

## **"Galamsey", "Illegal Mining", Small Scale Gold Mining and what it is all about?**

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With reference to various publications in newspapers on Small Scale Mining or Galamsey or activities of illegal small miners in Ghana and sometimes very aggressive comments or demands voiced by representatives of industrial mining companies the following is to convey some thoughts on this subject and to submit some possible solutions in regard of the administration of the Small Scale Mining Sector in general.

Indigenous gold mining, artisanal gold mining or Small Scale Mining (SSM) has an over 2000 years long history in this country which led Europeans to the naming of Ghana's shores as the Gold Coast. The production and possession of gold had and still has in Ghana not only monetary aspects but also spiritual and customary importance as everybody can observe even today: Golden regalia of the chiefs, gold ornaments placed in the coffins of dear deceased, gold hidden in housewalls for family emergencies to name only a few. Gold mining therefore was a common task in the gold bearing areas and had historically led to elaborate systems of sharing the wealth between the diggers, the families, the stools and the paramouncy to which the mined area belonged.

It has to be noted that in the advent of the European colonizers a brisk indigenous gold mining "industry" was operating with several tenthousands of people busily working and that up to the 1930th no European miner or geologist can claim to have mined or even discovered any gold deposit in Ghana, which was not known to the indigenous miners previously.

With the installation of European colonial administration in this country resulting in the promulgation of concession ordinances and other colonial regulations affecting the gold mining sector the indigenous African gold mining activities suffered a major set-back and - after the European mining companies had established their stakes and interests in the gold mining sector - indigenous mining became virtually prohibited through restrictive ordinances and

regulations. For example, through banning the possession of mercury for Africans the indigenous miners were robbed of the efficient means for extraction of gold from ores and concentrates.

The only option for the indigenous miner was the continuation of gold mining in illegality. The method of "hit and run" for gold was adopted and brought into being the term "Galamsey" = Grab and sell. Galamsey was the logical answer to colonial oppression in order to preserve the indigenous right to mine gold and to use it for the economic or monetary, customary and spiritual means.

With Ghana's independence and the resulting take over of the European owned mining companies, nothing changed the administrative attitude towards indigenous small scale mining. In fact, the new authorities inherited and continued the restrictive policies towards the African small scale miners. These in response also continued with the galamsey inside or outside of the gold mining concessions of the mining companies, which anyway did not cover in toto more than about 300 square miles in Ghana in the late 1960th.

For the first time the revolutionary "Minerals and Mining Law, 1986" (PNDC-Law 153) recognized the indigenous small scale miner and made provisions for their activities, which later led to the promulgation of the "Small Scale Gold Mining Law" which regulates the Small Scale Gold Mining Sector and provides the modalities for the issuance of Small Scale Mining Licences for orderly operations. But - as the various publications of the last months and years indicate - serious problems like attacks on industrial mining operations and haphazard diggings which cause serious environmental degradation and reports on misconduct of "illegal miners" are becoming more and more frequent.

The reasons for this development are many and the most important problems will be discussed below:

## **1. The Licencing Problem**

Wherever a reconnaissance, prospecting licence or mining lease has been granted since 1985 to a national or international company under the "Minerals and Mining Law", no Small Scale Gold Mining operation can be licenced and therefore legalized in the area which affects such big or medium-scale prospecting area. If an indigenous miner becomes aware of the possibility of licencing his area of mining activity as a Small Scale Mining Licence- sometimes he and his forefathers have mined the place for decades - but the area falls within somebodies prospecting licence, he will be turned away with the argument that his area has been licenced already for somebody. Whilst this licence holder should carry out prospecting to develop this area as quickly as possible as clearly spelt out in the licence agreement, in most cases no activity whatsoever can be observed in the licenced area for years. This is due to lack of funds for prospecting of the licence holder. The licence holders of today still behave like concession owners of pre-independence times, when with payment of an occupational rent a concession area became virtually their property title. Today, as is clearly spelt out in the Minerals and Mining Law, a licence holder is obliged to fulfill his side of the licence agreement, i.e. to develop without delay. But the agreements are not rigidly enforced because too many excuses are advanced by the licence holders for non-development of their areas for years and years.

