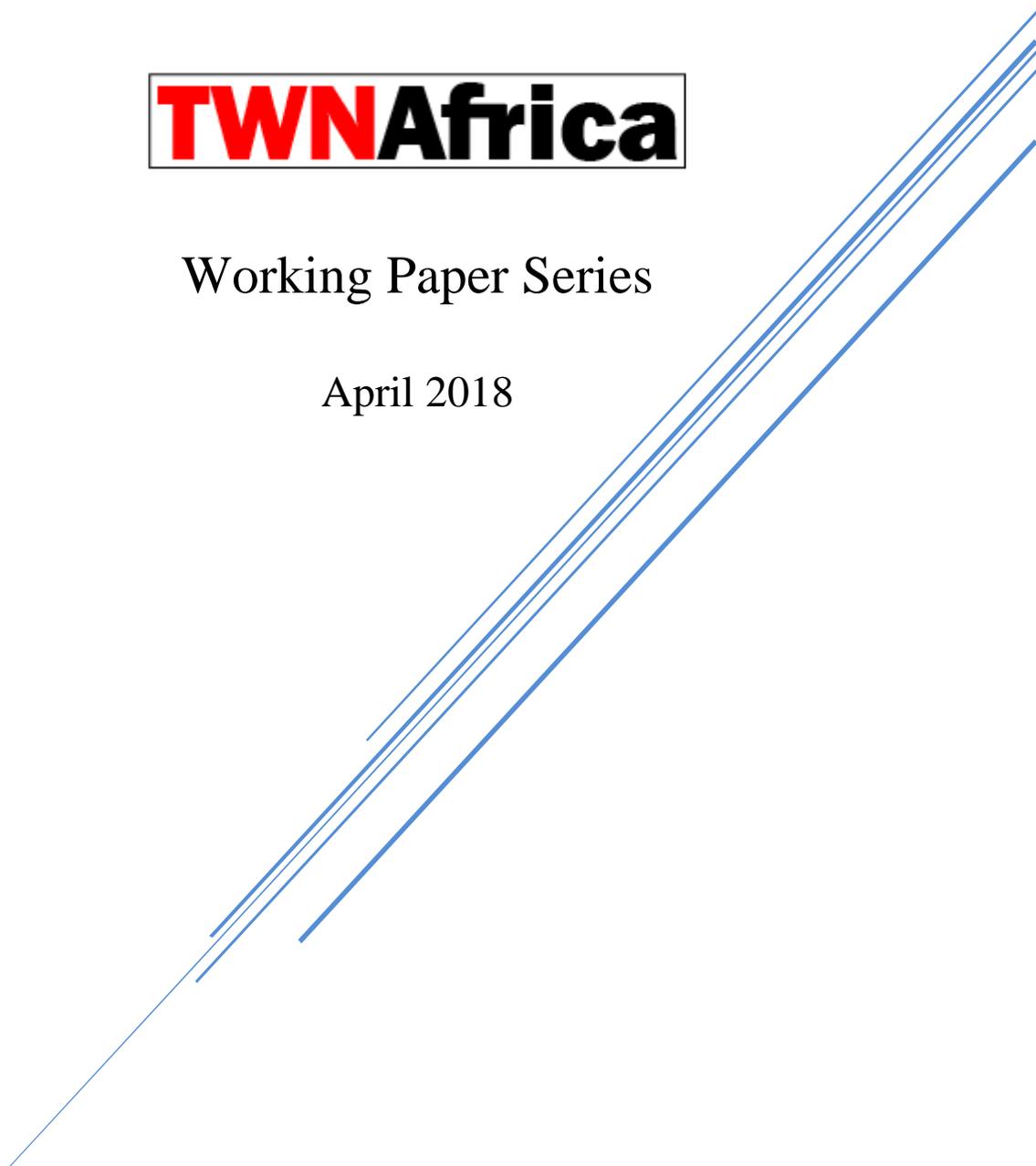


# POSITION PAPER ON SALT SECTOR IN GHANA

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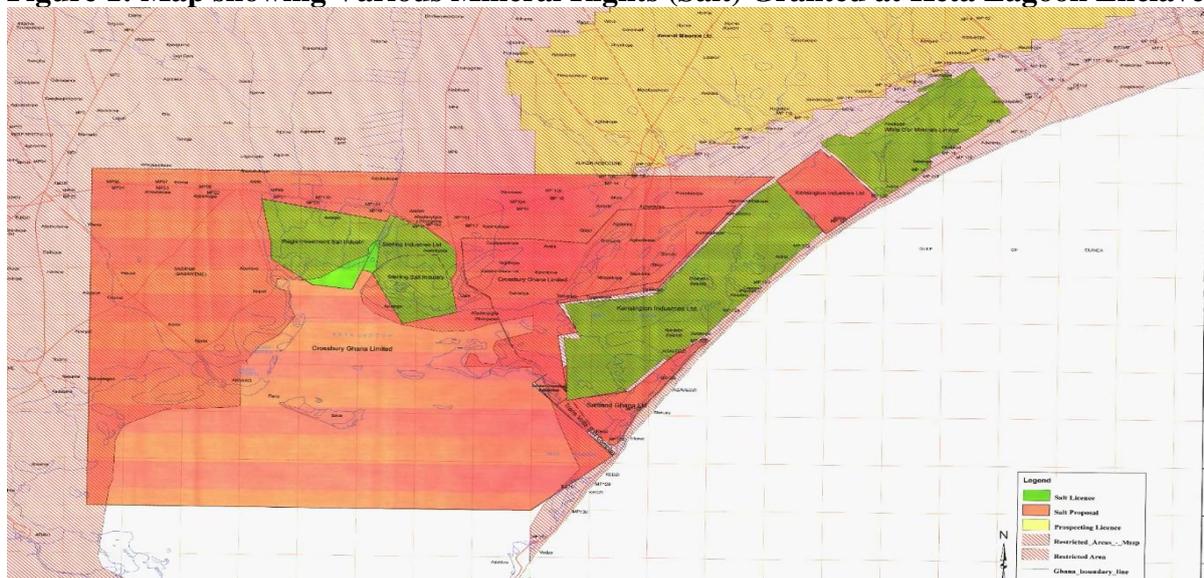
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## 1. Introduction

Over the past few years there have been growing concerns and heightened tensions among key stakeholders in the salt sector in Ghana. These are in relation to the manner in which salt resources are currently exploited in the country, especially at Ada Songhor lagoon basin (in the Greater Accra Region) and Keta lagoon basin (in the Volta Region) where the country's highest potential for salt production can be found. At Ada, decades of uncertainties about who effectively owns and regulates the right to produce salt (whether the State or traditional authorities who claim ownership to the lagoon) have allowed some individuals (including highly influential people like chiefs and foreigners) to take advantage of the void created by directly or indirectly privatising portions of the lagoon for salt production, a phenomenon referred to as "atsiakpor" in the local parlance and translates illegal mining. This has created a lot of disaffection among the local people who have been producing salt there for decades. Those who engage in "atsiakpor" divert brine water from the lagoon using dug out pits to produce salt or create salt pans in the lagoon for winning salt. There have been occasional confrontations or clashes between those engaged in "atsiakpor" and other local producers (who operate outside the lagoon).

