driven much of the policy response to the illegal mining challenge that the country faces. The very confusion over nomenclature speaks volumes about this unfortunate legacy. At different times the literature on small scale mining oscillates between "illegal mining", "galamsey", "small scale mining", "artisanal mining", "informal mining", etc. This marginalization finds expression in the lack of state support to the sector. At the moment big multinational companies like AngloGold Ashanti, Newmont, Goldfields Ghana, Barrick Gold and Golden Star Resources still hold on to large concessions, much of which ironically they do not use for core mining businesses. This has pushed informal mining further away from the opportunities that legally registered small scale mining presents. For instance, because AngloGold Ashanti holds on to a 475km<sup>2</sup> concession it is practically impossible for anybody to be granted a concession in Obuasi and four other districts. The ultimate effect of this marginalization of the sector has been that the state has been disabled from raking in the much needed benefits from the sector to promote national development.

### ***Weak state support for the sector***

The passage of a Small Scale Mining law in 1989 showed a certain willingness on the part of government to first of all recognize the small scale mining sector, and also fully integrate the sector into national development. To deepen its level of commitment, the Minerals Commission also

created a Small Scale Mining Department ostensibly to focus on promoting a sanitized small scale mining sector capable of supporting local economic development. Another reason for the establishment of the Small Scale Mining Department is to promote the sector. Unfortunately even though the legal and institutional structures exist to support the sector, the Minerals Commission's focus has unfairly been tilted towards promoting large scale mining investments. For instance, in spite of the numerous complaints from actors in the sector about the bottlenecks involved in acquiring a small scale mining license, very little has been done to make it easier to acquire a license. This when compared to the rapidity with which government acts on concerns of the Ghana Chamber of Mines is clear evidence of the state's neglect of the small scale mining sector. The number of Mineral Commission offices in the districts is also too small to have any meaningful impact. Strangely however, all attention to small scale mining by the Commission tends to be loudest when the focus is more on the negative externalities of the sector, rather than a more positive and proactive support for the sector.

#### ***Weak Integration of the Sector into Local Economies***

Small scale mining, unlike large scale multinational mining has deep links with the local economy. The sector contributes to local employment, revenue generation by the district assemblies, and has a general multiplier effect on most rural economies. When properly integrated small scale mining, because the operators are indigenes, tend to stimulate an active local economy. Operators procure most of their items locally. They hire local hands to fix broken equipment. Unfortunately the sector is not properly organized to ensure that this potential is fully harnessed. Much of the income generated by small scale miners is spent in the district, boosting the local economy, and stimulating economic growth and development.

#### ***Rudimentary use of technology***

The small scale mining sector is still characterized by the widespread use of rudimentary equipment and technology. Probably as a result of the historical background of the sector as artisanal mining, there does not appear to be any rush to introduce technology that could improve the productivity of the sector. The outcome is inefficiency in the extraction of the gold. For instance, it is said that small scale gold miners are able to recover only about 45 percent of the

gold that they extract. The use of more advanced technology will improve the recovery rate to at least 80 percent, increase earnings and subsequently improving the local economy.

### ***Financial support***

Unlike other businesses, small scale mining operators struggle to gain access to financial support from the country's banking sector than their counterparts in the large scale multinational mining companies. Considered a high risk economic activity, banks are reluctant to lend money to genuine licensed small scale mining operators. Another reason cited for this unwillingness of banks to lend money to small scale miners is the volatile nature of the industry, which is as a result of the volatility of metal prices. So much of the financing comes from informal sources like family and friends. This therefore impedes the ability of players in the sector to expand their operations and compete with global players in the industry.

### ***Weak regulation of the sector***

It has become apparent that the country rushed to liberalise the mining sector without first, thinking of how to regulate the sector. A result of this weak regulation is the environmental and social legacy of mining in places like Obuasi, Prestea, Tarkwa and Konongo which used to be vibrant mining communities some time ago. Like the large scale mining sector, informal mining industry is poorly regulated, and this is demonstrated by the country's rush to liberalise the mining sector without having the necessary regulatory mechanisms in place. Globally the environmental stewardship movement started quite late, in the late 1970s. Ghana's Environmental Protection Agency (EPA) was created much later in 1994, more than hundred years after the introduction of mechanical mining, and almost a decade after large scale open cast mining was permitted by law. Even the Environmental Impact Assessment (EIA) that most polluting companies are required by law to undertake is a recent development. A fundamental task regulators like EPA and Minerals Commission have failed to undertake is monitoring to ensure that the terms of the license are being adhered to.