Consequently it becomes a problem for the indigenous Small Scale Miner to understand why he should abstain from his longstanding mining activity in his back yard in favour of somebody who does neither carry out any tangible work nor shows any substantial activity for development. The Small Scale Miner therefore will continue to mine "illegally".

At this juncture it should also be noted that not even one present licence holder could have older rights than the indigenous miners, who have operated in Ghana since decades and centuries and could therefore claim a naturally acquired, common right through longstanding exercise of mining without any hindrance.

## **2. The Area Problem**

Whilst in the past, i.e. before 1986 only small areas in Ghana of less than 300 squaremiles in all were occupied by gold mining rights and the "Galamsey" could go on in the unoccupied areas without hindrance, today an area of at least 75.000 km<sup>2</sup> or about 28.000 square miles is given out to various licence holders. In all those licenced areas no Small Scale Mining licence can be obtained. In fact, in the centres of Small Scale Mining activities like Tarkwa, Prestea, Ashanti, Konongo, virtually no gold bearing area is left for legalized Small Scale Gold Mining. Even existing SSM-Licences which were issued before a large company developed interest in the whole area, are under the threat of being not renewed in favour of the large scale licence holders.

It is a misconception that Small Scale Miners could be transferred to other areas "suitable for them". Leaving migrant SSM aside, most indigenous miners are working near their homes, villages. It is abstruse to believe that the indigenous miner will walk some 10 or 20 km away from his village or farm to carry out small scale mining in an remote, unoccupied area when the area around his home and farm has been given out to a licence holding company. He will always continue to mine "illegally" the spot behind his village he and his forefathers have mined since decades for convenience.

## **3. The Licence Fee Problem**

Presently, to obtain a Small Scale Mining Licence might cost in excess of 500.000 Cedis in fees to be paid to surveyors, district authorities, licence fee to Minerals Commission, land rent, transport and other costs to follow up the application. This is for too many Small Scale Miners too much a money to be paid for a mining right that they anyway view as their customary right.

We have here to look at rural people, who are used to giving to their stool a small consideration in cash or kind for obtaining farm land, for example. Later, after harvest a part of the produce will be paid again to the land owner. Why do

authorities think the same people are willing and can afford to pay large amounts for licencing fees, when they haven't even sown?

#### **4. The Gold Buying Problem**

Gold produced by Small Scale Miners can be legally sold to licenced buyers, to the Precious Minerals Marketing Corporation's outfits in Accra and Tarkwa and to privately owned buying companies.

Illegally it is sold to buyers, who travel on their own cost to the places of operation, are prepared to buy not only gold metal but also sponge gold or gold concentrates, and pay generally slightly better than the legal buying outfits. Besides, these illegal buyers run some kind of credit system, i.e. prefinance the operations. All buyers pay in Cedis, but the illegal buyer purchases closer to the World Market gold price and takes Forex rates into consideration. The legal buyers allow for themselves profit margins between 10 and 20 %.

If the Small Scale Miner will sell at all cost to the illegal buyer because of convenience, better deals and credit provided, why should he legalize his operation and draw the noses of the administration on him?

The above shows that there exist serious problems in the proper administration of a viable Small Scale Gold Mining Sector and the governmental authorities are acting almost always in favour of large scale, industrial exploration and mining companies. One argument for this unlimited support for the mostly foreign dominated industrial mining sector might be the often cited "successful re-organization of the mining sector -within the framework of the Economic Recovery Programme and the resulting importance for the present national economy with a gold production of more than one million ounces per year".

But the economical contribution of the industrial gold mining sector has to be reviewed critically and to be compared with the economic gains from the Small Scale Gold Mining sector, especially if that sector would be properly administered and supported.