At Keta, the government's decision to lease out a substantial proportion of the lagoon (largely viewed as commons) to private companies, effectively denying local producers access to salt producing recourses and therefore disrupting livelihoods in the adjoining communities, has been a major rallying point for community resistance. For example in 2011 and a year or two thereabout, over 20,000 acres of concessions in and around the Keta Lagoon basin (See Figure 1) were granted to three large-scale companies (all of them heavily dominated by foreign capital). Appendix 1 provides further details of concessions granted in and around the Keta Lagoon Basin in the Volta Region over the last decade.

**Figure 1: Map showing Various Mineral Rights (Salt) Granted at Keta Lagoon Enclave**



Source: Minerals Commission (2016)

One of these recent salt concessions, initially granted to West African Goldfields Limited and later transferred to Kensington Salt Industries (now Seven Sea Salt Limited) has become hotspot for sporadic demonstrations (some violent and fatal) and conflicts. In June 2017, operations of the company's activities were suspended following demonstration in affected communities that resulted in the destruction of the company's underground water pumping infrastructure<sup>1</sup>. The demonstration was triggered by worsening environmental impacts (especially increased salinity of nearby water bodies and drying up of hand dug wells). Artisanal and small scale salt miners displaced by Kensington's operations have in the past expressed worries and resisted operations of the company in different ways.

These developments in the salt sector have followed an upsurge in interest of large-scale salt miners in the sector following discovery of oil and gas resources in commercial quantities in Ghana and subsequent production. Post oil discovery, the government has granted several large scale salt mining licenses in areas that were previously operated by indigenous artisanal and small-scale salt miners. The level of displacements and disruptions of livelihoods following expropriation of what affected communities see as commons and for generations carried out livelihood activities are symbolic of the wider problem of ASM in the salt sector in Ghana. Meanwhile, the government has identified the salt sector as one of the main sources for diversification of the mining industry away from the dominance of gold. Given the nature of the salt sector (see next section for overview of the salt sector in Ghana), it is important for the government to take a bold decision on the approach to take in optimizing exploitation of salt resources in Ghana (see TWN-Africa, 2017 which offer important policy prescriptions based on on-going regional and continental mining policy reforms).

In April 2017, the Government of Ghana put in place a moratorium meant to be a "temporary" ban on small-scale mining activities in Ghana (especially gold). Further, the issuance of new small-scale mining licenses was also put on hold. This followed growing concerns over worsening environmental impacts of largely uncontrolled and unregulated small-scale gold mining activities popularly referred to as "galamsey". Consequently, the ban and suspension of issuance of licences have been understood and implemented only in the gold sub-sector whiles other small-scale mining activities in areas such as salt and sand continue. Further to the moratorium (which remained in place for more than 18 months) and other developments in the small scale salt sub-sector previewed above, the government has launched a blueprint titled "Multilateral Mining Integrated Project (MMIP)", a five-year project which aims at ensuring "systematic and sustainable development of Artisanal and Small Scale Mining in Ghana". The MMIP was based on the Multilateral Mining Integration Policy which aims at

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<sup>1</sup> Even though the company has returned to its operations, there is reasonable unease among residents who live in communities affected by the company's operations.

integrating the various policy initiatives in the mining sector to manage ASM in Ghana. The new policy framework makes references to the Minerals and Mining Policy of Ghana, the Africa Mining Vision (AMV), ECOWAS Minerals Development Policy (EMDP) and other related continental and international frameworks related to mining.

It is in view of above, that the Third World Network Africa (TWN-Africa) with the support of STAR-Ghana initiated a project to engage the government on the new policy framework through broader consultation with stakeholders and a much more appropriate framing of the issues arising out of ASM sector in Ghana. The Position Paper on Salt (as well as another one on gold) is one of the outputs of TWN-Africa's project. The main purpose of this position paper, like the other one on gold, is to facilitate further consultation and dialogue among various stakeholders in the ASM sector in order to solicit further inputs and fine-tune recommendations to feed into the government's on-going efforts towards ensuring "systematic and sustainable development of ASM in Ghana". The novelty of the main goal of the MMIP serves as a major catalyst uniting efforts of the government and those of many other non-state actors such as the Media, GNASSM and TWN-Africa.

## 2. The Salt Sector in Ghana

“Despite the allure and status of gold, salts were the most important commodities in parts of pre-colonial Africa. Trade in salts was the most important regional commercial activity in several areas, including the Sahel and the Sahara, especially the Western Sahara, central Sudan, (west of Lake Chad) and the northern section of the western Rift Valley and its plateau borderlands, and the Great Lakes area around the modern border of the Democratic Republic of the Congo and Uganda” (UNECA and AU, 2011).

Ghana is one of few countries in Africa that has minimum conditions for salt production and thus has had a long history of salt mining spanning several centuries along her 500km coastal front. Within the Western and Central African sub-regions the country is the largest salt producer with Senegal a distant second. In pre-colonial Ghana salt was one of the most important export commodities, along with gold and cowries, and has, therefore, historically played a very important role in the organization of lives and societies in the communities where the mineral is produced, serving as a medium of exchange at some point in time. This, notwithstanding, the salt sector (unlike traditional minerals sector) remained largely in the hands of local producers as European colonialists had very little interest in the mineral. In the 1960s and 1970s, however, large-scale firms (some of them with foreign capital) became interested in salt and obtained concessions to produce the commodity.

The main areas where salt production is more effective due to the prevalence of more supportive climatic conditions for solar salt production include Ada, Elmina, Keta, Nyanyanu, Ningo/Prampram, Weija, Apam, and Mankessim (see Figure 3). It is worth noting that in all these areas there are lagoons and other water bodies where brine is initially held and concentrated before being transferred into various salt pans for the production of salt. Popular lagoons and water bodies around which salt production takes place include the Ada Songor Lagoon, Keta Lagoon, Densu Delta area, Nyanya Lagoon, Amisa Lagoon (Mankessim) and Amwin/Benyah Lagoon.