### **Obuasi Mine and ASM**

### *An Economy Tied to a Mine*

For a very long time, Obuasi's economy has been anchored on the fortunes of the single largest business entity in the town, AngloGold Ashanti. Obuasi has survived principally as a result of mining, though predominantly it is more of a commercial economy (according to the 2010 Population and Housing Census). Until 2014, AngloGold Ashanti was the biggest employer, employing close to 8,000 workers. Additionally there were about 2,000 contractors providing diverse range of services to the mining giant, bringing the cumulative total of workers and contractors to 10,000. If the number of dependants (average of four per worker/contractor) is added then more than 40,000 people were dependent on the mine for livelihood, which is about 20 percent of the population. These workers and their dependants stayed in Obuasi and contributed to the development of the local economy. It is significant for the fortunes of a single company to affect 20 percent of the total population of Obuasi. Not only does AngloGold Ashanti tower over Obuasi's economy. Its 485 km<sup>2</sup> concession covers four other districts: Amansie Central, Adansi North, Adansi South and Bekwai Municipality.

At the district level, the contribution of AngloGold Ashanti to the local economy is also significant. The Obuasi Municipal Assembly gets three main streams of benefit from the mining company. These include: share of mineral royalty, property tax and voluntary payments. Property tax paid by the mining giant has remained one of the most reliable streams of revenue. Each year AngloGold Ashanti pays a little over 400,000 cedis (a little less than USD 100,000) as property tax to the Obuasi Municipal Assembly. This figure represents, on average 70 percent of all property tax collected by the Assembly and 14 percent of total revenue generated from 2007 to 2013 (Natural Resource Governance Institute, 2014)

Another benefit stream that the Obuasi Municipal Assembly gets from mining is a share of mineral royalty. Mineral endowed district assemblies are entitled to 4.95 percent of mineral royalty paid by mining companies. This constitutes the largest source of mineral revenue to the Obuasi Municipal Assembly, though it remains a very unreliable source of revenue because payment is not regular.



Finally the Obuasi Municipal Assembly is also a beneficiary of some voluntary payments from AngloGold Ashanti. These voluntary payments are made from two main sources: corporate social responsibility payments, and projects funded by Obuasi Community Trust Fund. The company claim that between 2007 and 2014 they spent 23 million dollars on Obuasi and its surrounding communities by way of CSR funded projects.

### ***A “Father Christmas” Mine?***

Over a period of time the Obuasi mine of AngloGold Ashanti assumed a paternalistic role, being the object of all kinds of requests for support. Under the auspices of its corporate social responsibility programme the company donated cars, cash and other equipment to private and quasi government institutions like the Ghana Police Service, Ghana Prisons Service, Ghana Education Service, and Obuasi Municipal Assembly. When the Obuasi Community Trust Fund was established in 2012 donations were also made to Senior High Schools within the five administrative districts where the company’s concession cover ([www.ghanaweb.com](http://www.ghanaweb.com)). A number of water, sanitation and health projects have been undertaken by the Trust Fund and handed over to the communities. The Adansi Traditional Council recently received a donation of a refurbished vehicle from the company. It has become apparent for a number of years that almost every institution in Obuasi has been a beneficiary of the largesse of AngloGold Ashanti.

As a result of this dependency there is a symbiotic relationship between the mine and the Municipal Assembly. Not only is the Obuasi Municipality dependent on AngloGold Ashanti for support, the four other districts (Amansie Central, Adansi North, Adansi South and Bekwai Municipal) where the company’s concession cover also rely substantially on the company through percentage shares of the royalty paid by the company. This fiscal dependence on mining has characterized the Obuasi Municipality’s local economy.