## **Comparison of the Industrial and the Small Scale Gold Mining Sector**

In respect of foreign exchange (FX) earnings the importance of the industrial mining sector diminishes when the actual repatriated FX is taken into consideration. With retentions of 60 to 80 % granted to foreign mining companies the net FX earnings to Ghana are less than the value of about 400.000 ounces of gold. That gold mining has overtaken cocoa in FX earnings does also not hold true if the net FX-earnings are taken into consideration.

According to the records of the Togo Chamber of Commerce only the gold imported via the border to Ghana and there declared to the authorities exceeds 300.000 ounces annually, which can be attributed to the production of the Small Scale Gold Mining Sector. There will be a considerable higher amount of gold smuggled to Togo because not everything is declared at the entry point.

If the Ghanaian authorities could buy this gold at a fair price from legalized Small Scale Gold Mining operations - remember. SSM are paid in Cedis - the amount smuggled, diverted to Togo every year would provide the country nearly the same FX earnings which Ghana earns at the moment in toto from the industrial sector. In this context we have not looked yet at the imports of gold from Ghana to La Cote d'Ivoire and Burkina Faso which are said to be considerable.

In respect of tax earnings the situation for the national coffers might look similarly bleak because of the high loan repayments by the industrial mining companies and the depreciation allowances, investment incentives etc. granted to the producing companies. In fact, most of the new industrial mining companies do not pay any corporate taxes. The argument, that this will positively change in the future has to be viewed against the premature closure of already at least three or four new mining companies and the consecutive take over with the grant of new allowances etc. The prospecting and exploration companies anyway do not earn FX and do not pay any taxes.

In respect of employment the Small Scale Mining Sector is estimated to employ fully and part time about 100.000 people in Ghana fully integrated in the rural and local economic sector. The industrial gold mining sector on the other hand

employs currently far below 20.000 people with no upward trend because all new operations are surface mines with high mechanization. The new operations did not even absorb the work force set free by and in the course of the divestiture of the formerly state owned gold mines.

Whilst in the industrial mining sector the role of women is small and mainly restricted to services (Secretarial, Food provision etc.) with only a few exceptions of women found in the managerial field, in Small Scale Mining women play an important role in the production, provision and hire of equipment. Yes, in some areas women play the dominant role in Small Scale Mining production.

May be left in the comparison of industrial vs. small scale gold mining are the now everywhere cited environmental issues, Small Scale Mining is persistently dubbed as environmentally unsound and unsafe.

It cannot be denied that there are many holes and pits in the country breeding mosquitoes and being possible pitfalls but one should take a plane and fly over the mining areas and tell us then who is causing more environmental damage, the SSM or the industrial operations with now vast areas denuded of any vegetation, large barren waste- and leach-heaps that will never be reclaimed for any agricultural or forestry purpose, areas polluted by long suffered arsenic, sulfuric fall-out from roasters and rivers and streams polluted with all kinds of chemicals.

The use of mercury by Small Scale Miners in gold extraction should not be played down here. Mercury use and its release into the environment poses a serious hazard. This can only be overcome by extensive training in retorting techniques and provision of extraction services. Nevertheless, even in respect of mercury, the old industrial mines around Tarkwa, Prestea and Ashanti have left tons of mercury in their tailings where they remain up to date releasing their mercury into the environs (Check for example the Abbontiakoon mine tailings in Tarkwa with a pan and you will see!).

Therefore in short, given the appropriate advice and support the Small Scale Miner will eventually operate environmentally sound and safe when he also can be sure not to have at any moment to run away from his operations.

Taking the foregoing comparison into consideration, the Small scale Mining Sector should have an equal chance in the Gold Mining Sector in Ghana and will prove as beneficial to Ghana's economy and development as the industrial mining sector.

### **What should be done ?**

The legal framework and administration procedures be changed to a favourable attitude to allow SSM to operate legally and licenced in say a radius of 5 km of their respective home or village. This regardless of issued reconnaissance or prospecting licences granted for such areas to local or foreign companies.

