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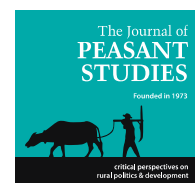
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Conflict, collusion and corruption in small-scale gold mining in Ghana: Chinese miners and the state

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Abstract

The global rush to grab resources took an unexpected turn in Ghana recently. With the hike in gold prices from 2008 onwards, a large influx of foreign miners, especially from China, entered into the artisanal and small-scale mining sector (ASM), despite it being 'reserved for Ghanaian citizens' by law. Thus all were working on an illicit basis. An astonishing free-for-all ensued in which Ghanaian and Chinese miners engaged in contestation and conflict over access to gold, as well as collusion and collaboration, a situation described as 'out of control' and characterised by 'a culture of impunity' at its height in 2012 and 2013. Chinese miners in particular, numbering tens of thousands, introduced mechanisation and new technology, resulting in irrevocable changes to this traditional economic sector in a short space of time. Further, the intensification of mining caused incalculable environmental damage to both land and water bodies. Where was the state in this context? The government was very slow to respond, despite increasing media coverage of local conflicts and environmental destruction. Finally President Mahama established a Task Force to 'flush out' illegal miners, a military-style operation with the deportation of almost five thousand Chinese miners and small numbers of other nationalities. Yet the state was not absent pre-Task Force. Foreign miners were able to operate with impunity because they were protected by those in authority, i.e. public officials, politicians and chiefs, in return for private payments. Various state institutions failed in their responsibilities. Yet this was not due to weakness or lack of capacity. Rather public officials 'turned a blind eye' to illicit gold mining in return for a share in the 'millions of dollars' being made. Public office becomes a means of private accumulation rather than public service. The consequences of resource injustice for low-income rural Ghanaians who depend on ASM are explored, with discussion of the formalisation and regularisation of the sector that is required in order to achieve greater resource justice. The paper is based on fieldwork undertaken in 2014.2

1. Introduction

The global rush to grab resources took an unexpected turn in Ghana recently. With the hike in gold prices from 2008 onwards, a large influx of foreign miners, especially irregular migrants from China, entered into the artisanal and small-scale mining sector (ASM), despite it being ‘reserved for Ghanaian citizens’ by law (Minerals and Mining Act 2006). An astonishing illicit, free-for-all ensued in which Ghanaian and Chinese miners engaged in contestation and conflict over access to gold, as well as collusion and collaboration, a situation described as ‘out of control’ and characterised by ‘a culture of impunity’ at its height in 2012 and 2013 (Interview 1). Chinese miners in particular, numbering tens of thousands, introduced mechanisation and new technology, resulting in irrevocable changes to this traditional economic sector in a short space of time. Further, the intensification of mining caused incalculable environmental damage to both land and water bodies. Where was the state in this context? The government was very slow to respond, despite increasing media coverage of local conflicts and environmental destruction. Finally President Mahama established an Inter-Ministerial Task Force to ‘flush out’ illegal miners, a military-style operation with the deportation of significant numbers of Chinese miners and small numbers of other nationalities. Yet the state was not absent pre-Task Force. Foreign miners were able to operate with impunity because they were protected by those in authority, i.e. public officials, politicians and chiefs, in return for private payments. Various state institutions failed in their responsibilities. Yet this was not due to weakness or lack of capacity. Rather public officials ‘turned a blind eye’ to illicit gold mining in return for a share in the ‘millions of dollars’ being made at a time of very high gold prices. Public office became a means of private accumulation rather than public service. We address two main questions here. What has been the impact of foreign involvement in ASM in Ghana, especially for low-income rural Ghanaians who depend on ASM for livelihoods? What does this episode tell us about the nature of the state in Ghana?

Fieldwork was undertaken by the authors in July and August 2014 in the Upper Denkyira East Municipality in the Central region, bordering with the Ashanti and Western Regions, one year after the Task Force’s operations. Although the presence of foreign miners was much less by then, we were able to gather data on the preceding period and the concerns, issues and changes that had emerged during this time. This municipality was chosen as it is in the heartland of the main alluvial gold mining area in southern Ghana, and a centre of Chinese involvement in small-scale mining. Data collection methods involved: semi-structured interviews with government officials at regional and municipal levels, chiefs and local politicians, local journalists and local Ghanaian miners; and focus group discussions in two mining communities. In addition, visits were undertaken to ASM sites, both legal and illegal, to observe mining processes at first hand, including the degree of environmental degradation. National level interviews were conducted both prior to and after fieldwork to validate the initial findings, including with Chinese citizens resident in Ghana.

The paper proceeds in seven main sections. After this introduction, the second section provides information on small-scale gold mining in Ghana. The third examines the rise of foreign involvement in the sector, especially by irregular Chinese miners. The fourth section looks at the impact on the ASM sector of foreign involvement, while the fifth considers the adverse consequences for low-income Ghanaians. The sixth section examines why and how the illegal grabbing of Ghana’s gold resources was able to occur and considers the role of the state and corruption. Finally the conclusion summarises the findings and considers how the state’s role can be transformed from problem to solution in terms of greater resource justice, while acknowledging that this requires a fundamental shift away from the privatisation of the state under neoliberalism.