### ***Human Rights Issues***

Footprints of what appeared to be a supplanting of the state’s statutory functions with that of the mining company exist. This usurpation of the role of the state by the mining conglomerate has had its own ramifications. There is a certain culture of impunity demonstrated by the company in its dealings with mine-affected communities. Evidence of this is the rampant use of the state security

apparatus to perpetuate horrendous human rights violations. The Commission on Human Rights and Administrative Justice (CHRAJ) in its *State of Human Rights in Mining Communities Report*, accused AngloGold Ashanti of widespread human rights violations, including operating a private detention facility where community persons who allegedly trespassed on company property were detained. The Commission further accused the company of being responsible for the death and maiming of some members of the outlying communities. A classic case in point was the shooting of Awudu Mohammed, a suspected illegal miner by a combined team of state Police and mine security in June 2005.

### ***A Mine in Decline***

On account of falling commodity prices and old and dilapidating underground infrastructure, AngloGold Ashanti decided to place the mine under “Care and Maintenance” in 2014. Under this programme over 8,000 employees of the company were laid off and their entitlements paid to them to usher the mine into a phase they referred to as “restricted operations”. Three explanations were advanced for this state of the company: first, underground infrastructure had to be revamped since they had not been changed for over a hundred years. Moreover, the company pointed at the declining price of gold on the international market that had affected their profit margins. The price of gold had dropped from USD 1,664 in 2012, the price of the precious metal had dropped to USD 1,199 as at close of 2014. And finally, workers were accused of not putting in their best performance to increase productivity. Figures from 2010 show a gradual decline in production over the period. From a high of 400,000 ounces in 2004 for instance, production levels have fallen to as low as 220,000 ounces, a drop of 55 percent, and this was in spite of injection of massive capital into the mine.

### ***In the Belly of a Mine***

Though starting out as a hamlet, the town of Obuasi has grown significantly over the past 80 years, following the development of the mine. It has remained an ethnically diverse town, attracting economic migrants from all over Ghana and beyond. As the fortunes of the mine improves so does the population of the city, due to the attraction of labour from all over the country and some West African neighbours as well. Over time the town has developed around the mine, keeping it in its

belly. But this has also resulted in constant friction between mine affected communities and the company.

Communities, most of whom existed long before the mine developed like Anyinam, Anwiam and Sanso, insist on maintaining their surface rights. The company on the other hand complains that the communities have been encroaching on their legally acquired concession. These communities grapple with a number of mining-induced development challenges like destruction of the natural environment (rivers, lakes, lagoons, farmlands, forest reserves, etc.) and unemployment. In 2014, in a bid to reduce the frequent conflicts with the community the company relocated their operations from the centre of the Obuasi town to the southern part of the town.

### *Informal Mining in Obuasi*

As a traditional economic activity, artisanal mining has been a key part of the local economy of Obuasi. Within the communities it remains an important activity. In the 1980s before the then Ashanti Goldfields Corporation expanded its operations to include surface mining, there were hardly any conflict between the artisanal miners in the communities and the large scale miner. In actual fact, artisanal mining was more accepted within the communities, probably because it was less polluting and did not take over people's farmlands as large scale mining did.

Conflict between small scale and large scale miners became commonplace after the mid-1980s. This was a time AGC had secured a loan from the IFC and had actually expanded its operations under the Ashanti Mine Expansion Project (AMEP).

First of all, AngloGold Ashanti's concession size covered five administrative districts, including Obuasi Municipality. That meant that anybody who did mining in Obuasi did so illegally. The size of the concession also meant that all avenues for indigenous business people with the requisite capital who were genuinely interested in mining were closed.

Furthermore, mining communities in Ghana have always had two main local economies: agriculture, during the wet season; and artisanal mining, during the dry season. Mining was therefore an integral part of the traditional economy. For one single company to acquire all the lands as a concession is a reality they were not prepared to live with. Young, unskilled and

unemployed youth from the communities took advantage of the abundance of mineral resources in their backyard to do their own mining. As they say in the communities, “we cannot sit by the river and wash our hands with spittle”. Predictably these community members who did mining for livelihood purposes had frequent run-ins with the security agencies.

Another major source of conflict is the concurrent development of the Obuasi township itself and the Obuasi mine. Obuasi basically lies in the belly of AngloGold Ashanti, and this makes community conflicts inevitable. In 2014/15 the company started building a fence around its Obuasi main concession. The controversially constructed wall swallowed up a number of farms belonging to communities. It took agitations from the community members before the company paid them their due compensation.