In the case of mining leases it is logical that no Small Scale Miner can and will operate within a producing surface or underground mine. But areas not used for exploitation within mining leases should be by law opened up for SSM-activities either on their own merit or under some kind of tributer system in conjunction with the mining lease holder. It is worth mentioning that some of the industrial mining companies realizing the danger of monopolizing all prospects within their licenced area have started releasing areas for small scale operations.

The issuance of Small Scale Mining Licences should be free at no cost but some token amount should be later levied on gold sales deriving from the SSM operations to cover administrative expenses. There is enough profit margin at the present buying rates to cater for this. A required minimum gold sale per acre and year to annually renew the digging permit should ensure that the majority of the produced gold will arrive at the official channel.

The importance of a legalization of all the indigenous operations without any hindrance is of prime importance. No SSM who will have to run away at any minute will develop an orderly mining operation and invest into better tools or machinery to improve ore recovery and safety conditions when he has to expect



to loose them at any moment. When legalized it can be expected that many operations would immediately improve their techniques and standards on their own.

Although, massive field extension service is wanted to upgrade labour safety and minimize environmental hazards. This extension service should not expect the SSM to travel to offices for advice but will require officers who are prepared to live and work in the bush for weeks with the groups of Small Scale Miners. This to train them practically on the job, to share and solve with them their day to day problems and to train them by setting good working examples in the operations. Services provided in offices in Centres and based on theoretical knowledge will never reach and support the Small Scale Miner. Distribution of untested and costly equipment to the Small Scale miner which develops sooner or later faults beyond repair, will disappoint him and let him fall back into his old and unsound modes of operation.

In conjunction with the agricultural banks a prefinancing scheme for SSM could be worked out which should work as good or as bad as farmers' credit systems.

The government authorities should take again a closer look at the actual living and working conditions that the Small Scale Miners are facing. The authorities should not hesitate to look over the fence for example into Mali, where the indigenous miners are the owners of many of the gold bearing areas and any local or foreign business man or mining company will have to deal with them to secure mining rights over an area. This in fact protects the interest of the indigenous populace.

Here in Ghana, since Independence, the minerals are held by the President on behalf of the people of Ghana. The Small Scale Miners are standing with their back to the wall because virtually no areas are left for them to operate legally and to earn their living. Food, hospital bills, school fees have to be paid and there is high unemployment especially in the mining centres after divestiture of the State Gold Mines. These are the underlying reasons for "Illegal miners", "Galamseys" to fight back for their families to live, which resulted in the reported unrests and unwanted actions in and around the mining centres. The minerals

of Ghana belong to the people and the Small Scale Miners would also like to enjoy their share.

In conclusion, it should be appreciated by all that the so called "illegal miners" over the years have been the major discoverers of auriferous lodes and gold-bearing areas and they will continue the lead in finding hidden gold resources. All national and international mining companies ask for information on galamsey operations in their licenced area first, before starting their own prospecting. Therefore, the Small Scale Miner is a pathfinder and should be rewarded.

In this context one should look at Ashanti Goldfields in Ashanti Area. The company was holding since 1897 a vast area of 100 square miles (about 264 km<sup>2</sup>) and several attempts of the company during colonial times to increase their holdings to create a "cordon sanitaire" were blocked by the colonial administration. It has a longstanding history that within their holdings AGC was and is carrying out with their security forces in collaboration with state authorities "drag net operations" to flush out any indigenous galamsey operations from their, AGC's "property". With historical continuity the indigenous miner also continued "illegal" mining within the area. Today, after the divestiture of AGC, which is now foreign dominated, the authorities have granted AGC mining licence areas of above 330 km<sup>2</sup> plus other areas in excess of 300 km<sup>2</sup> for prospecting and other licenced mining areas of at least 130 km<sup>2</sup> which AGC acquired through take overs. Whilst the company is not even actually working on 5 % of the mining areas they control, no Small Scale Miner can work within this vast area and AGC continues to exhibit a hostile behaviour to any kind of indigenous mining activities.