



# Ghana: Sowing the seeds for action

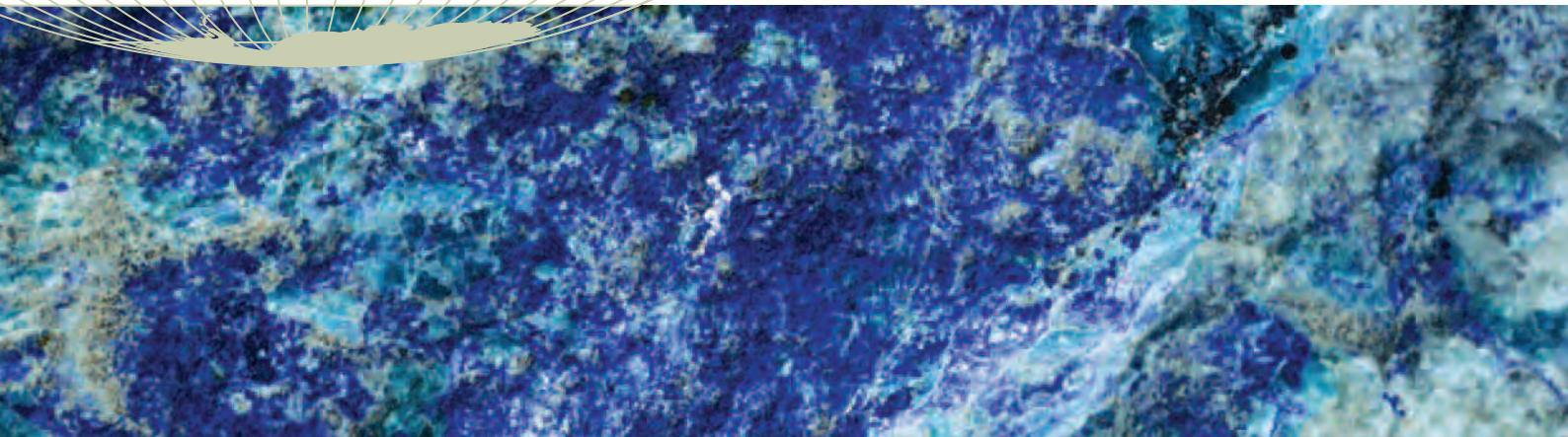
## Action Learning through Partnerships

**The Challenge of Mineral Wealth:**  
using resource endowments to foster  
sustainable development

July 2008

Spotlight series

11



# Ghana: Sowing the seeds for action

**Until now, the work of ICMM's Resource Endowment initiative in Ghana has focused on developing a better understanding of mining's socio-economic impact in the country. But the most recent phase also sought to catalyze action which might enhance it: a range of stakeholders were brought together in a workshop to agree a set of clear actions in this area**

Ghana's mineral sector is currently thriving, thanks to a resurgence of mining investment in the country and also the boom in global commodities prices: in 2006, for example, production of gold (one of the country's main exports) was 11% higher than in the previous year, and revenues from gold exports rose 46%. Nonetheless, as in other mineral-rich countries, ensuring that this mining boom creates the maximum possible benefits for the country in terms of broader socio-economic development remains an important policy challenge.

This Spotlight highlights some of the main findings and outcomes of Phase 3 of ICMM's Resource Endowment initiative in Ghana. Principal among its achievements was a workshop held in Accra, Ghana's capital, in February 2008: this convened an unprecedented range of stakeholder groups and resulted in a clear agenda for action on ways to improve mining's contribution to economic development and poverty reduction. The workshop in turn followed a four-month period of research and consultation by both local and international consultants. This included a 'mapping exercise' which identified relevant existing initiatives and multi-stakeholder partnerships. These were clustered into the six areas mentioned below and resulted in a database designed to support the sharing of good practices. Progress on all the agreed action points is expected to be reviewed in a follow-up workshop in 9-12 months' time.

Before delving more into the detail of this work, a recap of the previous phases of the initiative may be helpful. Research in four countries was conducted using an analytical framework and tools developed in Phase 1 of the initiative (see [www.icmm.com/resource-endowment](http://www.icmm.com/resource-endowment)). Phase 2 focused not just on understanding mining's impact in Ghana, but also in Tanzania, Chile and Peru. A core finding across all these countries was that more collaborative action and stronger partnerships between mining companies, government, civil society organizations and donors are needed to unlock the full potential benefits of mineral wealth. The objective of Phase 3 was to explore and develop channels through which this could be achieved in practice.