2. Artisanal and small-scale mining (ASM) in Ghana

ASM has been a traditional and indigenous activity for centuries, dated back at least to the 15th century when mercury was first used in gold extraction (Dummett, 1998; Tsuma, 2010: 10), commonly using rudimentary means of extraction, and an activity that by law can only be undertaken by Ghanaian citizens as outlined in the *Minerals and Mining Act 2006* (Parliament of the Republic of Ghana, 2006: sec 83). As in other African countries, ASM takes licensed and unlicensed forms, with the latter predominating and such illicit miners in Ghana known as *galamsey*, an adulterated version of the

English phrase “gather them and sell” (Aubynn et al., 2010: 3). In contemporary times, ASM in Ghana has become an increasingly important means of livelihood for many rural dwellers, often turning to mining to supplement or replace farming incomes (Jonsson and Fold, 2011: 480; Hilson and Garforth, 2012).

There are two key aspects of the legal framework that are relevant here. The first concerns the distinction between legal and illegal mining. ASM was formally illegal in Ghana until 1989, although widely practised. The *Small-Scale Gold Mining Law* 1989 (PNDCL 218) legalized and attempted to regulate small-scale mining by introducing a registration and licensing process. This was then incorporated into the current *Minerals and Mining Act* 2006 (Parliament of the Republic of Ghana, 2006). This formalization process enabled artisanal miners to apply to the Minerals Commission for a concession of 25 acres maximum in designated mining areas and then to acquire a licence to mine. However, this process is criticized as lengthy, bureaucratic and very expensive, including a range of official and unofficial fees. As such, it precludes most low-income miners from registering (Tschakert and Singha, 2007: 1306; Tsuma, 2010: 21; Hilson et al., 2014: 297–8), and therefore *galamsey* activities have continued to proliferate. One report states that, out of an estimated 250,000 ASM operators, “less than 30 percent [...] are duly registered and licensed” (Aubynn et al., 2010: 3). An earlier report estimated that 85% operated without a license (Carson et al., 2005). Therefore, the large majority of ASM operators remain informal and illicit.

Despite the attempt to formalise and regularise small-scale mining from 1989 onwards, there is a strong argument that the state has actually neglected the ASM sector for decades and simultaneously prioritised the large-scale sector dominated by transnational corporations. Hilson et al. (2014: 298–9) make the case forcefully that the long delays in applications for licences, at times taking years, coupled with a lack of state financial and technical support to licensed ASM operators, amounts to neglect and maintains the sector’s “perpetual informality” (Hilson et al., 2014: 292; see Jonsson and Fold, 2011: 485 for similar problems regarding ASM licensing in sub-Saharan Africa generally). Tschakert and Singha (2007) also highlight processes of marginalization of the ASM sector in Ghana, including the leasing of large areas of land to large-scale mining corporations and the criminalization of *galamsey*. Such processes in their view are “in stark contrast to the official rhetoric of poverty reduction” (Tschakert and Singha, 2007: 1306).

For these reasons the informal or illegal sector continues to predominate. The phenomenon of *galamsey*, used in Ghanaian parlance to refer to both the activity and the illicit miners themselves, is very much poverty-driven (Bush 2009), described as “an economic necessity for those engaged in it” (Andrews 2015: 4). It is an activity undertaken by both men and women, generally with different roles, in very harsh working conditions (Andrews 2015: 4), though one that can provide a “viable livelihood” (Tschakert 2009), especially for those established *galamsey* operators who themselves employ a gang of miners (Andrews 2015: 8). Mining methods have remained rudimentary, with limited mechanisation, at least until recent foreign involvement. *Galamsey* activities occur both inside and outside the large concessional areas provided to the large-scale mining companies by the state. There are attempts to curb ‘illegal’ mining, most notably by the private security personnel of mining companies against *galamsey* operators within concessions, with Boiko-Wayrauch (2010) estimating that an average of one *galamsey* miner dies every week. There are also occasional crackdowns by the state on illegal mining (Hilson and Yakovelva, 2007), yet often *galamsey* are able to operate relatively “freely and openly” outside of mining company concessions, as noted by Andrews (2015: 11).

The second key element of the legal framework is that licensed small-scale mining can only be undertaken by citizens of Ghana, as stated in the *Minerals and Mining Act* 2006. Here there has also been some disjuncture between the law and the reality on the ground, with non-Ghanaian miners involved in *galamsey* activities. Yet until recently such ‘foreigners’ were almost entirely from neighbouring countries in West Africa, for instance Burkina Faso and Togo, having migrated across porous borders in search of economic opportunities. This situation changed dramatically in the last decade with the influx of large numbers of foreign miners into the small-scale sector, most notably from China.

