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# MADI AFRICAN TIMES



## ARTISANAL AND SMALL-SCALE MINING (ASM) AND CONFLICT MINERALS IN AFRICA.

MANAGING THE ARTISANAL AND SMALL-SCALE MINING INTEGRATING ASM IN REGIONAL AND GLOBAL MINERALS VALUE AND SUPPLY CHAIN



**DATE:**  
September  
29, 2020

**TIME:**  
2:00-5:00PM  
(EAT)



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On the Left:  
Reabetswe Matseleng Seakeco  
MADI new staff member

**CITIZENS CONVENTION ON MINING 2020**

**THEME:**  
SUSTAINABLE DEVELOPMENT OF MINERAL WEALTH IN EAST AFRICA  
SEPTEMBER 24, 2020 9AM - 5PM

**KEYNOTE SPEAKER**

**Frank Mugenyi**

Mr. Mugenyi is the founder and Board Chairman of Minerals Africa Development Institution (MADI). He is also a member of the Advisory Board of AB Minerals and Eschaton Solutions (both Canadian entities) and a member of Uganda's Presidential Investors Round Table (PIRT) on the thematic area of Minerals Value Addition. Mr. Mugenyi is a Pan-Africanist with over 15 years of experience in the Mineral Resource development.

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# ABOUT MADI

<http://www.ma-di.org/>

The Minerals Africa Development Institution (MADI) Limited is a social enterprise registered in Uganda as a company limited by guarantee with an aim of supporting African countries in sustainable mineral resources development. MADI de-risks the African minerals sector to ensure there are mutual social and economic benefits accruing equitably to all key stakeholders (public, private and communities) while protecting the environment.



**Frank Mugenyi**  
Chairman

**Nancy Awori**  
Chief Executive Officer

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## COVER PAGE STORY MADI E-CONFERENCE ANNOUNCEMENT



**Minerals Africa Development Institution (MADI) Limited**

Creating an open and constructive environment to support the economic, social and environmental structural transformation of Africa's mineral sector.

### MINERALS AFRICA DEVELOPMENT INSTITUTION E-CONFERENCE:

#### ARTISANAL AND SMALL-SCALE MINING (ASM) AND CONFLICT MINERALS IN AFRICA.

**THEME: MANAGING THE ARTISANAL AND SMALL-SCALE MINING - INTEGRATING ASM IN REGIONAL AND GLOBAL MINERALS VALUE AND SUPPLY CHAIN- POLICIES NEEDED**

SEPTEMBER 29, 2020: 2-5 PM EAST AFRICAN TIME



# CONCEPT NOTE

MADI is organizing a series of one - day E-Conferences to discuss in detail critical issues that were raised during the MADI Inaugural E-conference that was held on 28 - 29 July 2020 as factors hindering Africa from maximizing benefits or optimizing value from her mineral resources. Given the importance of the Artisanal and Small Scale Mining (ASM) in Africa and the critical issues affecting the ASM sub-sector, MADI will be organising an ASM E-Conference in two parts. ASM I will be held on September 29, 2020 whilst ASM II is scheduled for October 27, 2020 (tbc).



MADI E-CONFERENCE SERIES

## BACKGROUND

An estimated third of the world's known mineral resources reserves are located in Africa. The mining industry includes both large- and small-scale operations. Artisanal mining refers to mining with minimal technology and generally without formal organization, largely involving women, the vulnerable and the poorest populations, and often in conflict zones in Africa. To get their final mineral of interest, individual artisanal miners perform a range of mining activities such as, digging or excavating, washing, panning and processing the minerals, as well as supporting the labour of others through the provision of goods and services intrinsic to the mining industry.

Artisanal and small-scale mining (ASM) has experienced explosive growth in recent years due to the rising value of mineral prices and the increasing difficulty of earning a living from agriculture and other rural activities. It is estimated that over 240 million Africans could be directly and indirectly involved in the Artisanal and small-scale mining space today, and this number is projected to grow to 720 million by 2030. This presupposes that the ASM sector requires and demands appropriate strategies and policy attention more now than ever.

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Artisanal mining on its own is a very important source of livelihood for many people in low-income countries. In Africa it is the dominant indigenous employer, but the lack of government control over the artisanal mining sector and the prominence of informal trade networks translates into severe social, political, and economic consequences. The current lack of state control over the ASM sector throughout Africa allows minerals to be illegally traded with relative ease, and governments lose much needed revenue that could be directed towards social and economic development. In conflict zones, artisanal miners are in danger not simply because they operate amid conflict, but also because of the presence and intent of armed groups wanting to use the minerals as a source of financing for the conflict by trading through informal networks. Due to their roles in prolonging or renewing conflicts by funding terrorist and criminal networks, conflict resources are seen as a domestic and international security threat. According to a UN panel of Experts on the subject, "Without the wealth generated by the illegal exploitation of natural resources, arms cannot be bought, hence the conflict, which almost always involves grave human rights abuses and large-scale population displacement, cannot be perpetuated".

On the other hand, Africa's strong economic growth, infrastructure boom, and rapid urbanisation are driving the demand of construction materials, dimension stones, industrial minerals and semi-precious stones. Yet, historically, little attention has been given to the low value or Development Minerals sector and the millions of ASM workers involved in their extraction. As a result, many low value minerals policies are poorly designed or implemented, while miners lack access to the rights, financial services, market information, and technology they need. Pollution and land degradation resulting from small scale mining have also not been addressed.