In terms of the structure of the research, each of the country cases in Phase 2 included an assessment of the impacts of mining both at the national level and also around selected mining projects. In Ghana, the Obuasi mine of AngloGold Ashanti was chosen for the project-level assessment. (Due to new and large investments in Ghana since the Phase 2 case-study, the project-level assessment in Phase 3 was also extended to include the mining activities of Gold Fields Ghana, mainly in the Tarkwa area, and also Newmont Ghana in the Ahafo region, in addition to the work of AngloGold Ashanti in both Obuasi and Tarkwa.)

Among the main conclusions of the Phase 2 research in Ghana was that a resurgence of mining investment in the country from the mid 1980s had made an important contribution to turning around the national economy and also to reducing poverty at both national and local levels. But some significant challenges were also pinpointed – for example local communities in the Obuasi area clearly did not perceive that they were receiving sufficient economic benefits from the mines. The research also suggested room for improvement in the manner in which the companies were managing and delivering their broader economic contribution – as well as in governance and the effectiveness of public institutions, particularly at the regional and local levels.

Importantly the findings from the Phase 2 country case studies (see [www.icmm.com/resource-endowment](http://www.icmm.com/resource-endowment)) taken together led to the identification of six broad areas for partnerships or institutional development which appeared to hold the greatest potential for enhancing the socio-economic returns from mining (see Phase 2 'Synthesis Report'). It was on these six areas, set out below, that attention was in turn focused in Phase 3:

1. Enhanced management of mineral revenues ('EM' for short);
2. Enhanced social and economic development in mining areas (SD);
3. Poverty reduction in mining areas (PR);
4. Increased local content used by mining projects (LC);
5. Strengthened local and regional development planning (RD); and
6. Improved mechanisms for disputes resolution (DR).

## Mapping strengths and weaknesses

The success of the Accra workshop in 2008 was at least partly the result of the process of research and consultation in the months preceding it. In particular, mapping existing initiatives in Ghana against the six priority areas above provided an overview of the strengths and weaknesses of current collaborations, and helped pinpoint those areas most in need of discussion and attention.

In terms of strengths, the mapping exercise certainly identified a large number and variety of initiatives and partnerships, including those led by companies. Many of these are innovative, and were commented on positively by local communities and other stakeholders. To give just a few examples:

- Gold Fields Ghana has integrated most of its socio-economic activities into a five-year *Sustainable Community Empowerment and Economic Development* initiative (SEED). SEED aims to improve the livelihoods of 30,000 people belonging to its 16 stakeholder communities by 2010. In the past year, SEED has begun to operate in partnership with the District Assembly in Tarkwa, the Ghana Health Service, the Ghana Education Service, the Ghana Community Water and Sanitation Agency, the Ministry of Agriculture and others, across a range of initiatives including the construction of educational facilities, agricultural training and provision of rural electrification infrastructure.
- The *Vulnerable People's Program* – run by Newmont Ghana in collaboration with 'Guards of the Earth and the Vulnerable' (GEV), a local NGO, Opportunities Industrialization Centers International (OICI), a non-profit organization and the Ghana government's Social Welfare Department – seeks to provide a safety net for the most



Participants at the multi-stakeholder workshop in Accra, February 2008

vulnerable households directly impacted by its Ahafo mine. The goal is to foster household self-sufficiency, specifically to provide a place to live, a means of income, food security, and access to medical care and education. Beneficiaries are the extremely poor – those whose income is not sufficient to meet their nutritional requirements.

- The Ghana *Integrated Malarial Control Program* – jointly implemented by Obuasi Municipal Assembly, Nugochi Research Institute, National Malaria Control and AngloGold Ashanti (AGA provided \$3m in funding) – has achieved significant positive impacts on public health: at Obuasi, for example, reported malaria cases declined by 73% between January 2005 and September 2007. Currently plans are underway to replicate the program at Tarkwa in Western Region, where three other mining companies are collaborating with AngloGold Ashanti.

In terms of weaknesses pinpointed by the mapping exercise, and one that the project team could directly help tackle themselves was that of data accessibility: there exists an abundance of publicly-available information on the variety of initiatives in existence, but this is scattered, potentially overwhelming, and lacking any coherent overview. The team therefore decided to assemble the information in the form of a database describing mining partnerships in Ghana. The database, which is currently in pilot form, provides a means of sharing information and good practices in an accessible form. The six priority areas referred to above again provide the basic framework. Users begin from a single A4 page on a computer screen and then are able to browse from there into varying degree of detail about (a) the initiatives in place and (b) the stakeholders' perspective about particular issues or challenges.