3. Rise of foreign involvement in ASM

Until about ten years ago, two points could be made with certainty about artisanal gold mining in Ghana. First, it was a traditional activity, often involving the same rudimentary means of extraction (pick, shovel and bowl) that had been used for centuries. Second, it was almost entirely an indigenous activity, apart from those few miners from neighbouring countries. However, the last decade has seen rapid and interrelated changes to both these aspects. Foreign miners from China and other faraway places started coming to Ghana to engage in small-scale gold mining from 2006 onwards, which turned into a gold rush with the hike in gold prices from 2008. It is stated that many Chinese miners came into Ghana via Togo who had a 'no visa required' arrangement with China, and then crossed the border unofficially, while others came in on tourist visas. The exact numbers of such irregular migrants is not known, due to the evasion of immigration laws, but it can be safely stated that the number of Chinese miners was in the tens of thousands, with the large majority coming from Shanglin County in Guangxi province and known as the 'Shanglin gang' (South China Morning Post, 7/06/2013). All such irregular migrants were working on an illicit and illegal basis given that the sector is reserved for Ghanaian citizens by law.

The Chinese miners had a major impact, however. They transformed the artisanal nature of mining through the introduction of a much higher level of mechanization, notably the use of excavators, bulldozers and wash plants. Much of this equipment was also sold or hired out by Chinese traders. One particular innovation introduced by Chinese miners was direct mining within rivers by means of a barge or platform fitted with suction equipment, despite the illegality of mining in rivers or indeed within 100 metres of a river bank (Interviews 4, 5, and 6). River mining, or dredging mining as it is known, was subsequently adopted by Ghanaian miners and has resulted in rivers becoming severely polluted, with disastrous consequences for the aquatic eco-system and for the provision of potable water for local communities (CSIR – Water Research Institute, 2013), ones that are difficult and very costly to reverse (Interview 7).

How did such large numbers of foreign miners, particularly from China, come to be involved in ASM in Ghana, especially given its illegality? This research identified both contingency and structural factors. The main contingency factor was the meeting in 2006 between a Chinese national, resident in Ghana and involved in the small-scale mining sector, and a Chinese miner from Guangxi province. This led to the introduction of the 'trommel' machine, or wash plant, for use in alluvial gold mining (Interview 8). It vastly increased the grams of gold that could be extracted on a daily basis. Each machine required a team of 8 workers to operate in a cooperative manner, and therefore groups of 8 Chinese migrants started to come into the country. Large sums of money were being made, especially as the world market price of gold rose rapidly from 2010 onwards, and news spread quickly by word-of-mouth back in China, particularly in Shanglin County where that technique had been used for more than 30 years. Another driver was the economic boom in China which made it possible for lower class Chinese citizens to borrow sums of USD 25,000 from the bank, providing groups of 8 Chinese nationals with approximately USD 200,000 for investment in ASM activities (Interview 8).

However, this account only tells part of the story. How could tens of thousands of Chinese and other foreign nationals be working in an industry that, by law, is restricted to Ghanaian citizens? Further, how could Chinese miners in particular operate in a country that is so different from their own in many respects? It appears that collusion in illegality occurred from the local level to high levels of government. On entry into the country, bogus visas and work permits were issued unlawfully to some Chinese miners by corrupt immigration officials for a fee (Interview 9). We were informed that irregular Chinese migrants from Shanglin County were relatively poor people, not highly educated, and rarely able to speak English (Interview 8). They were unfamiliar with Ghanaian culture and traditions, especially regarding land ownership, and guidance and assistance in entering local communities was essential. Accounts of chiefs disbursing land to Chinese miners for significant sums of money, as well as allegations of official corruption, were recurring themes (Focus groups 1 and 2). And, not least, the Chinese miners undertook mining in close collaboration with Ghanaian miners, either with licensed concession holders or in *galamsey* activities.

It is evident that the influx of Chinese miners into small-scale gold mining in Ghana, and the new methods that they introduced, did not simply lead to conflict over resources, as was reported in newspaper headlines, but also to significant levels of collaboration with Ghanaians. Such collaboration was particularly attractive when large sums of money could be made very quickly, given the combination of more efficient extraction methods and the very high price of gold, and many Ghanaians were keen to take advantage of their positions either to facilitate Chinese mining, through provision of access to land, or to allow illegal mining to occur through ‘turning a blind eye’ in return for financial inducements. Issues of state corruption are discussed further below.

