Getting it right: Case study of the Ahafo Gold Mine, Ghana

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Introduction & location
Gold mine in central Ghana, Brong Ahafo Region; first country in Africa to gain independence (1957); series of coups in 80s, but democratic and peaceful elections and transitions since late 1990s. Ghana ancient gold producer; modern gold mining last 100 years; mostly state-owned.

Ahafo: 17 years from first discovery to production, 14 different deposits- ‘string of pearls’ along 50km strike; five different ownerships; construction began under Newmont in 2003; first production 2006; 400-500k oz p.a.


Farming area; no previous gold mining. No industry other than subsistence and market farming. 180,000 people in ten villages. Chiefdom institution very strong.

Remnant rain forest but mostly farm land (2 acres average; plantain, tomatoes, chili pepper, cocoa; cassava, etc.)

National language is English. Ca 20 other languages.
Social & environmental context

- No modern industrial work history in region
- No previous dealings with large companies
- Lack of gold mining experience a good thing (no direct bad legacy)
- Local government capacity low
- People and their farms on top of deposits. Resettlement required
- IFC funding and therefore their Performance Standards & monitoring apply
- Good national EPA regulation on environmental side; not so much on social
- Low levels of education; local languages though most community leaders speak English.
- Health issues include malaria and HIV/AIDS.
Social & environmental consequences

- Resettlement of 10k people in 18 months
- Decisions on access to land for resettled people and their farms
- Alternative livelihoods & compensation
- Sustainable development (as opposed to handing out money or company doing everything)
- Speculation on land and farms
- Up to 8k direct jobs. 50k indirect and induced jobs nationally
- Training; move from construction workforce to operation and transition training
- Local supply emphasis (empowering local entrepreneurs – e.g. Alexi Boampong)
Implementation of CSP

- Ahafo Social Responsibility Forum and consultation vehicles/Agreements critical
- Local employment processes
- Local supply process & linkages program
- Payments to government transparency
- New funding basis via Foundation
- Newmont Ahafo Development Foundation
- Management of influx
- Malaria and HIV/AIDS programs
- Partnerships (Education, Health, Local Government capacity-building)
- AAGI; Vulnerable Peoples; women’s programs
- Grievance management system
Social outcomes of Ahafo Mine

- Partial transformation of economy to wages work and commercial supply
- Larger scale agriculture & shift from substance to market farming
- Price increases for local goods
- Dramatic increase in wage employment & local businesses
- Significant increases in farmer income
- Involvement of community in decision-making; increased capacity all around
- Dramatically better communication infrastructure
- Safety culture
- Sustainable community development via NADEF
- Lower malaria and HIV/AIDS rates
- Not a single operational day in ten years lost due to community unrest.
Lessons learned from the tropics

- Communities as landlords; don’t rely overly on governments
- Build a knowledge base
- Hire professionals
- Leadership
- In-reach: Behavior of employees & contractors
- Maximize opportunities for local businesses & entrepreneurs
- Social performance is not the same as community development or ‘CSR’
- Relationships and process are king
- Communication/Engagement
- Cultural factors
- Think local, act local
- Involve community in environmental monitoring & reporting
- Resettlement is very difficult to get right
- Free Prior & Informed Consent is coming!
What is your social performance like?

Corporate ‘thickness’ re Communities

From: Harvard PAIED: ‘On improving Tribal-Corporate Relations in the Mining Sector’