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# BACKGROUND

Trade unions in Africa are calling for artisanal and small-scale mining (ASM) to be formalized as a way of transforming the sector. Many countries are already implementing measures to empower ASM miners. Nonetheless, how do we ensure continent-wide best practice in this direction?

The Africa Mining Vision (AMV) was formally endorsed in 2009 by the African Union (AU) Heads of State and Government to promote equitable, broad-based development through the prudent utilization of the continent's natural wealth. Fortunately, the AMV recognizes the contribution of artisanal and small-scale mining (ASM) to local economic development, and it also promotes women's rights and gender justice. However, eleven years after its adoption by AU Heads of State and Governments, implementation has been slow and there is an extremely low level of awareness of the framework among key stakeholders in the mineral sector. Africa's leaders, citizens and the private sector must act now to ensure that the goals of the AMV are realized, because it is a transformative policy that can drive sustainable development on the continent. The AMV also has the propensity to provide value in the ASM supply chain in the long run.



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# CONTEXT

ASM is generally pursued as a route out of poverty or as an activity to complement insufficient income, especially in communities where alternative employment is hard to come by. ASM operators face similar challenges on the continent, but the industry is at the same time a very diverse one with cross border implications for the African continent. However, its main challenges vary from region to region—and often from site to site. While access to finance and access to explored demarcated mineralized zones are the major concerns to the ASM operators, governments and regulatory agencies on the other hand have the inability to formalize them as the primary concern.

Globally ASM is an important source of minerals and metals. It accounts for about 30 percent of the global gold supply, 80 percent of the global sapphire supply and 20 percent of the global diamond supply. ASM is also a major producer of minerals indispensable for manufacturing popular electronic products, such as laptops and phones. For example, 26 per cent of global tantalum production and 25 percent of tin comes from ASM. Consequently, corporate institutions are recognizing the important role ASM in general plays especially in the critical mineral supply chain. Glencore and Tesla for example, have added their support to the Fair Cobalt Alliance to improve artisanal and small-scale mining operations in the Democratic Republic of Congo.

Additionally millions of ASMs in the Development Minerals sub sector are contributing Prof Daniel Franks "The total number of gold that has been mined and produced by humans in all of human history would fit into just 3 Olympic size swimming pools. When you contrast that with sand aggregate that is produced annually, this would not fit in 10 million Olympic size swimming pools. • In total, metals make up just 2.8% of global commodity production. Compare this to the Construction industrial materials that make up almost 84% of global commodity production - it is a huge discrepancy there" [Daniel Franks speaking at the MADI Inaugural Conference].

Despite the importance of Artisanal and Small Scale Mining in the development of Africa, the ASM sub-sector both in High Value as well as in Development Minerals faces a number of challenges which prevent it from reaching its full developmental potential. These include: inadequate policy and regulatory frameworks; the limited technical capacity of miners; lack of access to finance and appropriate technologies; and, regrettably, widespread employment of under-age child workers, incidences of trade in conflict minerals as well as pollution and land degradation that is detrimental to environment and a huge contributor to climate change issues. These challenges generally lock small-scale miners into a cycle of subsistence operations with significant negative consequences for the environment and for human life.

A number of studies and empirical evidence have shown that there is a dire need to create a mineral resource sector that harnesses the potential of a viable and sustainable artisanal and small-scale mining that contributes to inclusive growth and development and sustainable socio-economic development.

In this regards, there is work in progress in developing frameworks and strategies to formalize, regularise and mainstream ASM, across the board, into broad stream socio - economic activities specifically developing policies laws, regulations, standards and codes to promote a viable and sustainable ASM sector; putting in place programmes to upgrade knowledge, skills and technologies in the ASM sector; including but not limited to: Promoting local service providers in the sub -sector; Models for partnership with government and large -scale mines to facilitate access to technology, skills, knowledge and markets; Financing and marketing programmes appropriate to the ASM sector and Improved health, safety, environment and gender in the ASM. However, these need to be domesticated and implemented.



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## OBJECTIVES OF THE ASM 1 E-CONFERENCE

THE OBJECTIVE OF THIS ONE-DAY CONFERENCE IS TO

1

Appreciate the potential of the ASM sector to contribute to social and economic structural transformation of Africa as envisioned by both Agenda 2063 and Global Agenda 2030 (SDGs)

2

Explore and proffer innovative solutions that will engender superior governance and management of the sector while integrating ASM into Regional and Global minerals value and supply chain including Formalisation Strategies etc

3

expedite the contribution and the domestication of Sub-Regional and Continental policy frameworks such as AMV with regards to ASM Sector.

In doing this the E-Conference will answer these preliminary questions; What strategic policies, laws and regulations do we need? What steps should African countries take collectively to transform the ASM operations as a sustainable development vehicle?

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# EXPECTED OUTCOMES

THE CONFERENCE WILL COME UP WITH KEY RECOMMENDATIONS ON THE FOLLOWING:

## 1. TOWARDS SUSTAINABLE ASM:

If projections on direct and indirect ASM involvement and dominance by 2030 are anything to go by, then there must be conscious efforts towards a sustainable ASM sector. What Do We Need to Get There in terms of Policy, Legal and Regulatory Frameworks for the ASM Sector

## 2. FORMALIZATION AND ENGINEERING FINANCING MECHANISMS FOR THE CONTEMPORARY ASM OPERATOR.

- a. What are the common barriers to formalization of the ASM sector?
- b. What alternative financing instruments exist for the ASM operator?