To reduce the number of altercations between them, the leadership of the informal miners entered into an informal arrangement with AGA which saw them mine areas within the company’s concession which were not considered critical. By this arrangement, the company requested the executives of the informal miners to restrain their members from making incursions into the underground facilities of the company. As at 2009 this arrangement was still working: informal miners were working areas allocated to them by the company while they on the other hand protected the company’s underground facilities from invasion by their errant colleagues. They constituted themselves into vigilante groups and were arresting their own colleagues who breached their arrangement. This arrangement however broke down in 2011 when, triggered by an unprecedented rise in the price of gold, the Obuasi town was inundated by informal miners some of whom found their way into the company’s underground facilities. Management of AngloGold Ashanti denied the existence of such an informal arrangement with the informal miners and called on government to send in soldiers to stem the tide of informal miners who had overwhelmed the Obuasi mine.

In 2013 John Mahama-led NDC government acquiesced to pressure from AngloGold Ashanti and other mining companies and formed the *Inter-Ministerial Taskforce Against Galamsey* to fight illegal mining in the country. A team composed of military, Police and other security agencies went to all corners of the country arresting suspected illegal miners, including many Chinese miners.

This time also raised some political storm when the then Municipal Chief Executive of Obuasi, Hon. John Alexander Ackon was accused by the informal miners of betraying them by allowing the Taskforce to arrest their members. The MCE narrowly escaped an assassination attempt on his life. Rather than stop their activities, the establishment of the Taskforce instead emboldened the informal miners in Obuasi who then invaded AGA's underground facility in droves. This invasion continued through 2015 and the early part of 2016. At the time it appeared both government and the company had run out of options on how to resolve the impasse.

## **From Confrontation to Cooperation Around Movement Committee**

### ***Movement Committee***

Faced with a crisis that could mar the country's reputation as a preferred destination for mining investment, various interventions were adopted to move the informal miners from AGA's concession. These measures included formal interventions like various mediation meetings with the Mining Committee of the Obuasi Municipal Assembly, Obuasi Municipal Security Council, Ashanti Regional Security Council and religious bodies. These interventions however failed to attain their desired objective: moving the illegal miners from AGA's concession. Eventually, the Minerals Commission inaugurated a Movement Committee to use dialogue to resolve the impasse. The establishment of the Committee was precipitated by a series of events:

### ***Death of John Owusu***

The immediate trigger of the crisis that created the standoff was the unfortunate death of Mr. John Owusu, the former Corporate Affairs Manager of AngloGold Ashanti in an accident. In February Mr. Owusu had mobilised a group of senior managers of the company and some journalists to inspect areas of the mine that had been compromised by the invasion of informal miners. As the team approached one of these areas, Cote d'Or, some of the informal miners started pelting them with stones and other objects. Fearing for their lives, the group quickly turned back and jumped into their vehicles. Mr. Owusu was hit by one of the vehicles which was reversing at top speed. He was rushed to the Edwin Arthur Cade Memorial Hospital but died a few hours later. The death of Mr. Owusu sparked national outrage, and reignited national discourse on

informal mining in Ghana, amplifying calls on government to resolve the issue as quickly as possible.

#### *Rise of Civil Society, Pressure Groups and the Politics*

An active civil society was also on hand to energise the discussions. First, a group called Adansiman Youth Group issued a statement condemning what they called “takeover” of AngloGold Ashanti’s concession by the informal miners. Led by Enoch Anhwere Afoakwa, a former Secretary of the Obuasi Constituency of the ruling New Patriotic Party (NPP), this group was immediately dismissed as being politically motivated. Then another group, “Obuasi Must Not Die” also sprung up a few days later. This group was made up of journalists and some civil society activists, some of who have been part of the natural resources and environment movement in Ghana. The main objective as captured in their first press statement in April 2016, was to ensure harmony between AngloGold Ashanti and the informal miners. This, in their opinion could be achieved when the military was used to eject the illegal miners from AngloGold Ashanti’s concession to a newly prepared concession for them. The “Obuasi Must Not Die” group suffered a credibility challenge right from the time of formation. There was a perception that it was also politically motivated, formed to create disaffection for the ruling NDC in the Obuasi Municipality. Furthermore, it is also important to recognize the role of local radio stations in this impasse. For almost the entire period of the standoff discussions on the radio stations were always animated.