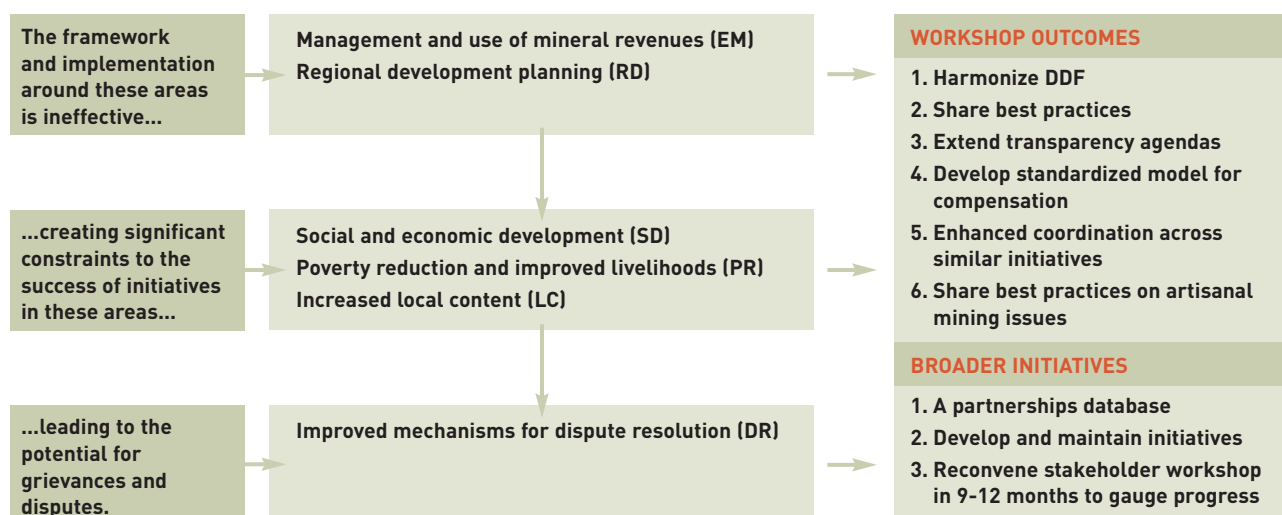
Another important finding from the research – illustrated in Figure 1 below – is that most of the existing initiatives in Ghana focus on poverty reduction (PR) and socio-economic development (SD), while mining companies at present have little formal responsibility or leverage over the management

of mineral revenues (EM) or regional development planning (RD). However, these activities critically impact the effectiveness of what is done in the other areas. As a result, disputes between communities and mining companies are more numerous and more confrontational or even violent than they need be (DR).

This pattern helps explain some of the concerns on the part of local communities and other stakeholders about the gaps in existing arrangements – and many such concerns, (in addition to the positive comments) were documented by the project team. Again, to give just a few examples:

- One of the problems highlighted was that of apparent 'role confusion' in delivering development. An example of this in New Atuabo, a community created by Gold Fields Ghana through the relocation in 1998 of 12 villages in the company's concession. The community alleged (though the project team did not seek independent confirmation of this) that the District Assembly does not do enough for them in terms of development because it continues to view them more as a responsibility of Gold Fields Ghana.
- The project team also heard complaints over the constraints and problems faced by regional state agencies. In Wasswa West (a large mining area), for example, the district views development finance from all sources as inadequate and from the central government in particular as erratic and unreliable. This has reportedly affected the implementation of its last two development plans. Weak monitoring and unrealistic deadlines are also alleged to affect plan implementation. (Again these are reported concerns, not independently confirmed by the project team.)
- Similarly, concerns were raised over disputes relating to compensation paid to people displaced by mining, and also over *galamsey*, both legal and illegal artisanal and small-scale miners. In terms of compensation payments, for example, field interviews suggested that although significant sums are paid in compensation, lack of training to those receiving payments often results in poor use of the money.

Figure 1: Representation of the Problems and Workshop Outcomes



This document is one of a series of publications produced by ICMM under its Resource Endowment initiative, which aims to better understand how large scale mining activity in low and middle income countries impacts the socio-economic development of host countries. This action-research project is being done together with UNCTAD and the World Bank Group, with broad stakeholder engagement. For the latest information on the initiative, including details of publications, activities and partners visit [www.icmm.com/resource-endowment](http://www.icmm.com/resource-endowment)

The International Council on Mining and Metals (ICMM) is the industry's peak CEO-led organization. It comprises the leading international mining and metals companies as well as regional, national and commodity associations. ICMM's vision is a respected mining and metals industry that is widely recognized as essential for society and as a key contributor to sustainable development.