## 3. ENVIRONMENT AND HEALTH AND SAFETY

Artisanal and small-scale mining is also the source of the largest releases of mercury, estimated at 1,400 tonnes per year in 2011 according to the Minamata Convention, how do we curb this?

## 4. ADDRESSING THE CONFLICT MINERALS ISSUES AND ALTERNATIVE LIVELIHOODS FOR THE SMALL-SCALE MINING ESPECIALLY IN CONFLICT ZONES?,

How possible is it?

## 5. EXPLORATION FOR THE ASM OPERATOR .

The Role of Governments and sector regulators.

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# PARTICIPANTS

- Policy makers and practitioners
- Academicians
- Private sector
- Civil Society
- The ASM and SSM Operators
- All stakeholders of the Minerals resource sector



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# SPEAKERS

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DR. FRANK MUGENYI,  
Board Chairman- MADI

PROF. DANIEL M. FRANKS  
Sustainable Minerals Institute, The  
University of Queensland, Brisbane -  
Australia.

PROF. GAVIN HILSON  
ASM Researcher, University of Surrey UK

MR JOHN BOSCO BUKYA  
Chairman, Uganda Association of ASM-  
(UGAASM)

MS ANNE NAKAFERO  
National Environment Management  
Authority - NEMA - Uganda (tbc)

H.E MAJALA MLAGUI  
Deputy Governor Taita - Taveta - Kenya



MADI E-CONFERENCE SERIES

JORDEN DE HAAN  
Programme officer, Pact Mines to Market

DR. AMANY ASFOUR  
Board Member - MADI

RAYMOND KUDZAWU-  
D'PHERDD  
Industry, Value Addition & Beneficiation  
Expert, MADI



MINERALS AFRICA  
DEVELOPMENT INSTITUTION  
E-CONFERENCE

For more information, please visit our website  
**W: [www.ma-di.org/](http://www.ma-di.org/)**

To register, please visit:  
**<https://ma-di.org/EConference%20Registration/>**

For details about the E-Conference, please contact:  
**Ms Irene Ngabirano : [irengabirano@ma-di.org](mailto:irengabirano@ma-di.org) & /or**  
**Mr. Raymond Kudzawu-D'Pherdd : [raymondkd@ma-di.org](mailto:raymondkd@ma-di.org)**

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# Event Schedule

Time	Topic	Presenter
2.00 - 2.10 PM	Introductions	Raymond Kudzawu-D'Pherdd, Industry Value Addition & Beneficiation Expert, MADI
	Opening Statement (Moderator)	Frank Mugenyi Founder and Board Chair of MADI
	Opening Statement and overview of ASM work in Uganda	Representative - Uganda Government
	Revisiting the potential of the Mosi-oa-Tunya Declaration on Artisanal and Small-scale Mining, Quarrying and Development in Africa	Prof. Daniel M. Franks Sustainable Minerals Institute, The University of Queensland.
	Advancing Licensing and Certification Schemes for the ASM operator in Africa: The challenges and the solutions.	Prof. Gavin Hilson ASM Research Fellow, University of Surrey-UK.
	Unlocking the ASM potential for Africa's Jewelry Industry	H.E Majala Mlagui Deputy Governor Taita -Taveta - Kenya
	Mobilization of ASM for sustainable development at National Level - Uganda Case Study	Mr John Bosco Bukya Chairman, Uganda Association of ASM (UGAASM) .
	Developing and Implementation an ASM National Action Plan for sustainable ASM development - pros-n-cones	Ms Anne Nakafero National Environment Management Authority - NEMA - Uganda (tbc)
	Strategies for Formalization and Management of ASM Sector to realize its full potential	Mr. Jorden De Haan Programme officer, Pact Mines to Market Confirmed
	Supporting Small Scale Enterprises in the ASM Sector Building Entrepreneurship of Women and Youth,	Dr. Amany Asfour Board Member - MADI
3.40 - 4.40 PM	Q&A Discussions	Moderator Frank Mugenyi
4.40 - 5.20 PM	Wrap-up and Closing Remarks	Board Chair of MADI

Please Use this Link to Register for E-Conference: <https://ma-di.org/E-Conference%20Registration/>



# MADI NEWS

**OUR NEW LOGO:** After officially registering as the Minerals Africa Development Institution (MADI) Limited, a social enterprise registered in Uganda as a Company Limited by Guarantee with an aim of supporting African countries in sustainable mineral resources development, we officially changed our Logo.

MADI OLD LOGO



MADI NEW LOGO



## COVER PAGE STORY

### MS. REABATSWE MATSELENG SEAKACO

**OUR NEWEST STAFF MEMBER, MS. REABATSWE MATSELENG SEAKECO** is a citizen of South Africa. She holds a Bachelor of Arts degree from the University of Cape Town and is currently pursuing her postgraduate law degree at University of the Witwatersrand in South Africa. She is a member of the African Union’s Expert Team drafting the Model Mining Law for Africa. Reabetswe has served within the African Union’s Department of Trade and Industry in Addis Ababa. In 2017, Dr Nkosazana Dlamini Zuma, the former Chairperson of the African Union Commission, awarded Reabetswe with a certificate in recognition for her contribution towards the ideals of Agenda2020 and Pan Africanism. At MADI, Reabetswe is part of the Policy, Legal and Regulatory Framework Department led by Ms. Rose Mosi.

