Mining Is a Driving Force in Ghana’s Growth

The mining subsector contributes significantly to Ghana's socioeconomic development. The former British colony, which achieved independence in 1957, ranks tenth among the world’s leading gold producers. Other mineral resources being extracted are diamond, manganese, bauxite, and aluminium. In 2011, commercial oil production began and helped to raise the extractive industry's contribution to GDP from 2.3% in 2010 to 8.5%. Mining and quarrying account for 1% of total employment, with about 20,000 Ghanaians working directly in large-scale mining and about 500,000 in small-scale gold, diamond, and quarry production. Small-scale operations, which were legalized in 1989, provide direct and indirect employment to the growing youth population.

Gold mining dominates the sector, accounting for 97.8% of total mineral export earnings in 2010. Foreign multinationals dominate the capital-intensive, high-technology activities of large-scale segment. Ghanaians dominate the small-scale segment, largely due to legislation Reserving small-scale mining for local investors.

Restructuring Has Revitalized Mining Sector

Policy and institutional restructuring during the economic reform in 1983 renewed investor confidence and exploration, leading to a mining boom. The reforms improved the competitiveness of the sector for private foreign investment and developed key governmental institutions to support the industry and to respond to investor demands. The institutional reforms included promulgation of the Ghana’s first independent mining code, the Minerals and Mining Law of 1986, revised in 2006 as the Minerals and Mining Act.

Some key elements of the government’s mining policy are to encourage local and foreign private-sector participation in the industry consistent with a free market enterprise economy; strike a socially acceptable balance between mining and the physical and human environment and ensure that internationally accepted standard of health, mining safety, and environmental protection are observed; facilitate orderly and sustainable development of small-scale mining; empower Ghanaians to become professional miners, mine managers, and owners through minerals-related education, training, career development, and other support; and require respect for employee, gender, and human rights in mining.

A new draft mining policy to be placed before the Cabinet for approval and adoption would establish a framework for sustainable development. The main objectives of the policy include diversifying the export base and increasing foreign exchange earnings, optimizing generation of tax revenue to support development, creating skilled employment and developing local capacity for the mineral industry, building demand for local goods and services and producing raw materials for local use, and encouraging wider investment in the economy.

Conflict Between Segments

Ghana’s mining industry is contending with growing antagonism between small-scale miners and large-scale companies. The effect of increasing large-scale mining operations is to crowd out small-scale indigenous miners by limiting the ground on which they operate. The tension between the two groups has led to an upsurge of reported clashes with damage to both sides. The industry is also dealing with illegal small-scale mining activities that are detrimental to land and water and often do not comply with safety regulations.