ICMM, 35 Portman Square, London W1H 6LR  
Telephone: +44 (0) 20 7467 5070 Email: [info@icmm.com](mailto:info@icmm.com)

### Defining the agenda

The workshop was explicitly structured to tackle some of the main challenges highlighted by the research. Jointly hosted by the Government of Ghana and ICMM, and actively supported by the Ghana Chamber of Mines, it is also believed to have been the first event in Ghana to bring together all the key stakeholders in this area (some 90 people in total). Participants included senior government representatives – from the ministries of finance and economic planning, health, mining, environmental protection, administrator of stool lands and others – mining company executives, and a broad cross-section of civil society, from district representatives (including four paramount chiefs) and NGOs to environment agencies and academics.

The workshop focused on three of the six priority areas referred to above, namely: mining and socio-economic development (SD); local government capacity and mining (RD); and partnerships to address disputes more effectively (DR). Discussion groups in the three areas each produced long 'shortlists' of initiatives. However, in the plenary meetings of the workshop, agreement was reached among the stakeholders to distill these three lists into just six priority action areas. These were as follows:

#### 1. Stronger engagement of mining companies in regional development processes

A major current opportunity in this respect highlighted by the workshop is the District Development Fund (DDF), a new harmonized public funding mechanism designed to channel adequate resources to regional authorities. DDF currently receives funds from the government and various international development agencies, with many of the latter also working with the government on other aspects of regional and development planning. Yet the mining companies have not so far been engaged in DDF processes. Importantly, the workshop showed that there are no fundamental obstacles to their inclusion going forward. So the Ministry of Finance, donors and the companies were urged to pursue this possibility.

#### 2. Improving sharing of information and good practices

The workshop demonstrated that a considerable amount of activity which is relevant to many stakeholders is not as well or as widely understood as it might be; also there is a clear need to find better ways to share information and document good practices. The Ghana Chamber of Mines could play a key role here, potentially using the pilot database referred to earlier.

#### 3. Cascading transparency measures down to the local level

The transparency agenda is relatively advanced at the national level (for example, through Ghana's participation in the Extractive Industries Transparency Initiative), but more work is needed to provide relevant information to local levels of society. There is a strong case for developing systems for the regular publication of information about the collection and local use of mineral revenues. This task could be referred to the Steering Committee of the Ghana EITI (see [www.geiti.gov.gh](http://www.geiti.gov.gh)), with the Ghana Minerals Commission providing support in developing the necessary technical materials. There are also other areas where information-sharing and greater transparency might improve outcomes –

for example, sharing information over the occupational health situation at local levels across different ministries and companies.

#### 4. Further developing a standardized approach to compensation

There is a case for developing further and evaluating a standardized model or matrix of the factors used to determine the scope of compensation payments for people displaced by mining. This would need to be sufficiently dynamic to be applicable under different conditions around the country. It could be based on a matrix of factors used to determine compensation payments which had been developed by one of the workshop chairs in his capacity as a professor at the University of Mines and Technology, Tarkwa, Ghana.

#### 5. Encouraging better co-ordination of similar initiatives

Linked to recommendation two above, the workshop considered there was room for more cross-fertilization between mining areas over good practices and also a need for more publicly available information which might encourage better integration, where appropriate, of otherwise disparate activities. The mining partnerships database could also be helpful here, if fully developed.

#### 6. Sharing of good practices on managing *galamsey*

The workshop suggested that stakeholders in Ghana engage with the work of the Communities and Small-scale Mining initiative (or CASM, which is housed at the World Bank) and share good practices applicable to *galamsey* issues in Ghana. CASM is currently examining ways to develop regional approaches to deal with artisanal and small-scale mining (see [www.artisanalmining.org](http://www.artisanalmining.org)).

The workshop received considerable positive feedback from its participants. Attendees said they were encouraged to find such a wide variety of stakeholders contributing to the event – but they also noted that concrete follow-up action was now needed.

Without doubt, much remains to be done, both in implementing the proposals from the workshop and in tackling broader challenges. The Vice Chancellor of the University of Mines and Technology in Tarkwa has offered to host a follow up workshop in 9-12 months' time to assess progress on the six action items agreed.

At the same time, the Phase 3 work in Ghana has already achieved some notable results. In creating the core of a national good-practice and partnerships database, bringing together an unusually broad range of stakeholders at the workshop, and fostering agreement on a future agenda for action, it represents a model for engaging in national debates on enhancing mining's contribution which could usefully be replicated in many other countries.

ICMM would like to thank all of the individuals and organizations in Ghana that helped to organize and participate in the Accra workshop in February 2008, in particular the Minerals Commission of Ghana, the Ghana Chamber of Mines, AngloGold Ashanti, Gold Fields Ghana, Newmont Ghana and the Ghanaian team of Aba Amisshah Quainoo, Frederick Kofi Afari, Nii Moi Thompson, Peter Quartey and Ron Quist.