Unsurprisingly the standoff took a political twist when the country’s two biggest political parties took a diametrically opposed positions on it. The then ruling government, National Democratic Congress (NDC) favoured a more structured and “civilized” way of ejecting the illegal miners. According to the party, dialogue was the best way to address the problem. The New Patriotic Party (NPP) on the other hand was more inclined towards the use of the military to eject the illegal miners from AGA’s concession. The party accused the NDC of “pampering” the illegal miners and crippling the only mass employer in the town. There were numerous exchanges on radio stations in the Municipality regarding the standoff.

### *Proximity to 2016 Elections*

Another event that gave impetus to the quick resolution of the illegal miners – AGA standoff was the closeness of the events to the crucial make or break general elections of December 2016. The government was eager to resolve the problem so that it could be a basis for its claim of supporting the growth of businesses, while on the other hand the then opposition showcased the problem in Obuasi as a microcosm of the problems that businesses faced in the country. As a government desirous of winning a second term in office, there were frantic efforts to resolve the Obuasi standoff once and for all. The eventual establishment of the Movement Committee was therefore unsurprising.

### *Investor Confidence*

The crisis at Obuasi assumed an international dimension when the international mining community saw it as more of a failure on the part of government to protect mining investment, rather than a local misunderstanding. The Ghana Chamber of Mines was most vocal in warning government that the continued stay of the informal miners on AGA's concession will "scare away investments" ([www.graphic.com.gh/illegal-mining-scares-away-investors](http://www.graphic.com.gh/illegal-mining-scares-away-investors)). Already countries like Mali and Burkina Faso were held up as better destinations for mining investment, overtaking Ghana. AngloGold Ashanti's decision to send Ghana to the International Centre for the Settlement of Investment Disputes (ICSID) on 2<sup>nd</sup> May 2016 appeared to be the last straw. The company's argument was that the government had failed to provide security for its investment, contrary to the terms of its Investment Agreement which obligated the government to provide it security. The Ghana Government on the other hand considered the action of the company to be in bad faith, since it had already initiated negotiations with the illegal miners to evict them from the company's underground facility.

### *Invasion or Invitation?*

The Obuasi small scale miners openly argued that they were on AGA's concession "at the invitation of the company", and did not see the reason why they should leave. They explain that they have an informal agreement with the company to mine portions of the concession that the company is

no longer working. According to them the company engaged them as a strategy to stem the flow of illegal miners into their underground mine. In return for this “favour” the association was supposed to police the concession and arrest any of their members who encroached on the no-go zones. This claim has however been vehemently denied by the company, insisting that the informal miners had “invaded” their concession. What is however curious is the company’s apparent “silence” when the informal miners invaded its concession in droves.

From afar it appeared the solution to this crisis was very simple: get the military to forcibly evict the illegal miners. Groups like “Obuasi Must Not Die” emerged, holding press conferences to compel government to send in the military to evict the miners. Government however countered that it wanted to adopt a more sustainable solution to this lingering problem. A big issue it had to address was the fate of the teeming youth from the communities who would be unemployed following any possible military evictions. Another factor that worked against the government was the closeness of these events to the general elections. Faced with a crucial election in December which the opposition New Patriotic Party (NPP) had been tipped by many polls to win, the government tended to be sensitive to the repercussions of evicting more than 4,000 illegal miners from AngloGold’s concession. This was a very difficult chess game for government. As pressure mounted, government was faced a number of questions, among whom were:

1. Where will the illegal miners be relocated to?
2. How can the government undertake relocation of the illegal miners without compromising Ghana’s reputation as an attractive destination for mining investments?
3. Are there any alternative livelihood opportunities available to the illegal miners who decide to stop mining?
4. How can the illegal miners be integrated into Obuasi’s local economy so that their potential could be maximized?