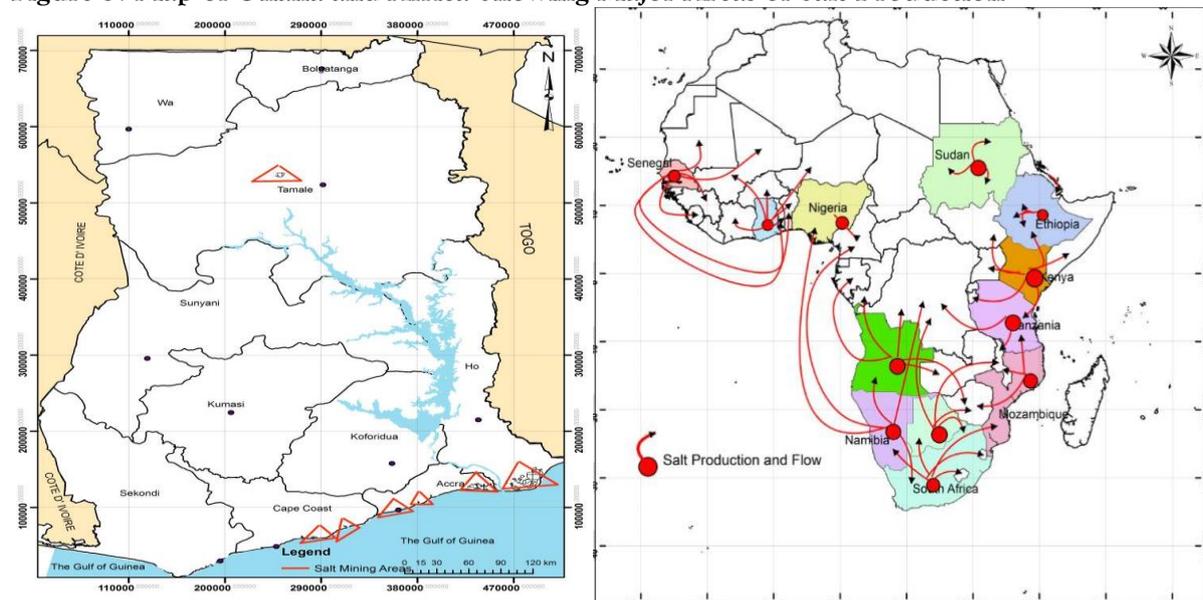
The country is one of ten salt-producing countries in Africa (see Figure 3) and the sector is very important to the livelihoods of hundreds of thousands of people in the coastal communities where the commodity is produced. Currently, national production levels are estimated to be around 250,000 metric tonnes annually but the potential exists for increasing this to between 2-3 million tonnes<sup>2</sup> (GEPC, 2009). Out of this production level, a third is usually exported to neighbouring countries such as Niger, Burkina Faso, Cote D'Ivoire and Togo where, like in Ghana, most of the salt is used in the food industry and direct consumption. These estimates must be viewed with caution as the country has no reliable statistics on activities of salt production. This is largely because the most

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<sup>2</sup> Global production of salt hovers around 200 million tons annually, with the United States of America and China contributing about a third of the world output. The United States produces about 45 million tonnes while China produces 30 million tonnes annually.

dominant segment of the industry (the ASSM) is largely informal. The ASSM operators hardly keep records of their activities or submit regular returns to the Minerals Commission which is responsible for collating production statistics on the mining sector. In the first place they are not officially recognized, which could be viewed as part of the problems in the sector. Further, the cooperative unions somewhat recognized by the Minerals Commission also do not file returns regularly. Nonetheless, licensed medium to large-scale companies do keep some records and submit regular returns to the Minerals Commission. Available national statistics on salt production are therefore estimated from what is obtained largely from licensed companies and some salt cooperatives. They must therefore be used with some amount of caution.

Figure 3: Map of Ghana and Africa Showing Major Areas of Salt Production



Source: Mohammed Sanda, University of Education, Winneba; Adapted from Mannar and Yusufali (2013)

The significance of the salt industry and its contributions to the economy of Ghana can also be seen in the potential of the sector in creating or generating employment. Unfortunately, like production, statistics on employment in the sector is very scant and unreliable. There is no information on the number of salt winners in the country. This is largely because of the seasonal nature of the activity. However, the more organized segment of the sector which consists of associations (or cooperatives) and family businesses (or sole proprietorships), is estimated to account for about 1,000 workers, a figure which increases substantially during harvest (GEPC, 2009). Medium and large-scale companies with licenses employ about 2,000 people (Quashie and Aggey, 2013).

#### **BOX 1: ECONOMIC IMPORTANCE OF SALT**

Salt is a natural mineral composed of two elements: sodium and chlorine, usually in white cube-shaped crystals. It naturally occurs in many parts of the world and has been mined for centuries in other parts of the world. In recent times, mechanized salt infrastructure has been employed in the production of salt on a large scale. Yet a significant proportion of global salt output is produced by artisans who basically “collect” the salt when it naturally occurs or forms. Historically salt has mainly been used either to flavor or preserve food. In many parts of Africa, especially West Africa, a substantial amount of salt continues to be used for this purpose (especially meat preservation).

Around the world, salt has emerged as a major input in many sectors of the economy. By far, most of the salt produced is used as inputs in the production of chemicals. In developed countries, the industrial sector (such as petroleum and hard minerals industries) accounts for more than two-thirds of all salt produced. Other sectors where salt is used as inputs include the agricultural sector (where salt is used as part of a nutritionally balanced diet for animals and features in the production of fertilizers), manufacturing of paper (where salt is used to produce caustic soda and chlorine to process wood fibres and bleach pulps), conditioning of water (where salt is used to soften the water), highway de-icing and human consumption in food production.

Source: <http://www.chemistryexplained.com/Ru-Sp/Salt.html>

Salt production in Ghana is dominated by solar evaporation of brine extracted from the sea (in most cases) and in some cases (smaller but growing) from the underground layers of the earth (usually in and around lagoons). Generally, underground water sources have greater brine concentration than sea water (3–5 % brine concentration). Yet most producers (especially ASSM operators) rely on sea brine largely because of the ease (financially) with which sea brine is accessed. Sea water is usually extracted by gravity, or flows freely into concentration ponds, or is pumped in some few cases. Extraction of underground brine generally requires pump machines and is a relatively more expensive approach to production.