## PARTNERSHIP ANNOUNCEMENT - MADI and IST

Minerals Africa Development Institution (MADI) Ltd and the Institute of Earth Sciences (IST) of the Faculty of Sciences and Techniques at the Cheikh Anta Diop University of Dakar, Senegal are about to sign the Memorandum of Understanding (MoU). It is expected that the MoU will be signed before the end of September 2020.



Under the MoU, both institutions will establish and maintain systematic and effective consultations, cooperation and information exchange with the following objectives:

- a) To promote the exchange of information on policy areas and initiatives on natural resources in Africa;
- b) To promote cooperation and consultation on matters of common interest in order to harmonize efforts in the framework of the achievement of mutual and respective missions and mandates and to contribute to the parties’ scientific, operational, economic and social development;
- c) To provide for possible joint activities related to capacity building, joint organization of conferences and other professional activities;
- d) To provide an appropriate framework for the parties to facilitate and coordinate their cooperation in areas of mutual interest;
- e) To establish appropriate channels of communication and information exchange to facilitate consultations and exchange of views between the parties in order to facilitate the achievement of the MoU objectives.

### Areas of Activity under the proposed MoU

- 1. Training in geoscience applications
- 2. Establishment of a data platform on mineral resources
- 3. Studies and Masters
- 4. Research projects and Theses
- 5. Incubation of start-up projects

## COVER PAGE STORY

### MADI SPEAKING ENGAGEMENT

**Citizens’ Convention on Mining 2020: Sustainable Development of Mineral Wealth in East Africa, September 24, 2020**  
**Keynote Speaker: Frank Mugenyi, Chairman, MADI**

**CITIZENS CONVENTION ON MINING 2020**

**THEME:** SUSTAINABLE DEVELOPMENT OF MINERAL WEALTH IN EAST AFRICA  
**SEPTEMBER 24, 2020 9AM - 5PM**

**KEYNOTE SPEAKER**

**Frank Mugenyi**

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# FUTURE MADI PROJECTS

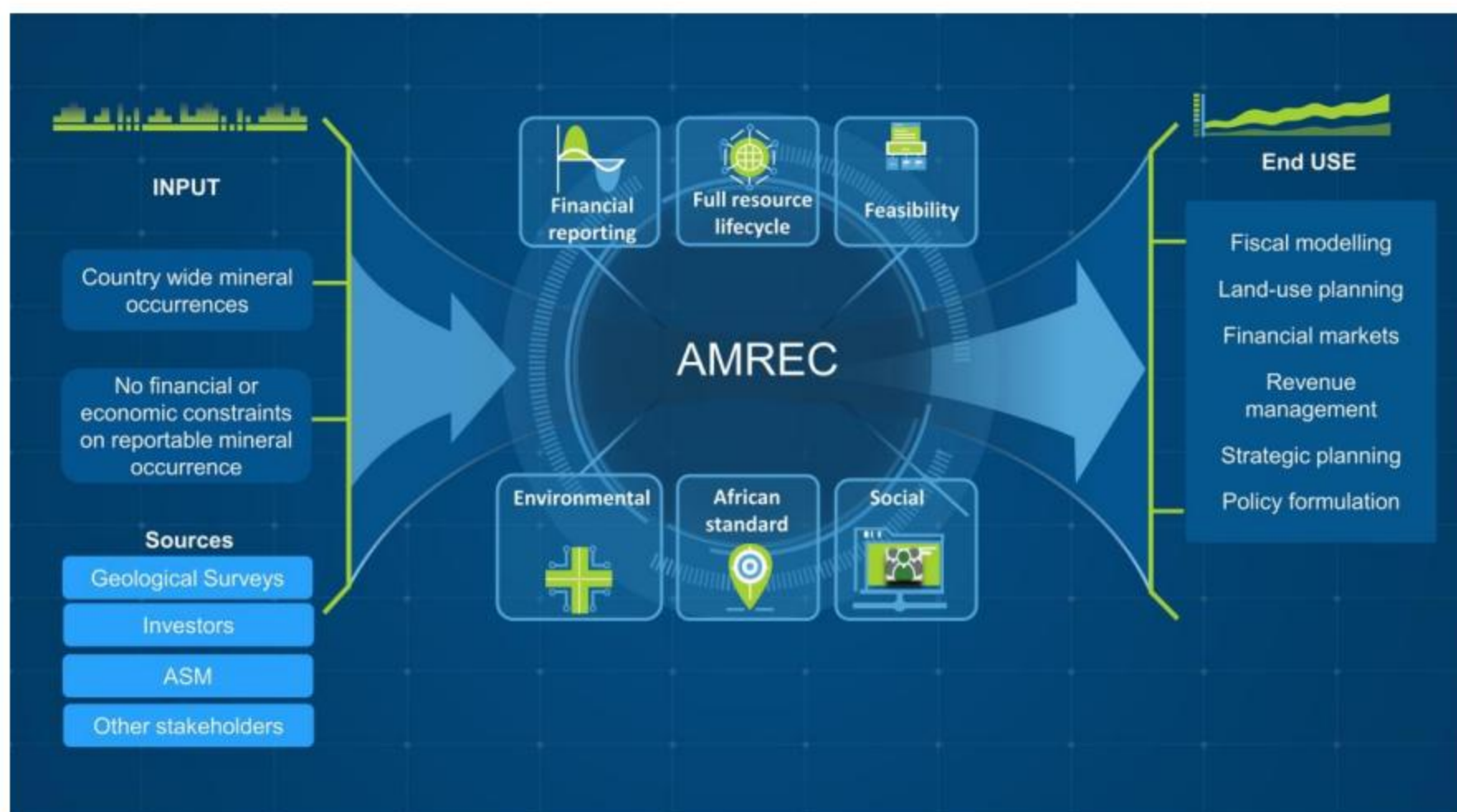
## TOWARDS A UNIFIED MINERAL RESOURCES CLASSIFICATION AND MANAGEMENT SYSTEM FOR AFRICA – MADI AND AMREC