The first question was partly answered when AGA in 2014 released about 60 percent of its concession to the government, in accordance with relevant provisions of the Minerals and Mining Act. Several issues motivated the release of this concession. The company admitted that it was increasingly becoming difficult policing this huge concession (the biggest single concession of any mining company in Ghana), coupled with the attendant constant invasion of the concession by



illegal miners. Concession rent had also been increased by the Office of Administrator of Stool Lands (OASL). So from a paltry rent of less than 200 cedis, AGA was now paying more than a thousand percent. Considering that much of the concession was not under any active mining operation, it made a lot of sense for the company to release it to government.

### *Composition of Committee*

The Movement Committee was composed of representatives of the following:

1. Minerals Commission (3 representatives)
2. Ghana Police Service (1 representative)
3. Obuasi Municipal Assembly (2 representatives)
4. Ghana Chamber of Mines (1 representative)
5. Ghana National Association of Small Scale Miners (1 representative)
6. Obuasi Small Scale Miners Association (2 representatives)
7. Adansi Traditional Council (1 representative)
8. AngloGold Ashanti (2 representatives)

Representatives of AngloGold Ashanti however recused themselves from the Committee because of the legal action the company had initiated against the Government of Ghana. The Minerals Commission served as facilitators of the entire process, providing logistics to ensure smooth operation of the Committee. As key providers of security, the Ghana Police Service was represented by a senior officer, who represented the security organisations. The host district, Obuasi Municipality had two representatives whose main duty was to provide feedback to the Assembly to help it make inputs into the process. One of the representatives of the Assembly doubled as the PRO of the Obuasi Small Scale Miners Association, while the other was a key civil society activist. In a sense therefore the representation was much broader. As the umbrella body of mining companies in the country, the Ghana Chamber of Mines had one representative who was expected to represent the interest of the industry. With AGA recusing itself from the Committee the involvement of the Chamber of Mines was all the more critical.

### *Terms of Reference of Movement Committee*

The terms of reference of the Movement Committee among others were:

- Develop and implement a roadmap in collaboration with the Minerals Commission to ensure peaceful exit of the small-scale miners to the surrendered area of the AGA concession;
- Assist in the formation of small-scale mining cooperatives, where necessary, to enable them apply for small-scale mining concessions in the surrendered areas;
- Assist the Minerals Commission in allocating concessions to interested small-scale mining groups/cooperatives. The criteria for concession allocation should give utmost priority to miners currently working on the AGA concession who have been duly registered by the Minerals Commission for relocation;
- Propose for adoption and implementation any other suggestions that will lead to the effective movement of the small-scale miners to the surrendered portions of the AGA concessions.

In executing its mandate the Committee was asked to give preference to Obuasi-based illegal miners in the allocation of concession. The Minerals Commission was very particular about the work of the Movement Committee because it wanted the success of the Obuasi “experiment” to be used as a basis for the resolution of conflicts in other mining communities in the country. Another reason was that the Commission wanted to make a strong case at the International Centre for Arbitration of Investment Disputes (ICSID) in Washington DC that it had already taken steps to resolve the impasse that pushed AGA to sue the Ghana government in the first place.

By end of December 2016 almost all the illegal miners had vacated AngloGold Ashanti’s concession. They had all formed groups and been given part of AGA’s ceded concession. Though considered a success story, it will be interesting to critically assess the factors that led to the eventual resolution of this crisis.

### **Success factors**

So what factors led to the eventual resolution of a crisis that had lingered for about three decades?

### *Availability of Alternative Concession*

It is important to note that the decision of AngloGold Ashanti to give up 60 percent of its concession to government was a major breakthrough in the resolution of the impasse. All along the major argument the illegal miners gave for invading the company's concession was that they did not have any concession of their own because AGA owned five administrative districts (Obuasi Municipal, Bekwai Municipal, Amansie Central, Adansi North and Adansi South Districts). With the company shedding off the 60 percent of its concession, government now had the basis for negotiating their eventual removal.

### *Broad based, representative group.*

The ability to build consensus across all interest groups was key to the success of the task at hand. Considering that the various interest groups were complex and had competing interests, representatives to the Committee were carefully selected to reflect these interests. The key interest groups involved in the conflict were: AngloGold Ashanti, Small Scale Miners' Association, Ghana National Small Scale Miners Association, Minerals Commission, Ghana Chamber of Mines, Obuasi Municipal Assembly, Adansi Traditional Council, and general public. At its first sitting, AGA's representatives asked leave to recuse themselves since they were already in litigation with the Ghana Government at the ICSID. This however did not impair the work of the Committee in any way. Towards the latter part of the Committee's work it became apparent that the exclusion of some key institutions and groups could hamper the sustainability of the work. These institutions were: Environmental Protection Agency (EPA), Bekwai Traditional Council, Adansi North District Assembly and representatives of civil society groups.