Though extraction of underground brine is more expensive, its greater brine concentration makes it more productive than sea brine. However, reliance on underground brine could also have major consequences on the water table, as is the case at Keta where communities complain of increased salinity and, dried up hand dug wells and general water shortages in their localities. Once the source of brine for salt production is determined (usually from the sea), salt production follows a two-step approach. The brine is first transferred to concentration ponds and later distributed into salt production pans where salt crystallizes from highly concentrated brine. Crude salt thus produced is washed of impurities before being transported to storage facilities (in the case of ASSM for bagging) or a processing plant (for LSM companies with processing facilities). Both ASSM and LSSM are obliged to iodize the salt before selling it, especially those for human consumption.

The solar evaporation approach to salt production relies heavily on climatic conditions and production usually takes place during the dry season when temperatures are high and the weather relatively dry. In the coastal regions of Ghana where conditions for solar salt production exist, there are two rainy season (major and minor). Salt production takes place outside the rainy seasons and spans a period of seven months,

subject to changing climatic conditions. Even though during dry seasons minimum conditions for salt production exist, there are variations in climatic conditions during the dry seasons and across coastal regions that affect productivity. In view of variations in conditions across regions, the Ada Songhor area is understood to be the most productive with greater production potential than other regions.

There are three main categories of salt producers in Ghana (GEPC, 2009). The first category is made up of salt winners who live within the vicinities of major lagoons and collect crystalized salts after evaporation. These winners operate as individuals but in some cases as loose groups. The second category is made up of micro and small-scale producers who have right or access to 5–40 acres of land often represented by Associations. Quashiem and Aggey (2013) estimate that there are about 300 of such producers who employ about 1,000 people. The last category includes licensed medium to large-scale producers with concession size exceeding 40acres. There are about 30 of such companies employing 2,000 people (Quashie and Aggey, 2013).

### 3. State Policy and Interventions in the Salt Sector

The state's involvement in the salt sector can be traced back to the 1960s and 1970s when it granted concessions to large-scale companies to produce salt in the Greater Accra Region, especially in and around the Ada Songhor Lagoon Area<sup>3</sup>. These companies included Vacuum Salt Production Ltd, Star Chemicals Industries Ltd, Solar Chemicals and Allied Enterprises and the Ada Traditional Council, all of them had their concessions at the Ada Songor Lagoon enclave (See Appendix 3 for the total surface areas obtained by these companies). The areas leased to the companies are the same locations where, for centuries, the people of Ada had won salt and earned their livelihoods. The local salt winners who were being displaced or dispossessed as a result of the grant of salt concessions to the companies continued to win salt flouting warnings by the companies to the inhabitants to stop winning salt, fishing or engaging in any other occupation inside the portion of the lagoon leased to them (see Appendix 4, a notice produced by Vacuum Salt Limited prohibiting indigenes from engaging in any economic activities at the portion of the lagoon leased to them).

Following protracted communal resistance faced by these companies at Ada, the state provided the companies with security which from time to time clashed with artisanal and small scale salt miners. In 1985, these occasional clashes peaked with a major raid by the Police that resulted in the death of a pregnant woman named Maggie (when she was hit by a stray bullet)<sup>4</sup>. The incident became a rallying point for stronger organization of artisanal and small scale salt miners who operated in and around the Ada Songhor lagoon. The government set up the Ammissah commission of enquiry (1986) to investigate the matter and in 1989 the government invited a team of experts from Cuba to study the potential of salt production at Ada and the country as a whole and make recommendations for the realization of those potentials. The Cuban experts, like an earlier Ghanaian Technical Team before it, proposed a 'CONCORDE SYSTEM' of common brine processing and management as viable solution for the development of Songor Lagoon.

Further, the Cuban Team designed a Master Plan for salt production in Ghana which, among other things, called for the construction of two sea inlet arrangements to feed sea-water to the lagoon in order to serve both large scale salt companies as well as artisanal and small scale salt producers who had organized themselves into cooperatives. This effectively created a fair balance between local indigenous salt industry and the need for commercial large scale production. Finally, the Master Plan also proposed financial and economic evaluation of the project which had positive outlook. Despite the popularity of the Master Plan among the local producers and nearby communities in lieu of extensive consultations undertaken by the Cuban Team with all stakeholders, the document has continued to be shelved since then! Meanwhile

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<sup>3</sup> Vacuum Salt Products Limited obtained its Concession on the 24<sup>th</sup> July, 1974.

<sup>4</sup> [In June 2017, the Government of Ghana rendered an apology for the death of Margaret Kuwornu.](#)

in 1992, the government passed PNDC law 287 to annul all leases granted at the Ada Songhor lagoon enclave, and took over the lagoon to be held in trust for the people of Ada and Ghana.

In 2003, the government, through the Ministry of Trade and Industry, initiated the Presidential Special Initiatives (PSIs) which focused on four key commodities, namely cassava (starch), textiles, salt and oil palm. The PSI on salt aimed, among other things, at raising national salt production from 200,000MT in 2004 to 2.5 million MT in five years. Despite the substantial amount of resources spent on the initiative, the production level could not even be raised by half, let alone increasing it by more than ten times as planned. In the course of the PSI (and most likely as part of the initiative), the government developed the Land Use Plan for the Songhor area which had very little space for local salt industry as heavily oriented towards large-scale production. Among other things, the Land Use Plan proposed for the expansion of the lagoon to serve as an extended brine source for salt production which required relocation of fringe communities.

Apart from the PSI, MoTI has been involved in salt iodization efforts across salt producing coastal communities in collaboration with some foreign organizations and local governments. This resulted in the ministry's piloted "salt iodization centre" and "salt bank" initiatives at Nyanyano in the Central Region several years ago. In the ministry's 2012-2014 programme-based budget, it indicated providing support for the rehabilitation of existing salt works (mainly salt pans) for the benefit of salt miners and acquisition of 50 acres of land for salt production (MoTI, 2012). In 2009, a growing interest of an agency of MoTI (Ghana Export Promotion Council now Ghana Export Promotion Authority) resulted into a publication of a "Ghana Salt Strategy" paper with the support of the Commonwealth Secretariat.

Meanwhile, the Ministry of Lands and Natural Resources and the Minerals Commission (with its "salt desk") continue to show interest in the salt sector as part of efforts to diversify Ghana's mineral base with heavy focus on large scale companies. In 2012, the ministry signalled its resolve to develop fiscal incentives to attract investment into the salt sector. Most of the activities by the Minerals Commission and MLNR revolve around data collection (largely from the large-scale companies and to a smaller extent some small scale miners and cooperatives) and occasional visits to the salt mines for inspection. Sporadic workshops and seminars have been organized by the commission to offer them some training. Finally the commission's rotating credit scheme initiated over a decade ago, developed largely for artisanal and small scale gold producers, and also benefited some salt producers.

