OPERATORS’ PERSPECTIVE
AND IMPACT OF ILLEGAL
MINING ON THEIR
OPERATIONS

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PRESENTATION OUTLINE

■ The Ghana Chamber of Mines – Who We Are

■ Origins of Illegal Mining

■ Drivers of Illegal Mining

■ Consequences of Encroachment on Mining Companies

■ So what did the Chamber do?

■ Proposed Interventions by the Chamber

■ Conclusion
The Ghana Chamber of Mines

- Incorporated in 1928, the Chamber is a private non-governmental and voluntary organization representing the collective interest of its member-companies in Ghana.

- Vision:
  
  “To be the respected, effective and unified voice for the mining industry”

- Mission:
  
  “To represent the mining industry in Ghana using the resources and capabilities of its members to deliver services that address members, government and community needs, in order to enhance development”

- Objective(Relevant):
  
  “Provide thought leadership for the solution of national issues related to mining.”
Membership of the Chamber

- The Chamber’s members are categorized as follows:
  - Represented Members
    - Level A
    - Level B
  - Pre-production Members
  - Exploration Group
  - Contract Mining Group
  - Affiliate Members
  - Associate Institutions
Introduction

- The Minerals and Mining Act, 2006 (Act 703) infers that an illegal miner is anyone who engages in any form of mining without the required mineral right.
  - This also applies to those with licenses who mine in areas not covered by their licenses

- Section 9(1) of the Act requires a person to obtain a license to engage in any form of mining activity in Ghana:
  
  "Despite a right or title which a person may have to land in, upon or under which minerals are situated, a person shall not conduct activities on or over land in Ghana for the search, reconnaissance, prospecting, exploration or mining for a mineral unless the person has been granted a mineral right in accordance with this Act."

- The Mineral Right ensures that the Regulatory Authorities regulate and supervise their activities

- In Ghana, Illegal Mining is generally referred to as galamsey
Origins of Illegal Mining

- The menace started with artisanal mining (panning or dig and wash) with the use of rudimentary implements.

- In recent times, however, it involves the use of sophisticated equipment such as excavators, pumping machines, dozers, pay loaders and dredgers among others.

- The main occurrences of illegal mining are as follows:
  - Mining waterbodies
  - Mining of non-designated lands
  - Encroachment on large-scale mining concessions
  - Encroachment on small-scale mining concessions
  - Mining of prospecting concessions

- Illegal mining has worsened over the years due to the non-enforcement of relevant laws especially during political seasons.
Origins of Illegal Mining- Cont’d

- Activities of illegal miners were largely encroaching on the concessions of mining companies

- The consequences of those infractions led to
  - Increase in security personnel and establishment of security detail on mines with special focus on illegal mining
  - The Chamber consequently formed a Security Committee of Council in 2006 to harness the broad knowledge on illegal mining, among others

- The Chamber liaised with Government agencies on mining companies’ concerns:
  - Minerals Commission
  - Ministry of Lands & Natural Resources
  - National Security

- Public education about the laws governing mining
Drivers of Illegal Mining

- The most notable reason why people engage in illegal mining is the assertion that they are unemployed and have no other source of livelihood
  - Indeed, it is advocated that since mining has been a national vocation even prior to the arrival of the Europeans in the country, opportunities should be created for Ghanaians to continue to mine as part of their national heritage

- Very high barriers to formal small-scale mining through high-risk/significant amounts required for exploration when a person has acquired the concession

- Penchant to engage in high return endeavours without responsibility:
  - Health, Safety and Environment
  - Statutory fiscal payments

- Weak enforcement of Laws and Regulations pertaining to mining in Ghana, even as it broke out on large scale mining concessions
Drivers of illegal Mining- Cont’d

- The spate of illegal mining increased from 2004, in tandem with the steady appreciation in price of Gold

- In 2000, average Gold price was $250/oz

- However by 2004, the price of gold had increased to an average of $410/oz

- In 2016, the average price of gold was $1,250/oz

Source: www.kitco.com
Consequences of Encroachment on Mining Companies

- **Economic Cost**
  - Depletion of reserves of mining companies and adversely affecting the life of mine and business case for the affected mine
  - Deployment of more security operatives at additional cost
  - Redirect focus and resources from production to security
  - Increased security on mines, resulting in extra and avoidable costs
Consequences of Encroachment- Cont’d

- Hurts Ghana’s reputation as a conducive destination for mining investments

- Widespread environmental damage

- Illegal miners are often armed whilst Private Security Officers are not, leading to injuries and fatalities

  ✓ *In the case of AngloGold Ashanti Obuasi, the mine was encroached for more than 1 year and led to the loss of life of the of Communications Specialist of the company, Mr. John Owusu.*
Consequences of Encroachment - Cont’d

DAMAGED AND ARSON ON SHUTTLE BUS AT AYANFURI (23 AUG 2015)

ARSON ON DRILL RIG AND COMPRESSOR AT THE PIT (23 AUG 2015)
Consequences of Encroachment - Cont’d

Illegal Mining on the Concession of GSBPL

Illegal Mining on the Concession of Perseus

Women in Illegal Mining
So what did the Chamber do?