By Mary Barton, Minerals and Geological Information Expert, MADI

Africa is endowed with mineral wealth and has always been a major contributor to the global supply of raw material. Despite the intense mineral exploitation on the continent, African states still lack a complete picture of their mineral endowments. This is partly because mineral resource classification systems have primarily focused on meeting the needs of the mining investment and financial fraternity. Unfortunately, investor-centered classification systems tend to focus on the short-term economic viability of mineral occurrences while sidelining the social and environmental viability of mining projects. Furthermore, these systems cannot be applied to artisanal and small-scale mining operations which are prolific in the African mining sector. Lastly, the dependency on investor-centered classification schemes has done little to mitigate information asymmetries faced by governments.

To date, no African country has a comprehensive resource classification and management system. The only universal standard that is suitable for keeping inventories for all types of mineral occurrences is the United Nations Framework Classification for Resources (UNFC). With support from the African Union Commission, the United Nations Economic Commission for Europe and the Expert Group for Resource Management the Africa Mineral Development Centre (AMDC) has developed a UNFC based African Mineral and Energy Resources Classification and Management System (AMREC). AMREC is designed to meet multi-stakeholder requirements, including stock exchange reporting, while addressing the challenges unique to Africa.

In the coming months, Minerals Africa Development Institution (MADI) Ltd. intends to conduct pilot studies to assess the feasibility and practical applications of AMREC. Driving the need for mineral inventories is the recognition that the economic viability of mineral occurrences is dynamic and dependent on current economic factors (i.e. price, demand, supply, technology). With comprehensive knowledge of mineral inventories, African states can become active participants in the exploitation and governance of their mineral wealth and will have a platform to facilitate mineral resource policy and strategy formulation for sustainable development.



## MADI E-CONFERENCE ON MINERAL POLICY, LEGAL AND REGULATORY FRAMEWORK IN AFRICA: CHALLENGES, GAPS AND RECOMMENDATIONS FOR IMPROVEMENT HELD ON 28<sup>th</sup> August 2020 - PANELISTS QUOTES:

### **Dr Frank Mugenyi, Chairman, MADI**

*"The existing policies have only looked at the first level on the value chain which is mining. They have not looked beyond areas such as value addition or optimal utilisation of the resources."*

### **Ms Rose Mosi Policy, Legal and Regulatory Frameworks Expert – MADI**

*"Change starts from the policy and that is from the government."*

*"We should not have a copy-paste of policies and legal frameworks but apply a framework according to your need."*

*"The legal and regulatory framework should have two things; climate change and sustainable development."*

*"A law without implementation is basically nothing."*

*"We need to start disclosing what we are doing in the ministries."*

*"Deep sea mining is not being talked about and yet that is where we are heading."*

### **Dr Jennifer Hinton, Uganda Country Head - Jervois Mining Ltd**

*"We need to have a race to the top arrangement and have high respect for environment and communities as the private sector."*

*"We need Africa led solutions."*

*"The government needs to understand the economics of mining so as to develop this sector"*

*"We are looking at two to three years of market recovery from COVID-19."*

### **Mr Vincent Kedi: Assistant Commissioner, Licensing. Ministry of Energy and Minerals Development Uganda.**

*"The mineral policy and legal framework in Uganda have been under review, and there is a new Mineral bill that is being drafted and will be presented to cabinet. The bill provides for an enforcement arm, reviews policy and mineral rights, licenses and has two new licenses for Artisanal Small scale mining."*

*"The mineral sector is seen as a driver to economic development but has not had this contribution on the African continent."*

### **Ms Isabelle Ramdoo, Senior Associate and Development Economist and Deputy Director –IGF**

*"No country in the world has developed without industrialization, none."*

*"Africa needs to understand the whole value chain, and look at the low hanging fruits."*

*"Build strong and resilient supply chains."*

*"Inconsistency in policies as well as insufficient incentives are some of the more common challenges in the mineral sector. Many countries give significantly more incentives to foreign companies than local companies,"*

*"We need to also put emphasis on the skilling of people. The mines of the future will be different from what they are today; we need to prepare in advance for all these technological shifts."*

*"Value addition cannot be done by a country alone. Countries need to work together and utilise their advantage in value addition to mineral resources."*

### **Mr. Raymond Kudzawu-D'Pherdd: Industry Value Addition & Beneficiation Expert, MADI**

*"ASM is very important and we should refer to them as small scale miners not illegal miners as the ASM sector alone which employs 18% of the population."*

*"We need to be digital, start thinking about mining digital currency, thinking about the future."*

*"African Union needs to go back to the Africa Mining Vision, spice it up and then pick it up and move with it smoothly."*

*"As we formulate policies and laws relating to that Artisanal and Small scale mining, we need to consider a few things such as access to finance, value addition."*

### **Gilbert Jemwa: Board Member, MADI and Mining and Exploration Expert**

*"We have to address the issue of communication and capacity gaps between institutions that are mandated."*

*"The Ministries of Finance are not following up with the companies as they should."*

*"You do not have to be from the mining sector to earn from it, you can earn from the stock market, stock as well."*