#### **4. The Multilateral Mining Integrated Policy/Project (MMIP)**

In 2017, the government launched the Multilateral Mining Integrated Policy (MMIP) at the Alisa Hotel in Accra. The policy, out of which a five year project has been developed, is aimed at dealing holistically with the multifaceted challenges that confront ASM (particularly gold) in Ghana. The developed project comprises of “components, activities, milestones, targets, timelines and outcomes to deal with the menace for a period of five (5) years from project start date.” The challenges that were identified by the policy and therefore to be dealt with include conflict; difficulty in accessing land; inadequate marketing of minerals produced; poor working conditions; poor environmental conditions; emergence of vulnerable groups; lack of effective regulation and enforcement; social problems; inadequate financial and technical support to upscale ASM activities; inequitable sharing of benefits; and inadequate local capital. In view of these challenges, the MMIP (borrowing from existing local policies, AMV and EMDP) aims at ensuring “systematic and sustainable development of Artisanal and Small Scale Mining in Ghana”. The following five project components have been identified in the MMIP:

- a. Review and enforce the legal and regulatory regime;
- b. Reclamation of degraded lands, dredge silted estuaries and waterways and free lands for agribusiness;
- c. Implementation of social interventions to facilitate sustainable livelihood creation in mining communities;
- d. Adaptation of technology to ensure efficient mining, processing, environmental and monitoring activities; and
- e. Capacity building of ASMs, regulatory institutions and project management.

Whiles the challenges identified by the MMIP, its overall goal and identified project components meant to deal with the challenges relate comprehensively and therefore generally affect the entire ASM sector, the entire orientation, narrative and detailed description of project components and activities clearly demonstrate that the MMIP is an intervention in the gold ASM sector rather than the entirety of the ASM sector in Ghana which covers in addition to gold minerals such as diamonds, salt, clay, sand, stones. This is a major weakness of the MMIP as it deals a significant blow to the government’s goal (as contained in the Minerals and Mining Policy of 2014 as well as regional and continental policy imperatives) of diversifying the mineral sector away from the traditional minerals (particularly gold). Given the current challenges confronting the salt sector as well as other ASM sectors, it is much more practical to broaden the MMIP to cover the entirety of ASM sector. This is obviously to avoid solving one ASM problem today and waking up tomorrow to have to deal with another ASM problem. It will therefore be useful during the actual implementation of the project to broaden the current narrow focus on gold.

Finally, the Government of Ghana's commitment of 20 per cent to the entire project cost of US\$200 million (see Appendix 4 for the component breakdown of the project cost) does not show sufficient commitment on the part of government to own the MMIP. At the very least, the government must be willing and committed to finance not less than 50 per cent of the project cost. This will obviously give the government greater control and leverage to implement the project. Given recent developments in the mining sector, it is imperative for the government to clarify which funding partners (diplomatic missions, corporate bodies and civil societies) are going to support the project with the remaining 80 per cent. Further, it will be useful to inform the public whether these partners have merely announced their willingness to support and/or made actual commitment towards providing such support. Finally, it is critical to make public the kind of agreements that the government might have entered into with funding partners. This does not only improve transparency and accountability which the government has committed to but also effectively dispels concerns stakeholders may have about the role of some foreign governments in dealing with ASM challenges given the role played by nationals of some Asian countries in the current ASM menace.

## 5. Common Challenges Facing Artisanal and Small-scale Mining in Ghana

This section presents common challenges facing ASM in Ghana, cutting across various minerals such as gold, diamond, salt, and clay.

- a. **Poor Approach to Policy Making and Implementation:** Until 2014 when the Government of Ghana adopted the “Minerals and Mining Policy of Ghana”, development of mineral resources in the country was guided by the narrow objectives that formed the basis of the Mining Sector Reforms implemented in the 1980s as part of the Economic Reform Programmes heavily influenced by the World Bank and International Monetary Fund. Until recently when some pieces of useful policy documents were put together, ASM activities received very little support and lacked the “enabling environment” they needed to grow which was available to the large-scale mining sector. With recent adoption of policies for the ASM sector, implementation has become a major challenge. In 2015, for example, the Minerals Commission published a policy blueprint for the ASM sector which committed among other things to improve the licensing procedures and environmental conditions at small-scale mines as well as provision of finance and technology. This policy was largely unimplemented. The situation with recently adopted MMIP is not different.
- b. **Overly bureaucratic regulatory regime and inadequacy of institutional framework:** The bureaucratic and burdensome regulatory framework and inadequacies of current institutional frameworks in the ASM sector are not difficult to demonstrate. Most producers in the ASM sector are technically, though controversial, illegal. The government has paid lip service to registration and formalization of ASM operators. This reality clearly shows that the regulatory and institutional frameworks are not sufficient, especially given the fact, therefore, that many of the applicable laws are unenforced. The recent and on-going conflict at Keta where large-scale salt licenses and environmental permits were granted amidst poor consultation and involvement of affected communities and local producers is fast becoming an intrinsic feature of the regulatory regime that must be dealt with in transforming the sector. The situation at Soghor as well as traditional gold mining communities also demonstrates the insufficiency of the institutional framework. The consequences of this challenge has been dire and resulted in avoidable deaths at various mines.
- c. **Lack/inadequacy of comprehensive and sustained support (finance and technology):** The ASM sector, like the general informal economy, is poorly financed and often relies on obsolete technology for its activities. This problem is widely acknowledged and the MMIP captures it. It has been argued in the literature that non-availability of comprehensive and sustained financial and technical support for the ASM in gold explains the involvement foreigners who offer this support and end up controlling the entire operations. The

consequences of foreigners filling this void are that the state and local stakeholders obtain less than optimal benefits from the resources. In the salt sector, this challenge has direct negative consequences (in terms of quantity and quality) for the output of local producers as most of the saturation ponds are dilapidated.

- d. ***Lack of Protection for Marginalized groups (gender, workers and children):*** The conditions in which some categories of workers (usually unskilled workers) provide their services leave a lot to be desired. Like the previous concern, this also cut across the entire informal sector not just in the ASM sector. There is therefore a case for these concerns to be dealt with in the ASM sector as a basis for devising strategies to deal with the problem at the national level. The overly liberal approach to policy in the country and difficulties in enforcing pieces of legislation has meant that there is little or no protection for marginalized groups of workers in the ASM sector.
  