State response

While the presence of Chinese miners in the ASM sector grew exponentially, especially from 2010 onwards, the Government of Ghana did very little for a number of years. However, by 2013, the participation of Chinese nationals in informal mining in Ghana had grown to such proportions, with significant pressure from the increasingly hostile media coverage of ‘illegal Chinese miners’ and of conflicts between local and Chinese miners, that the Government of Ghana was finally forced to act. On 15 May 2013, President Mahama finally acknowledged that “We do clearly have a problem” and established a high-level Inter-Ministerial Task Force to combat illegal small-scale mining. While the President was careful to include all illegal mining activities in its remit, the sub-text was clear that this was a measure primarily aimed at foreign miners, especially Chinese nationals. The Task Force was essentially a military operation undertaken by the army and police, referred to as the ‘flushing out’ of illegal miners, and led to the deportation of 4,592 Chinese nationals, of whom 571 had been arrested and the rest had ‘turned themselves in’, as well as smaller numbers of other foreign nationals from Russia, Togo and Niger (Modern Ghana, 12/07/2013). It is notable that no Ghanaian miners were arrested or prosecuted.

Although the scale of foreign involvement in ASM has declined post-Task Force, we argue here that this short but intense episode of foreign involvement, especially the role of Chinese miners, has brought about significant and irreversible changes in this traditional economic sector.

4. Impact of foreign involvement in ASM

Over a short period from 2008-2013, the impact of this remarkable phenomenon of widespread illicit Chinese involvement in ASM has been very significant. This section looks at the different areas of impact.

Mechanization and intensification of small-scale mining

Chinese involvement has transformed the small-scale mining sector through the introduction of new technology and machinery. From traditional and artisanal production using rudimentary methods, the sector, or at least a significant part of it, has become highly mechanised, and indeed can no longer be described as artisanal. Chinese miners also brought considerable amounts of capital, and the combination of new technology and capital has led to a huge intensification of production both on small-scale concessions and on other lands where mining is carried out illicitly. Areas of land are now mined in weeks that previously would have taken years using the traditional methods, and the amount of land that is acquired from land owners for mining purposes has increased enormously (Interview 10). The mechanization and intensification of production involves irreversible changes to the nature of small-scale mining.

Small-scale mining becomes big business (for some)

A consequence of mechanization and intensification of mining is that the economic rewards are now much greater for concession holders, foreign miners and *galamsey* operators alike. Although it is illegal to sub-let, one common model involves licensed miners turning over their concession to foreign miners, invariably Chinese in our experience, and splitting the value of the gold production, commonly 15% to the concession holder(s) and 85% to the Chinese miners who effectively do all the mining (Interview 11). We were informed by concession holders that a 15% stake can amount to an

income of 15,000 to 25,000 Ghana cedis per week, or approximately £3000 to £5000 per week. These are huge incomes in a sector mainly associated with the survival strategies of poor rural households (Bush, 2009; Hilson and Banchirigah, 2009). Although the Chinese miners bear the cost of production, it is also evident that they have made large amounts of money on these deals. One Chinese respondent, who had Chinese miners as business clients, stated that “in four to five years, a lot of Chinese millionaires, even billionaires” were created, adding that they “had worked very hard” often in tough conditions “in the bush” (Interview 6).

Chinese media reports also confirmed the huge amounts of money that Chinese miners were making from small-scale gold mining in Ghana. In a story that followed President Mahama’s announcement of the Inter-Ministerial Task Force, the *21st Century Business Herald*, a Chinese business daily newspaper, reported on the riches made by the estimated 50,000 Chinese miners in Ghana, the so-called ‘Shanglin gang’ (GhanaWeb, 2013). The headline figure was that USD 500 million had been made, citing stories of gold bars brought home as gifts and Ferraris being ordered from the proceeds. The report cited one local bank source as stating that in May and June 2011, more than 1 billion yuan (approximately USD 150 million) was wired into Shanglin from abroad. They reported that 100,000 yuan could be made in gross profit *daily* (approximately USD 15,000 per day), presumably per small-scale mining operation of about 8 miners.

However, small-scale gold mining is only a lucrative business for a small proportion of those involved. Indeed, the stratification and inequalities amongst Ghanaians involved in small-scale mining has significantly increased, inclusive of a gender dimension, which addresses one element of our ‘resource fairness’ criteria. While male concession holders at the apex of the small-scale mining industry can now earn significantly more than the President’s official salary, in contrast women, children and many youths are now left to extract remnants of gold by re-washing the gravels that are left in heaps of ‘tailings’ at sites abandoned after intensive mining has been completed. This is known locally as ‘doing pooley’ and described by low-income women as backbreaking work (Focus group 3).

Environmental degradation (for all)

A further consequence of mechanization and the intensification of production has been much larger-scale environmental degradation in areas of alluvial mining, inclusive of both land and water bodies. Regarding land, many abandoned pits are left uncovered and become flooded, posing a danger to local residents, especially children, and to livestock (Focus groups 1 and 2). Additionally, extensive damage to farm lands and forests has occurred with the rush to acquire land, mostly illegally, for small-scale mining. Loss of farm lands has adversely affected both cocoa production and food crop production.