*"Minerals are not producing jobs as expected because the value chain is outside the countries. There is a missing link that needs to be fixed in the mining sector."*

### **Mr Valery Nzogue; Legal Advisor of the Gabonese Minister of Mining, Member of Council of Mining (CEMAC)**

*"We should establish a specific tax to be applied to the mineral sector."*

*"Mining contracts should connect to the mining code."*

*"Women should have a take in the policy and legal regulatory framework formation in order to attain the human rights and gender standard of the AMV."*

*"We could have something like an African Mining treaty to harmonize principles, regulations in Africa."*

*"The African Mining Vision is a policy meant to boost African development with new standards in the mining sector."*

*"The tax model in African countries should be based on fair taxation. However most African countries do not have the same tax scheme."*

### **Ms Nancy Awori, CEO – MADI, Lead Expert on development of the African Union Minerals Model Law**

*"If we adopted the AMV, we will have uniform policies."*

*"Governments have to fund Geological research hence a higher bargaining power during negotiations."*

*"If Africa is to fully benefit from her resources there is a need for harmonisations of policies. Policies need to be harmonised according to fiscal regimes, local content and community engagement." - "Value addition is also important as it will create linkages with other sectors on top of increased revenues."*

**Introduction:** Artisanal and Small-Scale Mining (ASM) activities particularly for gold (ASGM) and diamonds have existed in Ghana for many centuries. There is record of ASM as far back as the 5th and 6th century BC when the Phoenicians and Carthaginians sailed along the coast of West Africa and exchanged goods for gold (MLNR 2017). By 1471 when the Europeans arrived, the people of Ghana were already trading in the yellow metal and were adorning themselves with it as well. So, the Europeans referred to them as Gold Coasters. Oral history has it that the people of the Gold Coast welcomed the Europeans to live amongst them but the Europeans in turn colonized the people of the Gold Coast and later banned them from engaging in gold mining activities. Not until 1989, the residual ordinance even after independence, saw ASM and Small-Scale Mining as an illegal and illegal activity.

**ASM formalisation Laws:** In 1989, the Provisional National Defence Council (PNDC), recognizing the complexities surrounding the ongoing the unregulated artisanal small-scale mining (ASM) activities which was considered unlawful, passed a number of laws to regulate the sector.

- PNDC Law 217 regulated the use of mercury in ASM;
- PNDC Law 218 (The Small-Scale Gold Mining Law 1989) legalized ASM and introduced a licensing regime;
- PNDC Law 219 created the Precious Minerals Marketing Corporation, authorized to buy gold, including gold produced from ASM

Over the years these laws went through series of amendments to catch up with developments in the sector. The minerals and mining Act, 1986 (PNDC Law 153), the Minerals and Mining Amended Act, 1994 (Act 475) and the Small-Scale Gold Mining Law, 1989 (PNDC Law 218) were revised, consolidated and replaced with the Minerals and Mining Act, 2006 (Act 703). This was also amended and updated by Act 900 of 2015. The last amendment was to provide for regulations to be made to prescribe the manner for the payment of royalties and the confiscation of equipment used in illegal ASM activity and related matters.

These laws set the stage for formalising the small-scale mining sector and created an explosive affinity for a people who have been deprived of their nature for centuries. Though miners were required to apply for the licenses before mining, a significant number of them did not and this introduced formalisation challenges. Such miners cited high cost and the cumbersome process of licensing as well as the turnaround time as reasons.

As the ASM/SSM activities became exceptionally lucrative and flourishing in Ghana, it also caught the eye of external parties. Ghana's porous borders and the unfortunate demarcation of political boundaries that separated families made it even easier for people in the so-called neighbouring countries in the subregion to crossover and engage in the business. The vibrant ASM sector in Ghana subsequently attracted financiers from India, China and the middle East. These financiers provided capital and gave stringent deadlines for repayment in especially gold in return. A situation which automatically put pressure on the small-scale miners to deliver: pressure that translated into the unbridled activity which negatively impacted the environment, the ecosystem in terms of environmental degradation and mercury pollution. According to a 2012 Military Intelligence report, the military discovered that the miners were arming themselves with sophisticated weaponry, to protect themselves, and the Military warned that if not checked, the situation could lead to civil war.

**Contemporary ban on Small-Scale Mining in Ghana:** By 2016, the situation had deteriorated. The unbridled activities of the ASM and small-scale operators, had become a systematic risk to the environment, to food security and to Ghana's water bodies, of which 90% were polluted. A media coalition took the issue up with a campaign. It got government's attention and a ban on small scale mining was instituted.

However, small scale mining contributes significantly to the mineral production figures in Ghana. All diamond production in Ghana is by small scale miners while 17 to 43 percent has been recorded for gold. Ironically the highest contribution was recorded when there was the ban on the small-scale mining activity in Ghana, a conundrum the agencies haven't been able to explain (**Figure 1**).