- e. ***Persistent Harassment by State Security Agencies:*** Over the past two decades, there has been persistent resort by both state agencies and large-scale mining firms to the deployment of state security apparatus including the military. This challenge in both gold mining communities and some salt mining areas such as Songhor (in the past) and more recently Keta. Apart from avoidable deaths recorded amidst inappropriate use of state security, many ASM operators in such communities have been discouraged from their activities. At Adina and Afiadenyigba in the Keta Lagoon enclave, livelihoods activities have been disrupted by the support offered by state security agencies to large-scale operators who have displaced hundreds of local small-scale producers.

## 6. Specific Issues and Concerns in the Salt Sector

This section presents specific issues and concerns in the salt sector in view of previous sections above and consultations with key stakeholders in 2017 and 2018.

- a. ***Absence of a comprehensive salt resources development strategy:*** After centuries of salt mining by the ASM sector and nearly four decades of large-scale salt mining the country is yet to design and implement a comprehensive salt resources development policy. While the 2014 Minerals and Mining Policy prioritizes salt in its effort to diversify the mineral production base, there is no strategy in place to transform the salt sector in a way that can deliver on the policy's diversification agenda as well as achieve the policy objective of developing "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." Without such a comprehensive strategy, the expectation that the salt industry will facilitate and accelerate the development of our oil fields as well as the downstream local petro-chemical industry" cannot be realized. Though the ministry and Minerals Commission have hinted that a comprehensive strategy for the salt sector is being developed most stakeholders consulted are not aware let alone participating in the process.
  
- b. ***Distant Cousin Status of ASM salt sub-sector:*** In the current orientation of policy, regulation and institutions, the ASM salt sub-sector is a "distant cousin" of both the large-scale salt sub-sector as well as the ASM gold sub-sector. This follows poor recognition of and engagement with small-scale salt producers by state institutions, especially the Minerals Commission. The commission and its parent ministry rather prefer to "attract investment" using various instruments into the sector that invariably displaces the local producers. This problem is more acute in the Keta Lagoon enclave where two large-scale foreign operators have displaced hundreds of local small-scale producers. While the local producers technically qualify as investors worth supporting, the poor engagement between state agencies and these producers is a reflection of both the "distant cousin" status of the ASM salt sub-sector as well as the dominant orientation of state agencies to favour large-scale (and usually foreign) investors. This is in sharp contrast to AMV and EMDP that recommends, in view of ASM's labour intensive production methods, that the government should prioritize development of ASM sector.
  
- c. ***Marketing Constraints and Concerns over Importation:*** Over the past few years, there have been heightening concerns among local salt producers over salt importation into the country making it difficult for them to sell what they produce. During interactions with producers and executives of producer associations at Elmina, Apam and Ada, it was revealed that some producers

continue to hold stocks produced three years ago. This has direct negative impact on current production as previous production continues to occupy warehouses. The challenges associated with importation of salt into the country are compounded by weaker producer association and poor coordination among producers as far as marketing of salt is concerned. While most producers use packaging materials or sacks produced and branded by the associations in these areas, producers do not stick to recommended quantities. They rather resort to unhealthy competition over quantities (involving over-stuffing of sacks) and short changing themselves in the end.

- d. *Inadequate Investment and Poor Quality of Salt:*** Various challenges such as inadequate access to finance and technology as well as difficulties in obtaining documentation covering salt fields have meant that salt producers (especially local small and medium scale producers) hardly invest in their salt production infrastructure, especially saturation ponds or pans. Given that salt form in these saturation ponds, their poor state has immediate negative impact on both the quality and quantity of salt produced. This in turn affects the price that is paid and therefore profitability of these producers. With little profits, producers cannot rely on savings from profits to invest in their infrastructure and the cycle continues. Any transformation of the salt sector will require that this cycle is broken yet in various consultations with producers there are no sustained efforts in breaking this cycle. Previous interventions by the government, including the Presidential Special Initiative on Salt, did very little in this direction. Salt producers will require long term concessionary loans to be able to address this challenge.
- e. *Invasion of Ada Songhor Lagoon:*** The Ada Songhor lagoon has the largest potential for salt production in the country. Prolonged conflict between key players coupled with disengagement by the government and traditional authorities in implementing the Master Plan has resulted in apparent break down of order in the Ada Songhor enclave. Consequently individuals and groups of individuals have privatised large parts of the lagoon and constructed salt pans right in the lagoons for salt production. This therefore deprives other salt producers access to right quantities of brine for salt production resulting in conflict between various factions of local salt producers. More importantly, the situation has led to decreased overall salt production from the entire enclave.

## 7. Recommendations

On basis of the context presented and issues/concerns raised above, it is recommended that a more comprehensive strategy for transforming the salt sector is designed and implemented. This comprehensive strategy must prioritize local artisanal and small-scale salt producers for a number of reasons. First the salt sector is currently dominated by local artisanal and small-scale producers who are fairly efficient and with support of government and other agencies, can realize the potential of the salt sector. This is important because these producers utilize relatively more labour intensive production methods that help in addressing the acute shortage of jobs in rural communities. The second reason is the renewability of the salt production sector and the need for the government to ensure that such endowment is effectively and efficiently managed by local entities as opposed to selling them off to foreigners as was the case with traditional minerals sector. Finally, the local artisanal and small-scale producers have shown sufficient determination to resist any attempt by the state to evict them involuntarily, making prioritization of these locals in the salt sector more sustainable and feasible.

Secondly, a new regulatory regime (along with major changes to the institutional arrangements and framework) that deals with the inadequacies of current institutions and the overly burdensome legal regime that currently exists must be promulgated. Specifically, the government must support the establishment and proper functioning of co-operatives in various salt producing communities to serve as organizing vehicles to enable the provision of training, technical, financial and marketing support services to the local producers as well as support state agencies in governing the sector and dealing with challenges such as the invasion of the Ada Songhor Lagoon. In order for these interventions to be credible and sustainable, it is finally recommended that state agencies that will lead these processes put in place necessary mechanism to ensure transparency, meaningful participation and accountability. In order to deal with the issues surrounding co-existence of ASM and large-scale salt mining operations, it is recommended that the proposals in the Master Plan be seriously considered within the context of emerging regional and continental policy imperatives.