### *Open and frank discussions*

The Committee from the onset adopted a very open and frank approach to its work. In line with this discussions were very transparent, frank and open. All stakeholders who appeared before the Committee were given the opportunity to express themselves freely, mostly in the local dialect (Twi). They were made to understand that they could articulate their fears, challenges and motivations without any intimidation whatsoever. It was amazing seeing the illegal miners making

suggestions on how the conflict with AngloGold Ashanti could be resolved. They had a lot of workable ideas that they shared with the Committee.

#### *Cooperation with AngloGold Ashanti*

For the Committee's work to be successful the support of AngloGold Ashanti was critical. Though at the first sitting the company recused itself because it had already initiated an action against the Government of Ghana, and felt that actively participating in the proceedings of the Committee would compromise the outcome of their case, they were very supportive, nevertheless. They provided very important documentation that helped the Committee to demarcate the concession for the illegal miners. They also supported the Committee with vehicles and other logistics needed to undertake its assignment.

#### *Feedback to Public*

The people of Obuasi and by extension, Ghana were keenly observing the progress of the Committee's work. The stakes were high. Residents of Obuasi held on to the belief that a successful resolution of the impasse would revive the town's comatose economy and bring life back. Very much aware of this high expectation, the Committee periodically provided feedback to the public through weekly radio interviews. On a few occasions a press statement was issued to explain the progress of work. This kept the public informed of the time schedules the Committee was working with.

#### *Challenges*

In spite of what has been described as the hugely successful process, the Movement Committee also faced very tough challenges. These challenges had the potential of scuttling the gains the Committee had made in executing its assignment.

#### *Personal Interest Vs Public Interest*

It became obvious right from the inauguration of the Committee that some of the members had their own personal interests, and were not prepared to subsume it for the wider public interest. There were key credibility questions hanging on some members. The first major challenge the

Committee encountered for instance, was an allegation from some illegal miners that the Chairman of the Committee had taken unspecified amounts of money from them in order to prolong their stay on AGA's concession. They therefore threatened to withdraw cooperation with the Committee. Local radio stations got wind of this allegation and started questioning the work of the Committee. The Committee had to take a quick decision to speak to the media to dispel this rumour before it could go ahead and continue its work. Representatives of the illegal miners on the Committee also managed to speak to the miners to return to the negotiating table.

#### *Politically driven process.*

The Movement Committee was set up by the Minerals Commission. However there was heavy political interest in its work. Being very close to elections, the governing party, NDC was naturally apprehensive of the outcome of the Committee's work. This heavy interest by the party proved to be an albatross. There were instances where the Obuasi Municipal Chief Executive, Hon. Richard Ofori Agyeman Boadi made some comments that threatened to scuttle the initial successes of the Committee when the illegal miners piled pressure on him to get the Committee to "slow down" for them to "recoup their investment in the mines". The miners claimed they had invested heavily in their operations and so getting them off by the proposed deadline of 30<sup>th</sup> September would be a blow to them. They needed time to recoup their investment. Similarly when the Committee released the time table for relocation of the illegal miners, those groups who were scheduled to be moved first accused the Committee of bias, claiming that they were being moved first because they were more sympathetic to the then opposition NPP while the pro-NDC group was given more time to mine and recoup their investment. This delayed the timetable for the movement for a few weeks because some of the illegal miners were no longer prepared to play ball. In the heat of the electioneering campaigns the NPP Candidate for Obuasi West, and current Deputy Minister of Finance, Kwaku Agyeman Kwarteng introduced new billboards with the inscription: "Save AGA! Obuasi! Vote NPP". This move angered the NDC, who then attributed criticisms against the process to hatred for the party.