The destruction of river systems has been a new and catastrophic form of environmental degradation that has occurred precisely due to the introduction of dredging mining within rivers by Chinese miners and subsequently adopted by Ghanaian miners. Main rivers are now severely polluted, notably the River Pra and its tributaries such as the Offin, with high levels of water turbidity, loss of aquatic life, and contaminated drinking water. The river Offin was described by a local journalist as “now looking like coffee with milk” (Interview 12). The degree of water pollution has very severe consequences for local communities, including those served with piped water, increasing the cost of chemical treatment to make such water potable (CSIR – Water Research Institute, 2013).

Local conflict and increased insecurity

The increased competition for resources has also led to issues of law and order. This has related not only to direct conflicts between miners and to incidences of robbery of Chinese miners, but to increased security problems for all citizens. In the Central region, it was stated by the police that armed robberies had increased, and that such robberies often occurred with guns originally brought in by the Chinese to protect themselves while mining in the bush (Interview 6). These weapons had been abandoned during the operations of the national Task Force and had fallen into criminal hands (Interview 13). Local conflicts between Chinese and Ghanaian miners over access to gold resources were reported in the national press from mid-2012 onwards, with deaths and injuries on both sides

(BBC News, 15/10/2012). Disputes have also arisen *between* Ghanaians, and in particular between young people in communities and the traditional authorities (chiefs), often accused of ‘selling land’ to Chinese miners (Daily Guide, 08/02/2013; Daily Graphic, 11/02/2013).

Lost revenue

Significant opportunities for revenue collection by the Government of Ghana are being lost, a particular concern from a resource fairness perspective. While the government gets some revenue from small-scale gold mining through sales of gold to PPMC, the state’s gold-buying agency, there are strong suggestions that gold is being smuggled out of the country, with a significant loss of foreign exchange to the state (Interviews 1 and 2). Although this research has no direct evidence of how gold produced by foreign miners was sold, it would seem likely that a significant proportion of such illicit production has not gone through official channels, but taken illegally out of the country. Indeed, a knowledgeable source at national level stated that this is “a widely-held view” (Interview 2), while an informed source in Dunkwa-on-Offin, a licensed concession holder who had worked with Chinese miners expressed the view that “gold was sent direct to China” or smuggled out to China, with “so many ways” of doing so (Interview 11). We have no means to verify the accuracy of this, but equally no reason to doubt the veracity of this first-hand information from different sources.

Aside from gold sales, very little revenue would seem to be collected from ASM activities, despite the extremely large sums of money being made by those involved at the apex of the business. Clearly irregular Chinese migrants are paying no taxes to the government. Similarly, unlawful *galamsey* operators pay no tax, yet their operations have increased in scale with foreign involvement or adoption of Chinese technology and practices. Legal concession holders pay little or no taxes or royalties, despite the potential for concession holders to now gain very high incomes (Interview 9). Concession owners are obliged to pay a small annual fee to the local government for a business operations permit, yet “some do and some don’t, as they are so powerful”, according to a local government official (Interview 14).

Legal impunity

Despite the various elements of illegality in foreign involvement in small-scale mining, these have frequently been ignored and the law not enforced, for example, the purchasing of small-scale concessions from Ghanaians; mining in rivers; and the allegations that gold produced is not going through the PPMC. Clearly local Ghanaians were also collaborating in such unlawful practices, inclusive of both licensed miners and local *galamsey* operators. But the scale of legal impunity increased greatly during this period of substantial foreign involvement in small-scale mining, and the consequences are much more significant in terms of environmental degradation. It is also extraordinary that foreign involvement in ASM was allowed to escalate over a period of years to such a level that tens of thousands of foreign miners were operating illegally within the country, yet with no government action.

The situation prior to the establishment of the Task Force in May 2013 was described as a “culture of impunity” (Interview 15), where small-scale mining was being undertaken collaboratively by Chinese and Ghanaians in a “free-range” manner that was “out of control” (Interview 9) with little or no respect for the law by those mining or, disturbingly, by the relevant authorities. Although foreign involvement has decreased post-Task Force, the fact that it was allowed to develop and reach such proportions raises fundamental questions about the nature of the Ghanaian state. It is also the case that the Task Force was a one-off crackdown targeted at foreign miners, and Ghanaian miners continue to undertake illegal operations, such as mining in rivers, with relative impunity, as observed during fieldwork.

Institutional failure and corruption

Why was this culture of impunity allowed to develop? And why did it take so long for government to act? The endemic nature of corruption is central to any answer.

During fieldwork, we were constantly hearing allegations of various individuals taking bribes and/or being bought off. This extended from immigration officials to local chiefs, and from local government officers to high-ranking central government personnel. We were informed by lone voices in the public sector that foreign miners, especially from China, were protected by “big shots in government” in return for payments (Interview 14). As well as private benefits, it was also suggested that various politicians were protecting the Chinese, especially in the run-up to the December 2012 general elections, in return for financial support to sponsor their campaigns. Such accusations were corroborated by a Chinese respondent with first-hand experience of incoming Chinese miners as business clients (Interview 6). He noted that “money talks” and Chinese miners had made payments to both high-level government officials and those at ground level, with the latter also expected to channel money to senior officials. He alleged that “many [government] people were involved”, including officials from key government agencies, and that they had effectively provided protection to Chinese miners. Yet post-Task Force, he noted that a fundamental shift had occurred and Chinese miners were “no longer protected by the [Ghanaian] government”, and therefore most had moved on to other countries in the region or returned to China (Interview 6).