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## 9. Appendices

### Appendix 1: List of Companies Granted Salt Mining Leases for Medium-Scale Mining Operations as at 26th January, 2017 in and around the Keta Lagoon Basin in Volta Region

Name of Company	Location	District	Region
Kings Choice Salt Industry Limited	Fiahor	Keta	Volta
Med – X Ghana Limited	Adina	Ketu South	Volta
Regis Investments Limited	Afife	Ketu	Volta
West African Goldfields Limited	Blekusu	Ketu South	Volta
West African Goldfields Limited (formerly SVSIL)	Adina	Ketu South	Volta
White D’or Minerals Limited	Adafienu	Ketu	Volta

Source: Minerals Commission (2017)

### Appendix 2: Sizes of Concessions Recently Granted for Large-Scale Salt Production in and around Keta Lagoon Basin in Volta Region

Name of Company	Size in Acres	Year Granted	Location	District	Region
Kensington Industries Limited	6,004.48 <sup>5</sup>	Dec’ 2011	Adina	Ketu South	Volta
Sterling Industries Limited	790	Jan’ 2011		Ketu North	Volta
Anlo Solar Salt Works Limited	11,377.91		Dzita	Ketu	Volta

Minerals Commission (2016)

### Appendix 3: Ada Songor Salt Concessions and sizes

<sup>5</sup> Kensington procured its concession initially from West African Goldfields Limited. The company indicated in a presentation at a stakeholders’ meeting at Alisa Hotel on 18<sup>th</sup> June, 2014 that it had applied for an additional 1,294.93 acres of land at Adina for salt field expansion. This brings the total land possessed by the company to 7299.41 acres. The company also indicated that it has agreed to cede a total of 1752.31 acres of its concession to neighbouring communities to undertake their fishing and salt winning activities. It is unclear if this arrangement has been sanctioned by the Minerals Commission.

## Appendix 4: Funding Sources and Cost Break-down by Component of MMIP

Project Cost (US\$)	Funding Partners (US\$)	GoG Contribution (US\$)	PPP (US\$)	Others (US\$) (Corporate Bodies, Fund Raising Etc)
100%	50%	20%	20%	10%
200,000,000	100,000,000	40,000,000	40,000,000	20,000,000

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

## Appendix 5: Brief Background to Mining in Ghana

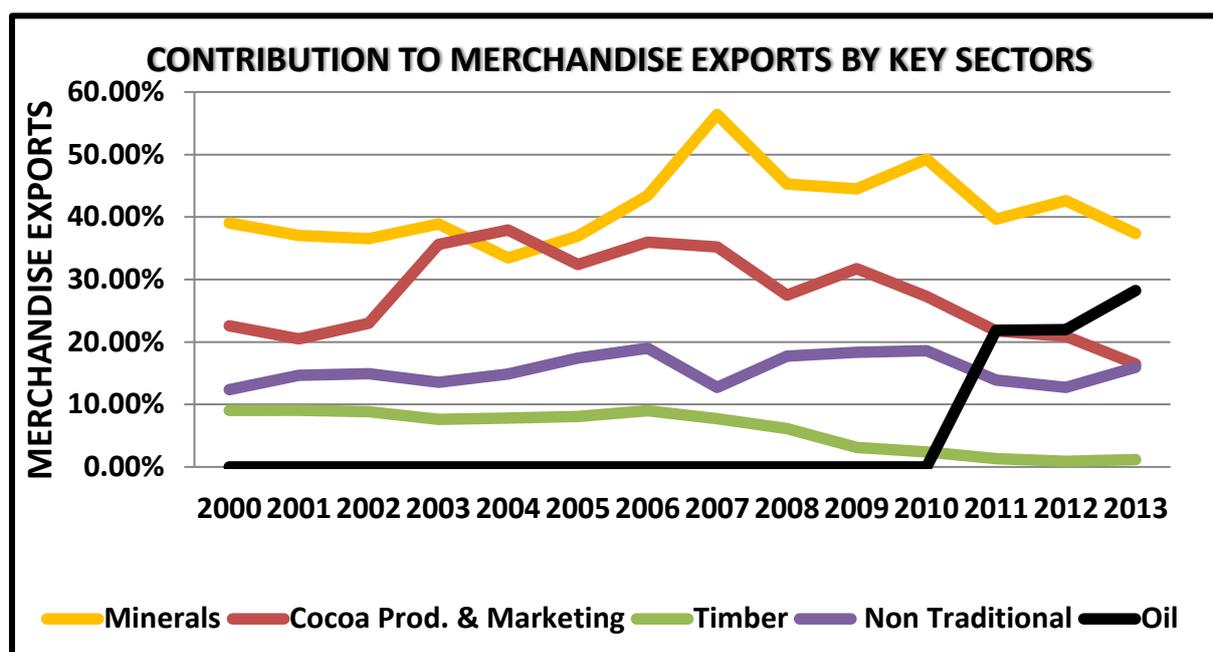
Ghana is endowed with substantial natural resources upon which most of her population's livelihood as well as the country's economic activities (both private and public) depend. These resources include solid minerals, oil and gas, forestry, land and wildlife, fisheries and water resources. Historically, extraction of mineral resources (especially gold) has dominated much of economic activities and together with cocoa beans represents the main export commodities of the country. The country's pre-colonial name "Gold Coast" is in recognition of her rich endowment of gold and longstanding association with mining activities. Despite the country's endowment with other mineral resources such as clays, salt, kaolin, mica, colombite-tantalite, chrome, silica sand, quartz and feldspar (Minerals Commission, 2010) the government's focus on mining (much in continuation of the colonial era) has been on so-called traditional minerals (namely gold, diamond, bauxite and manganese).

Further, much of the extraction of these traditional minerals has been undertaken by foreign dominated large-scale companies. This notwithstanding, there has been a much more integrated ASM in gold and other non-traditional resources such as salt, sand, clay and quarries, that actually predate large-scale mining. Unfortunately, state policy, regulatory and institutional frameworks have largely been designed for the large-scale sector, leaving the ASM sector largely on its own despite there is an established legal regime to govern the sector. The current menace in which the ASM (gold) finds itself is largely attributable to the poor regulatory mechanism in place which is largely unenforced by the authorities. The state's position of non-recognition of most ASM operators (largely on grounds of not having requisite permits) shows its poor regard (and sometimes total disregard) of the ASM sector in favour of large-scale mining. The case of ASM in the salt sector is a good example of the state's poor regard for ASM

activities in the country. The entire Minerals Commission has just a **desk** for the salt sector which focuses its attention mainly on large-scale salt mining.

The mining sector makes various contributions to the economy of Ghana such as contribution to Gross Domestic Product (GDP), foreign exchange earnings, tax revenues and employment. The sector, over the past two decades, has contributed on average about a third (and highest of over 55 per cent in 2007) of the country's total foreign exchange (See Figure 2 for a graph on the sector's contribution to Merchandise exports from 2000 to 2013). In 2013, US\$ 5.1 billion of export revenues were reported for the sector and a year earlier, the sector's contribution to total merchandise export or foreign exchange revenues was 42%. Despite these significant foreign exchange revenues attributable to the mining sector, there have been widespread concerns over the actual foreign exchange that is returned to the country (Atta-Quayson, 2016). These concerns are in the connection with the implementation of aspect of the mining law that permits mining companies to negotiate and keep in off-shore accounts 25 per cent to 80 per cent.