#### *Cultural sensitivities.*

The role of traditional customs and practices was heavily underestimated by the Minerals Commission when the Movement Committee was being composed. In making the composition for the Committee, the Commission selected a representative of the Adansihene, to represent traditional authority. The Commission operated on the assumption that the Adansihene is the overlord of the Adansi State. This assumption is flawed on the basis that the Adansihene, though is the Paramount chief of Adansi (Omanhene), exercises no control over lands belonging to each of the seven divisional heads of the Adansi state. They manage their own affairs. Obuasi lands belong to three of the seven divisional heads: Dompouse, Akrokerri and New Edubiase. It was little surprise that these three divisional heads strongly objected to their exclusion from the Committee. The result of this apparent slip in custom is that the Committee was summoned to the New Edubiase Palace where the Council reprimanded the Committee and its leadership for sidelining the Council in its work. The youth of Abedwum, one of the communities demarcated for the relocation of illegal miners resisted the entry of heavy machinery sent there to prepare the land for the relocation. They threatened to burn the excavators if the Committee did not seek the approval of the chief. The Committee erroneously assumed that engaging the Adansihene was all it needed to secure the buy in of the traditional authority.

#### *Exclusion of Key Institutions*

The exclusion of key institutions from the Committee turned out to be a fatal error that came back to haunt it. In a rush to solve the crisis, these institutions were left out of the Committee. For some unexplained reason the Minerals Commission, when constituting the membership of the Committee left out institutions like the Environmental Protection Agency (EPA), Adansi North District Assembly, Amansie Central District Assembly and Bekwai Traditional Council. As a key regulatory body in the mining sector, involvement of the EPA was absolutely non-negotiable to ensure that the relocated miners adhered to basic environmental management strategies. Unfortunately the Minerals Commission somehow left them out. When the Committee came to the point where it had to demarcate the concession for the illegal miners then the need for the EPA's input became strong. Furthermore, all the demarcated concessions for the relocation exercise fell within these two districts: Amansie Central and Adansi North Districts. Curiously, none of these two assemblies was represented. Neither was the Bekwai Traditional Council

represented, or even consulted. This also led to some complaints and threats of non-cooperation from them.

### *Poor community relations*

Finally, it was impossible to successfully relocate thousands of illegal miners from one community to the other without first engaging the receiving communities comprehensively. A key shortcoming of the Movement Committee was the inadequate, and uncoordinated community engagement processes that it undertook. Much of the Committee's engagement was reactive. For instance, the Abedwum community which was to receive hundreds of illegal miners from Obuasi was not engaged, leading to the youth of the town going on rampage, destroying a number of equipment and threatening to beat up the leadership of the community for not engaging them before sending equipment to clear the land. The quick intervention of the Police saved what could have been an ugly scene. After this incident then the Committee organized and met the community, explaining the benefits of the relocation exercise for them!

### *Lessons and Conclusion*

The Committee officially ended its work on 30<sup>th</sup> September, after 9 weeks of work. A very important recommendation the Committee made was for *"a body to be set up to continue with the implementation phase of the Movement Committee's work"*. This body which was supposed to be composed of Minerals Commission, district assembly, EPA and the informal miners was necessary to do monitoring and evaluation, as well as ensure total completion of the timed movements of the informal miners.

On 19<sup>th</sup> October 2016, without recourse to the Movement Committee, the Chief Executive of the Minerals Commission, Dr. Toni Aubynn held a press conference and issued an ultimatum to the informal miners to vacate AGA's concession or be ejected by the military. This directive came as a surprise because the CEO did not make any reference to the time table which the Movement Committee had agreed on with the various stakeholders, including the Obuasi Municipal Security Committee and Regional Security Council.

More than a year after work ended, this body has still not been established. As at January 2017 all illegal miners occupying areas considered part of AngloGold Ashanti's concession had successfully moved, some to the new concessions prepared for them. Others also left Obuasi to other mining communities where they thought the grass would be greener.

The Movement Committee's work had been very momentous. There is one big lesson it teaches: no nation can ever end the scourge of illegal mining without first engaging the miners themselves in a civilized conversation about alternatives. The use of the military can give some temporary relief. But the most sustainable way of ending galamsey is through constant community engagement.

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<sup>i</sup> *Galamsey* comes from the expression "gather and sell" which describes the practice of community people picking gold bearing rocks that fall from moving vehicles and selling them. In recent times it is used to refer to illegal mining