This view was corroborated by a Ghanaian mining source, himself involved with Chinese miners. He stated that those very officials who had previously colluded with and accepted payments from Chinese miners, such as immigration officials, subsequently denied all knowledge of them at the time of the Task Force, to the surprise of the Chinese miners, and condemned as ‘fake’ those same work permits that they had previously issued unlawfully (Interview 9). Although the Inter-Ministerial Task Force eventually brought an end to this free-for-all ravaging of Ghana’s gold resources, the allegations of corruption also extended to the Task Force itself. Significant payments by Chinese miners to Task Force members in order to avoid arrest were reported, as well as the theft of gold and property from Chinese miners, in the course of the military-style crackdown. Indeed, we were told that those Chinese who were arrested and deported were precisely those who “could not pay” (Interview 11).

5. Consequences for low-income Ghanaians

This phenomenon of foreign involvement in informal gold mining in Ghana has brought considerable benefits to a number of actors, especially when the price of gold was so high. One well-placed Chinese informant, who acted as a consultant to incoming Chinese miners, estimated that millions, if not billions, of dollars were involved over this short period of years (approximately 2010 – mid 2013) [Interview 6]. Beneficiaries included many, though not all, of the Chinese miners; Ghanaian counterparts who collaborated in mining operations, both registered miners and *galamsey* leaders; and, depressingly, chiefs and government officials who received payments in return for their collusion in illegality. It is impossible to estimate the value of the gold that has been extracted, but it is clearly a multi-million, if not multi-billion, dollar sum that has been appropriated into private pockets, with a significant proportion of the total removed from the country in a process of informal capital flight. Yet, for the large majority of low-income Ghanaians living in the gold mining regions, the effects have been very negative.

First, if the rationale for legally restricting small-scale mining to Ghanaian citizens is understood as an assertion of resource sovereignty, enabling relatively poor citizens ‘to benefit from the country’s mineral resources’, as stated by the Deputy Minister for Lands and Natural Resources (2014), then clearly this has failed. Benefits from this informal sector, like that from the large-scale sector, have been appropriated by foreigners, individuals in this case rather than corporations, and by a fraction of elite Ghanaians.

Second, in terms of the distribution of benefits, the introduction of increased mechanization and intensification of production by Chinese miners has brought irreversible changes to the ASM sector, and intensified the inequalities amongst Ghanaians, inclusive of a gender dimension. On the one hand, for those concession holders and *galamsey* gang leaders who are now mining using Chinese technology and techniques, small-scale mining has become a lucrative business. Invariably men, they have become wealthy individuals in their communities, using their capital to develop other businesses,

such as hotel ownership and mining equipment hire. Such individuals remain a minority in the sector, however. Others are left in a worse position, for instance the women directly involved in ASM, now forced to eke out livelihoods by re-washing gravels to extract any remaining traces of gold at already mined and abandoned sites. Thus the degree of stratification amongst small-scale miners has intensified, inclusive of a marked gender dimension, due to the differential access to the benefits of intensified small-scale gold mining.

Third, if an essential aspect of the benefits to be gained from resource extraction entails revenue collection by the state which it can then use to provide services and infrastructure for the collective benefit of all, then the loss of potential revenue through smuggling of gold and the lack of an effective tax regime is another adverse consequence. The allegations of smuggling of gold out of the country are a particular concern. If correct, this deprives the Ghanaian government not only of tax revenue, but much-needed foreign exchange. In effect it is theft of Ghana's sovereign resources in what was undeniably an unregulated free-for-all scramble. The smuggling of gold is an area in itself that requires further research. Another area of potential revenue generation that is not realised concerns the lack of royalties and income tax paid by licensed small-scale miners, despite current earnings that, at times, dwarf the President's official salary. This is clearly unsatisfactory and requires legal reform to clarify this so-called "ambiguous" situation and ensure the state collects appropriate tax payments (Interview 2).