YEAR	LARGE SCALE PRODUCERS - OZ	SMALL SCALE PRODUCERS - OZ	TOTAL GHANA PRODUCTION - OZ	% OF SMALL TO LARGE SCALE
2009	2,564,095	555,737	3,119,832	17.81
2010	2,624,391	767,196	3,391,587	22.62
2011	2,697,661	978,611	3,676,272	26.62
2012	2,842,585	1,495,329	4,337,914	34.47
2013	2,820,419	1,576,822	4,397,241	35.86
2014	2,884,787	1,512,516	4,397,303	34.40
2015	2,592,563	1,031,179	3,623,742	28.46
2016	2,586,596	1,656,762	4,243,358	39.04
2017	2,807,025	1,424,351	4,231,376	33.66
2018	2,807,606	2,130,156	4,937,762	43.14
2019	2,992,119	1,679,311	4,671,430	35.95

Figure 1. Ghana's gold production data (Source: Ghana Minerals Commission)

**Community Mining and the One-Stop-Shop Model:** The fluidity of the movement of the ASM operators in Ghana, has created a chaotic regime and calls for innovative solutions. The Community Mining Concept modelled after the practice in Ethiopia has the potential to sanitize the sector. However, care must be taken so that this initiative does not become a glorified *galamsey* activity, as already feared by some industry watchers. Another model that could help reduce the turnaround time in the licencing procedure is the **OneStopShop**. A complete small-scale license includes three permits in total from the Minerals Commission, EPA, and the Water Resources Commission. The **OneStopShop** concept is to house all these three agencies in the same building or office in the districts to facilitate the licensing process better which is also after the Ethiopian Model at the woderas or districts.

**Other ASM Initiatives in Ghana:** In recognition of the need to regulate and sanitize the small-scale mining sector, the Government of Ghana in 2017 established the Inter-Ministerial Committee against Illegal Mining (IMCAIM) to lead and coordinate her efforts to sanitize the sector and regulate those licensed. The Government of Ghana through the Ministry of Lands and Natural Resources conceptualized and developed the Multi-sectoral Mining Integrated Project (MMIP); and in collaboration with the World Bank has established the Ghana ASM Formalization Project (GASMFP) to reform and sanitize the sector in a comprehensive and sustainable manner. These projects are ongoing and it is hoped that they will yield some positive results.

**Conclusion and Recommendations:** The missing puzzle in all these is the availability of explored and well demarcated areas for the ASM operator to mine, and there are pilot components in GASMFP. In addition to lack of access to finance and the turnaround time of the licensing procedure, the unavailability of well-defined mineralized zones is a cardinal contributor to the degradation of the environment and to the proliferation of small-scale mining activities in the Ghana. Small-scale miners who are unsuccessful in finding especially gold in an area licensed to them, sometimes cross over to test other areas and in the process become illegal miners. This practice is common because they mine blindly. A well demarcated mineralized zone made available to them could help curb this practice.

The historical exploration works completed by the Ghana Geological Survey Authority (GGSA) with external funding are what continues to promote the country's natural resource potential. Nonetheless, a large proportion of the country is yet to be explored in detail. The current legal framework of the Authority stifles her from recouping revenue from any investment in major exploration work. Considering the capital-intensive nature of exploration, the Ghana Geological Survey should be able to recoup any investment in exploration work. But that can only be possible if the Minerals Commission and even the Petroleum Commission are made to remit a percentage of annual licensing fees and rents to the Ghana Geological Survey Authority for exploration works in the country after the order of the Australian Model of Geoscience Australia if placing the Minerals Commission, the Ghana Petroleum Corporation Company, and the Petroleum Commission under Ghana Geological Survey Authority to enhance harmony in the revenue generation process will be too difficult a legal tussle.

**Reference:** MLNR (2017). *Project Appraisal and Implementation Document (PAID), Multi-Sectoral Mining Integrated Project (MMIP)*. Ministry of Lands and Natural Resources, Government of Ghana, Accra 70p

# FROM OTHER SOURCES

## WILL THE MINE BE DEVELOPED? “Battle of the taxes - Who comes out on top? Australia and Africa compared” by PWC Australia Africa Practice (August 2018)

### Interesting Comparisons and Charts

<https://www.pwc.com.au/industry/energy-utilities-mining/africa-practice/assets/battle-of-the-taxes-australia-and-africa-compared-2018.pdf>

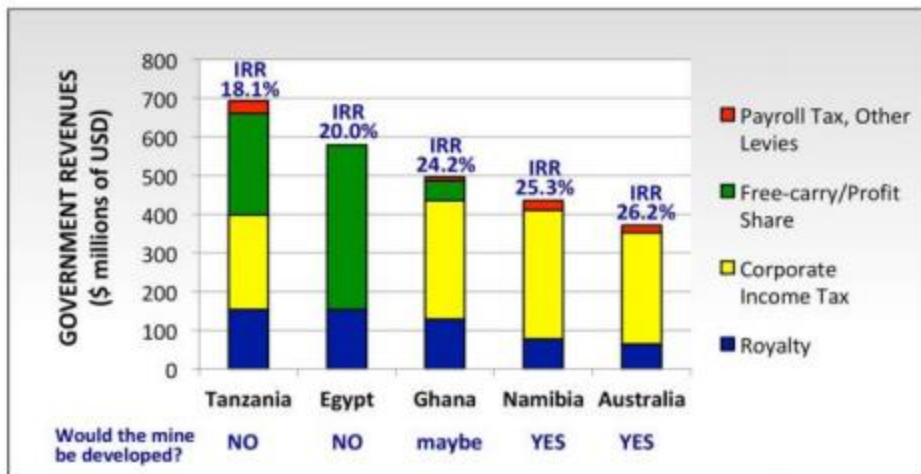


Figure 1: IRR calculated over the 10 year mine life of a hypothetical open pit gold mine with a \$215 million CAPEX and annual gold production of 200,000 ounces. (Source: PWC, 2018, *Battle of the Taxes: Australia and Africa Compared*).