**Figure 2: Contributions to Merchandise Exports by Key Sectors**



Source: Ben Aryee (undated)

According to TWN-Africa mining companies obtained between 60 per cent and 80 per cent of retention quotas in various agreements with the government. In the year 2000, for example, although gold exports accounted for 36.6 per cent of total merchandise exports, only 9.5 per cent was available to the country from the sector with the rest retained by the companies in off-shore accounts (TWN-Africa, undated). Mining companies, however, explain that some of the foreign exchange earnings reported to have been kept off-shore are actually returned to the country through commercial banks. Demonstrating the enduring nature of this issue, the Public Accounts Committee of Parliament in August, 2013 expressed “shock” at foreign exchange retention schemes operated by mining companies in the country and asked for investigations to be carried out with immediate effect. This following their realization that Newmont had obtained an agreement to keep 100% of its proceeds offshore.

Another area where the mining sector’s contribution is worthy of note is government’s domestic revenue mobilization. Over the past decade, the sector has been contributing an average of 20% annually or thereabout to government’s domestic revenues. In 2012 for example, the sector was reported to have contributed 37% of government revenues collected by the Ghana Revenue Authority (Chamber of Mines, 2013)<sup>6</sup>. Historically, the sector’s contribution to government revenues has been one of the main arguments that support not only mineral extraction (often at all cost) but more importantly the favour with large-scale mining. The strength of this argument is derived from the comparison of the sector’s contribution to government’s total collections. However, when compared

<sup>6</sup> Mr. Ben Aryee, former CEO of the Minerals Commission indicated in a presentation a few years ago that the sector’s actual contribution to government revenues in 2012 was only 28%.

with the value of minerals produced, the argument weakens. It is in view of this that for over a decade now there has been widespread societal questioning of the benefits that the country obtains from the exploitation of her irreplaceable mineral resources. Some pronouncements of current and past governments support the view that the contribution of the mining sector to government revenues is nothing good to write home about.

“The issue with mining is about fair and transparent sharing of the benefits and windfall gains from the exploitation of the country’s precious and irreplaceable natural resources. As explained earlier, during the recent global financial crisis, prices of gold, cocoa and oil reached their peak levels ever. **Yet, the country did not benefit at all from the price hikes, particularly from gold.** The Government has, therefore, taken a bold step to critically review the fiscal regimes and mining agreements, with the view to ensuring that the country benefits adequately and fairly from the gains in the mining sector. To this end, Government has set up a National Re-Negotiation Team to advance this objective.” [Paragraph 194, 2012 Budget Statement and Economic Policy of Ghana, emphasis by author]

“As governments, **we have been short changed for a long time in the history of a country that is involved in mining,** what the ministry in collaboration with government seeks to do now is to introduce what we call an operational audit of mining firms and this is going to be across all mining companies that are going to work in this country.” **“We will introduce an operational audit that will determine that the royalties, the tax regimes and all the other benefits in terms of what comes to government are actual. We feel strongly that government’s take in terms of our royalties and our benefits are being paid and not properly reported** and so most of these companies, of course as you know, are listed and so if they are listed, we expect them to be very open to us when we commence this operational audit.” [Hon. John Peter Amewu, [Minister for Lands and Natural Resources, Ghana, February 2018](#); emphasis by author]

The last major contribution of the mining sector is in the area of employment. Looking at the sector’s contribution to foreign exchange earnings, government revenues and GDP, its contribution to employment is rather abysmal. One of the main factors that explain the sector’s poor employment record is the adoption of capital intensive mining methods, by the dominant large-scale operators, that have very little prospects for job creation. This is related to the widespread surface mines that are being operated in the country as opposed to underground mines that often have relatively better job creation prospects. The other major factor is the poor linkages between the mining sector (especially LSM) and other sectors of the economy. With most of mining inputs

imported while extracted mineral resources are exported largely unprocessed, very limited jobs are created upstream and downstream of the mining sector.

The country has a fairly well developed policy, legal and institutional frameworks that govern the mining sector. As indicated earlier, however these frameworks are largely developed for the large-scale sector. The foundational law which sets the context for the legal regime that applies to the mining sector is the 1992 Constitution of the Republic of Ghana which vests all minerals in their natural state in the President on behalf of, and in trust for the people of Ghana (See Chapter 21, Article 257 (6)). The manner in which this "trusteeship" is exercised has been criticized by some representatives of citizens groups. In an interview with the Coordinator of Third World Network - Africa, he expressed concern that Ghanaians hardly feel being owners of these resources as ownership has now been effectively reduced to the royalties collected by the government on the collective behalf of Ghanaians. The investors (with greater bargaining power) effectively determine major terms and conditions applicable to mining operations.

The parent law that currently establishes the legal framework applicable to mining activities is the Minerals and Mining Law, 2006 (Act 703). Prior to 2006, the Mineral and Mining Law 1986 (PNDCL 153) which was amended in 1994 remained in force between 1986 and 2006. These laws, like the 1992 Constitution, vest all mineral resources in their natural states in the President in trust for the people of Ghana, who own these resources. Other applicable legal instruments include the Environmental Assessment Regulations, 1999 (L.I. 1652), Water Resources Commission Act, 1996 (Act 522) and Forestry Commission Act, 1999 (Act 571). Other laws that are applicable to the mining sector include those on land resources, and taxation. In 2012, six regulations were adopted by the Parliament to support Act 703 in governing the mining sector.

For the first time in decades, the country in 2014 finalized a policy document to govern development of mineral resources in the country, with the theme of "ensuring mining contributes to sustainable development". The overarching goal of the policy is to "establish a comprehensive and forward looking framework for mining that catalyses sustainable development". In 2015, the government (through the Minerals Commission) published the Artisanal and Small Scale Mining (ASM) Framework, a document largely meant for the gold sector. The government is also in the process of finalizing the Country Mining Vision which aims at domesticating principles and policy orientation of the Africa Mining Vision (AMV) adopted by the Heads of State and Government of the African Union in 2009 as well as regional policy initiatives such as the ECOWAS Minerals Development Policy and the earlier adopted ECOWAS Directives on the harmonization of guiding principles and policies in the mining sector. As pointed out earlier, there is now a Multilateral Mining Integrated Policy developed largely for the gold ASM sector. The MMIP and related interventions is discussed in Section 5.