Fourth, the environmental degradation associated with intensified alluvial mining also impacts adversely on local people's access to land and water. Large tracts of land have become lost to farming with the top soil removed by excavators to a depth of over six metres. This results in land becoming completely degraded, inclusive of abandoned pits of stagnant water. With land reclamation rarely undertaken, the loss of farm land is thus long-term. There are consequent adverse effects on incomes and on local food production, with increased reliance by rural folk on purchasing food products from urban markets, requiring in turn greater cash income (Focus group 3). This forces many farmers, especially women, into undertaking small-scale mining themselves as a means of income generation, yet in difficult and hazardous circumstances often in abandoned pits, as described above. Rivers and streams have also become so heavily polluted from intensified mining, that they can no longer be used as sources of drinking water in situations where other sources such as boreholes and wells are not available. There are negative externalities as those benefiting from gold mining are not paying for the associated environmental costs. On the contrary, despite collecting limited revenue from small-scale mining, government is faced with an enormous, and indeed incalculable bill to remedy the environmental damage caused by intensified ASM operations, while many of those responsible have long since left the country.

6. Corruption and the State in Ghana

What is most striking about this case-study is that a situation developed to the stage where it was described by a senior official in environmental protection as "out of control" and characterised by a "culture of impunity" (Interview 1). This peaked in 2012 and 2013 with tens of thousands of foreign miners, mainly Chinese nationals, engaged in an illegal free-for-all for Ghanaian mineral resources. Why was this allowed to happen and where was the state in this context? Eventually, under pressure from the media, President Mahama established the Inter-Ministerial Task Force. Yet the state was not absent in the preceding years. We argue that this phenomenon of illegal foreign involvement in the ASM sector in Ghana was allowed to occur due to a combination of rent-seeking by those in positions of authority and the 'persistent informality' (Van Bockstael, 2014) of the sector.

The Ghanaian state is not a weak state, as was evident when the Task Force was eventually put in place. Yet this example has also shown that it is a state, like others in sub-Saharan Africa, which is increasingly characterised by 'everyday corruption' and the rent-seeking behaviour of public officials (Blundo and Olivier de Sardan, 2006). Similarly, traditional authorities in Ghana, the hierarchy of chiefs and sub-chiefs, have used their positions of authority in mining localities to personally benefit from illicit mining activities (see Hilson et al., 2014: 301). It would appear that foreign miners,

especially from China, were able to operate with impunity for so long because they were actually protected by those in authority, that is public officials, politicians and chiefs, in return for private payments. Various state institutions have clearly failed in their responsibilities to maintain the law. Yet this is not due to weakness or issues of capacity. Rather public officials have ‘turned a blind eye’ to illicit mining in return for a share in the large sums of money being made from gold extraction. Similarly chiefs have seen an opportunity for personal gain, especially by selling land for mining. Those in public positions, including traditional authorities, have become increasingly oriented to pursuing private accumulation rather than public service. Significantly, corrupt behaviour and opportunism was even evident in the Task Force’s activities, with army and police personnel taking advantage of their power to pursue private gain at the expense of the Chinese miners.

The concept of informality is key here, both the informality of the state’s functioning and the informality of the ASM sector. We argue that the combination of the two has enabled illicit foreign involvement in small-scale mining to occur in a manner that has resulted in private benefits for those in positions of power and authority and adverse impacts for the majority of affected rural Ghanaians. Blundo and Olivier de Sardan (2006) emphasise the significance of the concept of ‘informality’ in relation to everyday corruption. They note that “the ‘real’ function of the state is very removed from its ‘official functioning’” (2006: 5) in terms of laws and regulations, and describe this ‘real’ function as the “generalized informal functioning” of the state (2006: 5), facilitating corrupt practices and private accumulation by public officials. This is heightened by the informality of the ASM sector itself, described by Hilson et al. (2014: 292) as its “perpetual informality”. This is precisely due to the state’s failure to legalize and formalise the sector through access to licenses and to provide the necessary support to licensed operators, despite its official policy rhetoric. Given the increasing reliance of many rural dwellers on ASM as a means of livelihood, often due to land loss to large-scale mining operations, this has inevitably meant an increase in unlicensed and informal mining. Foreign miners have been able to take advantage of this informality in an unregulated sector, and indeed have provided some of the financial and technical support that many ASM operators have lacked. But the negative consequences of foreign involvement in such informal and mainly illicit mining, including the environmental impact, have become much greater than in traditional ASM due to the intensification of production through mechanization. The

sector’s informality combined with the ‘informal functioning’ of the state, where state officials and traditional authorities can easily be bought off, has enabled the plunder and appropriation of Ghana’s gold resources by foreign miners in an informal neo-colonialist manner, one that is in stark contrast to any notion of resource justice.

7. Conclusion

Research on ASM in Ghana, and in Africa more generally, has focused on questions concerning its contribution to rural livelihoods, its potential to reduce poverty, as well as the challenges and shortcomings associated with achieving such aims. Specific to Ghana, such challenges have included the differentiation between registered and unregistered (illegal) miners and the relative neglect of the ASM sector by the state and its prioritisation of the large-scale sector. The expensive and bureaucratic nature of registration, plus the absence of state support to licensed miners, has meant that *galamsey* activities using traditional methods have continued to dominate the sector, which remains in a state of ‘perpetual informality’ (Hilson et al 2014: 292). Although formally illegal, the neglect of the ASM sector has also led to a degree of tolerance of *galamsey* activities, although always with the overhanging threat of a possible military-style crackdown.