With support from BUSAC, the Chamber conducted a study on “Mainstreaming Artisanal & Small-Scale Mining”

Recommendations

• Government should conduct geological investigations into parcels of land before granting them to small-scale miners under license

• Encourage the setting up of plant pools to provide equipment for the conduct of small-scale mining and the need to encourage rural banks to extend credit to the small-scale miners

• Enforcement of Health, Safety and Environment standards through the engagement of competent mining engineers by small-scale miners

✓ Such small-scale miners’ services could be shared by a number of small-scale miners at different locations
So what did the Chamber do?-Cont’d

Since 2011, the Chamber has been hosting regular seminars for Judges and Prosecutors to disseminate information on the legal provisions relating to mining and challenges of illegal mining.

Table 1.0: Calendar of Seminars for Judges and Prosecutors

<table>
<thead>
<tr>
<th>Year</th>
<th>Venue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>Tarkwa</td>
</tr>
<tr>
<td>2013</td>
<td>Sunyani</td>
</tr>
<tr>
<td>2016</td>
<td>Kumasi</td>
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</tbody>
</table>
So what did the Chamber do?-Cont’d
Outcome of the Chamber’s Seminars

- Communiqués shared with the Chief Justice, National Security Coordinator, Inspector General of Police, among others

- Amendments to Minerals & Mining Act, Act 703
  - Court in Act 703 now refers to Circuit Court instead of High Court
  - Confiscation of inputs and outputs of illegal mining
  - Punitive sanctions for engaging in illegal mining
## Selected Sanctions in the Amended Minerals and Mining Act, 2015 (Act 900)

<table>
<thead>
<tr>
<th>Nature of Offence</th>
<th>Prescribed Sanction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying or selling minerals without license or valid authority</td>
<td>Summary conviction to a fine of not more than three thousand penalty units or to a term of imprisonment of not more than five years or to both</td>
</tr>
<tr>
<td>Undertaking small-scale mining without license</td>
<td>Summary conviction to a fine of not more than three thousand penalty units or to a term of imprisonment of not more than five years or to both</td>
</tr>
<tr>
<td>A foreigner who undertakes small-scale mining operations</td>
<td>Summary conviction to a fine of not less than thirty thousand penalty units and not more than three hundred thousand penalty units or to a term of imprisonment of not more than twenty years or to both</td>
</tr>
<tr>
<td>A Ghanaian who engages or employs a foreigner to illegally undertake or participate in small-scale mining</td>
<td>Summary conviction to a fine of not less than two thousand penalty units and not more than twenty thousand penalty units or to a term of imprisonment of not less than five years and not more than ten years or to both</td>
</tr>
</tbody>
</table>
So what did the Chamber do?- Cont’d

- Logistical support to the National Security Committee on Lands and Natural Resources

- Training of Police Recruits at Police Training Academy on legislations relating to mining
Proposed Interventions by the Chamber

- The Chamber of Mines will assist the Small-Scale Mining Companies in various ways. These include:
  - Conduct a study to understand the reasons for the inadequate diffusion of the “Direct Smelting” method for gold extraction by the Small-Scale miners
    - The direct smelting method also called “Sika Bukyia” was developed by UMaT as an alternative to the amalgamation process using mercury
  - Identify and run appropriate capacity building programmes for the small-scale miners. This will include mine site visits to learn practices of producing member companies relating to:
    - Mining
    - Rehabilitation and reclamation
    - Tailings management
    - HSE
Proposed Interventions- Cont’d

- Empower Ghana National Association of Small-Scale Miners to self and co-regulate
  - Personal protective clothing and branding
  - Furnish the regulators with reports on their operations based on mutually agreed templates
  - Payment of royalties, corporate taxes and other relevant levies

- Employ professionals certified by the Minerals Commission and EPA
  - Mining Engineers
  - Environmental Managers
Proposed Interventions - Cont’d

- Government should include in Key Performance Indicators of District Chief Executives (DCEs), the prevention of illegal mining in their jurisdictions

  ✓ In fact, the DCEs should be accountable for illegal mining in their districts

- Government should liaise with the following institutions to devise a cost effective means of cleaning the water bodies as well as lands that have been so polluted:

  ✓ CSIR
    ✓ Water Research Institute
    ✓ Social Research Institute
  ✓ Water Resources Commission
  ✓ Ghana Water Company
  ✓ Veolia (a member company of the Chamber)
Conclusion

- Illegal mining is a criminal act which must be addressed through the provisions of the Minerals and Mining Act, 2006 (Act, 703), its Amendments and other applicable laws.

- Small-scale mining is a viable employment module which can be streamlined to meet the high standards of health, safety and environmental compliance found in the large-scale mining sector.
  - Conduct of exploration to reduce the inherent risk of small-scale mining
  - Reliable funding arrangements through the GSE and Rural Banks
  - Training of operatives in the small-scale sector on HSE requirements
  - Strict monitoring of mining operations by regulators
  - Development of tailored technological solutions to address operational challenges including Reverse Engineering
    - UMaT
    - GRATIS Foundation,
    - Ghana Institution of Engineers,
    - Technology Consultancy Center (KNUST)
    - SMIDO-(Suame Magazine Industrial Development Org.)
Conclusion

- Diversification of economy of mining communities to create other employment opportunities

  - *The Minerals Development Fund, Act 2016 (Act 912), has provisions for the transfer of a proportion of royalty revenue and other revenue accruing to the Fund to be ploughed back to the community to stimulate development - Mining Community Development Scheme (MCDS)*

  - *Expeditious implementation of the legislation and inauguration of the MCDS will be beneficial*
THANK YOU

The Ghana Chamber of Mines
Promoting socially and environmentally responsible mining in Ghana

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