The goal of this paper is to stimulate further discussion on what can be done by the Australian and African governments and the mining sector to maximise the potential of their respective mining industries and generate income for both. Balance is key between returns for the miner, and the government. For it holds true to both government and miners – a larger proportion of zero tax revenue or company profit remains a zero return for both parties. In contrast, the benefits of an operating mine continue for generations.

Table 1: 2018 internal rate of return (IRR) and total government revenue generated by country

Country	Project IRR	Would the mine be developed?	Government revenue generated (US\$m)	IRR Trend since 2017
Australia	26.2%	✓	371	–
Ghana	24.2%	Maybe	487	No change
Tanzania	18.1%	✗	694	↓
Namibia	25.3%	✓	435	No change
Egypt	20.0%	✗	579	No change

Source: PwC Analysis

# TOP 10 AFRICAN COUNTRIES WITH THE MOST NATURAL RESOURCES

No. - Rank	Country	Existing Natural Resources	Mainly Exported Minerals	Additional Notes
1	South Africa	Diamond, Gold, Aluminum, Copper, Iron Ore, Platinum, Uranium, Vanadium, Chromium, Zirconium, Nickel, Coal, Vermiculite, Ilmenite, Palladium, Zirconium	Diamond, Gold	<ul style="list-style-type: none"> <li>The richest mineral economy on the continent.</li> <li>The mineral industry contributes 20% to the GDP and the income per year is approx. 550 billion ZAR.</li> <li>Have large deposits of Diamond and Gold that have contributed to the country's development.</li> </ul>
2	Ghana	Gold, Bauxite, Diamond, Manganese, Crude Oil, Silver, Salt	Gold	<ul style="list-style-type: none"> <li>37% of total exports being minerals.</li> <li>Second largest producer of gold in Africa with modern facilities.</li> </ul>
3	Botswana	Diamond, Copper, Coal, Soda Ash, Nickel	Diamond, Coal	<ul style="list-style-type: none"> <li>Largest supplier of diamond and trades with countries all over the world.</li> <li>Leading in Coal production that in turn is used in production of synthetic fuels.</li> </ul>
4	Zambia	Copper, Emeraldite, Cobalt	Copper	<ul style="list-style-type: none"> <li>Richest African country in terms of Copper and number one producer /supplier.</li> <li>Copper Belt with massive copper production is located in Zambia with biggest underground mines in the world.</li> <li>The Copper belt employees about 10,000 workers and produces approx.300,000 tones of copper per year.</li> </ul>
5	Tanzania	Iron Ore, Nickel, Copper, Silver, Gold, Diamond, Tanzanite .	Gold, Tanzanite	<ul style="list-style-type: none"> <li>The only supplier of Tanzanite in the world.</li> <li>Fourth richest country producing Gold in Africa.</li> </ul>
6	Democratic Republic of Congo (D.R.C)	Copper, Cobalt, Diamond, Oil, Coltan, Gold, Tin	Copper, Cobalt, Gold, Diamond	<ul style="list-style-type: none"> <li>One of the most industrialized countries in Africa since 1960.</li> <li>Congo is one of the richest deposits of mineral resources.</li> <li>The country is expected to have estimated to have more than Twenty Four Trillion dollar worth of untapped raw mineral ore deposits.</li> </ul>
7	Niger	Cement, Coal, Gypsum, Limestone, Salt, Silver, Tin, Uranium	Uranium	<ul style="list-style-type: none"> <li>Contributes to 44% of Africa's Uranium supply, making it one of the continents leading producers.</li> <li>Largest underground mines.</li> <li>Uranium brings in Niger's biggest income with 40% of all her exports from Uranium trade.</li> </ul>
8	Namibia	Copper, Sulphur, Lead, Zinc, diamond, salt, Tantalite, Uranium	Uranium	<ul style="list-style-type: none"> <li>Approx.15 Million pounds of Uranium oxide produced for production of energy.</li> <li>The biggest Chinese investment in Minerals is on the Namibian Soils for Uranium.</li> </ul>
9	Guinea	Diamond, Iron Ore, Gold, Cement, Uranium, Salt, Bauxite.	Bauxite	<ul style="list-style-type: none"> <li>Contributes 27% of the world's bauxite mineral resource.</li> <li>In Africa, producing 95% being the lead and majority exporter.</li> </ul>
10	Mozambique	Aluminum Cement, limestone, Gold, Iron, Steel, Marbles, gemstones, Coal, Oil and Gas, Beryllium, Tantalum	Aluminum, Beryllium, Tantalum	<ul style="list-style-type: none"> <li>Export Beryllium and Tantalum all over the world.</li> <li>Best common mineral is Aluminum.</li> <li>Produces approx.580, 000 tons of Aluminum per year with forms 30% of the county's export.</li> </ul>

Source: "Africa Unleashed" on YouTube

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FROM MININGAFRICA.NET

# Mining in Africa FACTS

- 55%** of the world's diamonds led by Botswana and Congo
- 110** There are over 110 listed mining companies with operations in South Africa
- 22%** Africa produces about 483 tons of gold- 22% of the world's total production.
- 60%** of the mining in Africa is gold mining.
- 30%** Africa hosts 30% of the worlds mineral reserve

Source: [www.miningafrika.net](http://www.miningafrika.net)

## LEADING COMPANIES IN THE MINING INDUSTRY

Diamonds	Copper
Coal	Uranium
Gold	Nickel
Silver	Oil
Aluminium	Gas
Bauxite	iron ore

Source: [www.miningafrika.net](http://www.miningafrika.net)