The overall situation of ASM in Ghana changed dramatically from 2010 onwards with the rapid influx of foreign miners, especially the tens of thousands that came from China. Despite their illegality, foreign miners were able to operate quite openly, at times in collaboration with Ghanaian miners, although local conflicts and environmental degradation associated with ‘illegal Chinese miners’ were increasingly reported by the media. Quite astonishingly, a free-for-all for Ghana’s gold resources occurred with huge environmental devastation, until finally media pressure forced the government to

act in May 2013 when it introduced the Task Force. This paper has examined this phenomenon of foreign involvement in small-scale mining in Ghana, from approximately 2010 to mid-2013, and argued that this short episode has changed ASM dramatically and irreversibly, especially with the increased mechanisation and intensification of mining. In many instances it can no longer be described as artisanal. The changes are analysed here as mainly adverse for low-income rural Ghanaians who depend on ASM for livelihood purposes, although an elite of small-scale operators have benefited.

What was most extraordinary, however, was the ‘culture of impunity’ that existed despite the illegality of foreign involvement and the plundering of gold that was occurring. Where was the state? We have argued here that government was not absent, as initially appeared to be the case. On the contrary, evidence suggests that government officials, politicians and traditional authorities actually colluded in and indeed facilitated this free-for-all by a willingness to engage in corrupt practices and by ‘turning a blind eye’ to illegal operations. At a time when the price of gold approached USD 2000 per ounce, millions, if not billions, of dollars were being made illicitly, and some government officials and other power-holders were motivated to get a share in the loot. In such circumstances public position became a means of private accumulation rather than public service. Ultimately the scale of foreign involvement, the degree of environmental degradation, and the level of outrage being expressed by the media about ‘illegal Chinese miners’ meant that this situation was unsustainable, and the President was forced to act.

This study began by looking at the controversial issue of foreign involvement in ASM in Ghana. Its findings have shifted attention to the nature of the state in Ghana, notably the problem of corruption. The state has been identified as the problem in relation to this particular example of the plundering of Ghana’s mineral resources. But clearly the state’s role is also crucial to any potential solution. Formalization of the small-scale mining sector is needed if income generation opportunities for low-income Ghanaians and revenue collection for the government are to be enhanced. This requires viable and effective state institutions, ones that are able to develop and enforce a regulatory system for natural resource management in the ASM sector. How such institutions can be achieved is a much bigger question, beyond the scope of this short paper. But clearly the problems of corruption and the privatisation of the state, including the use of public position for private benefit, that have grown significantly under neo-liberalism (Harrison 2004; Harrison 2010) have to be fundamentally challenged. Creating institutions and laws that work for all and not just the few will require the state to adopt a much more pro-active and interventionist role to ensure that resource extraction in the ASM sector is organized and regulated in ways that enable low-income Ghanaians to share in the benefits in a manner more congruent with the concept of resource justice.

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List of interviews and focus groups

- Interview 1: Director for planning, programming, monitoring, and evaluation at Environmental Protection Agency, Accra, 9 April 2014
- Interview 2: National administrator of the Association of Small-Scale Miners, Accra, 13 August 2014
- Interview 3: Official at Precious Minerals Marketing Company, Accra, 13 August 2014
- Interview 4: municipal director at the Minerals Commission, Dunkwa, 24 July 2014
- Interview 5: regional programme officer at Environment Protection Agency, Cape Coast, 30 July 2014
- Interview 6: principal consultant at a Chinese financial and legal consultancy firm, Accra, 12 January 2015
- Interview 7: deputy executive director at Environmental Protection Agency, Accra, 9 January 2015
- Interview 8: vice-chairman of the Ghana-China Business Chamber of Commerce, Tema, 13 August 2014
- Interview 9: acting marketing director at Akonta mines in Ghana, Accra, 14 August 2014
- Interview 10: small-scale concession holder at Nayak Mining Enterprise, Buabenso, Upper Denkyira East Municipality, 29 July 2014
- Interview 11: Concession holder and member of local Small-Scale Miners Association, Dunkwa, 26 July 2014
- Interview 12: radio journalist at Solar FM, Dunkwa, 23 July 2014
- Interview 13: municipal police commander at the Ghana Police Service, Dunkwa, 24 July 2014
- Interview 14: administration official at Upper Denkyira East Municipal Assembly, Dunkwa, 28 July 2014
- Interview 15: deputy technical director for mining at the Ministry of Lands and Natural Resources, Accra, 9 April 2014
- Focus group 1: youth (involved in ASM, Pokukrom, Upper Denkyira East Municipality, 27 July 2014)
- Focus group 2: men and women (involved in ASM), Pokukrom, Upper Denkyira East Municipality, 27 July 2014
- Focus group 3: women (involved in ASM), Buabenso, Upper Denkyira East Municipality, 29 July 2014

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