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*Ending Injustices That Cause Hunger and Environmental Destruction*

## Development Report No 18

### **Gold Strike in the Breadbasket: Indigenous Livelihoods, the World Bank, and Territorial Restructuring in Western Ghana**

By Albert T. Armstrong

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#### About the Author

**Albert T. Armstrong** received a M.A. degree in Anthropology from California State University, East Bay. His internship experience at Food First and this Food First development report were the basis for his Masters thesis in applied cultural anthropology. Mr. Armstrong earned his B.A. in Anthropology from the University of California, Berkeley.

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## EXECUTIVE SUMMARY

Fifty years after political independence, 40% of Ghana's 22 million citizens still live in poverty despite the fact that the country is the second-largest gold producer on the African continent. According to the Food and Agriculture Organization (FAO), a large proportion of Ghana's poor live in rural areas and about 11% of the population, over two million people, continue to suffer from hunger. Hundreds of thousands of rural poor, largely unexposed to the wage economy, derive their livelihoods directly from small-scale agriculture and the natural resources provided by the country's forests. The rapid expansion of World Bank-financed surface gold mining operations by foreign transnational corporations (TNCs), most recently in the proposed development of mines in Ghana's forest reserves and the construction of the new Ahafo Gold Mine in the Brong-Ahafo Region by the US-based Newmont Mining Corporation, represent a grave threat to rural livelihoods and indigenous survival.

Using the conceptual model of *territorial restructuring*, this report surveys the political economy of large-scale corporate gold mining activities in Ghana, with an emphasis on the negative impacts on the livelihoods, food security, human rights, and environment of poor people living in rural small-farming communities in and around the areas of extraction. Territorial restructuring explains how the World Bank (the Bank) and TNCs converge upon specific territories at the sub-national level in the global South with enormous wealth in resources (e.g., oil, gold, diamonds, timber) and, with the complicity of domestic elites, are able to "restructure" conditions on the ground to facilitate the efficient production and extraction of surplus.<sup>i</sup> Over two decades of neoliberal<sup>ii</sup> reform and a surge of foreign direct investment (FDI) in Ghana's mining sector (mainly gold) has generated tremendous gains for TNCs but has delivered comparatively few benefits to either the national economy or mine-affected communities. As one of the largest and most powerful international financial institutions (IFIs) in the world, the World Bank is able to use its conditional lending to directly shape structural conditions at the national and sub-national level, compelling poor borrowing governments to relax their regulatory frameworks and provide economic incentives to assist capital in "opening up" new territory for foreign investment. In Ghana, the government's revision of the mining code, the granting of huge mining concessions to TNCs on public and tribal lands, and the World Bank's provision of loans for massive infrastructure programs (especially energy) through its public sector lending arm—the International Development Association (IDA)—as well as the Bank's direct financing of surface mining projects through its private sector investment arm—the International Finance Corporation (IFC)—all play a central role in establishing elite control over territory and creating an enabling environment for predatory gold mining activities.

The debt crisis and near collapse of the Ghanaian economy in the early 1980s led the government to adopt the first and most ambitious Structural Adjustment Program (SAP) in Africa. From the very beginning of the liberalization process, both the Ghanaian authorities and the Bank's economists saw the reform of the mining industry, and the gold sector in particular, as the key to the country's economic recovery. Changes to the mining code under the SAP, including a new Minerals and Mining Law in 1986, facilitated the privatization of all mines and extended a number of very generous fiscal incentives to prospective investors,

including drastic cuts in corporate income tax and royalty rates. The Bank has used conditional lending to impose even more extreme mining-sector reforms on other mineral-rich African countries like Mali and Tanzania. This has unleashed a “race to the bottom” across the region that has resulted in the downward leveling of social, economic, and environmental conditions for the majority in resource-rich African nations.

The revision of Ghana’s mining code coupled with the extraordinary rise in gold prices since 2001 has generated a tremendous boom in mining activity in the country. Since 1986, over US\$4 billion in FDI has been injected into the nation’s mining sector, and gold production has increased by more than 500%. Gold now accounts for about 40% of total exports and 96% of all mineral exports. At present, there are about 16 large-scale surface gold mines in operation in Ghana and virtually all of these are owned and operated by foreign TNCs. While the largest gold mines, Obuasi and Ahafo, are located in the Ashanti and Brong-Ahafo Regions, half of all the major gold mines, including Tarkwa, Iduapriem, and Bogoso/Prestea, are located in the Western Region where one-third of the total land area is under concession to mining companies. The Tarkwa area, in fact, is said to have the single largest concentration of mines and mining companies on the African continent.

A large portion of the Bank’s lending in Ghana involves a series of large-scale energy infrastructure programs, which are helping to facilitate the expansion of surface mining in the country’s rural hinterlands. Having secure access to an abundant and relatively cheap supply of energy is the most important condition for the profitable operation of a surface gold mine. The Bank views the unreliable and high-price supply of energy in Ghana as a major “infrastructure bottleneck” that must be overcome to attract new FDI to the mining sector. To enhance Ghana’s ability to meet the future energy needs of the mining firms, the Bank is providing the government with loans to support an ambitious long-term “Generation Expansion Program” designed to increase power generation capacity within the goldbelt. This program includes a US\$590 million West African Gas Pipeline (WAGP) and a US\$229 million Coastal Transmission Backbone Project (CTB). The final delivery terminals for these energy projects are located right in the heart of Ghana’s goldbelt. Moreover, maps in the Bank’s Program Appraisal Document (PAD) for the CTB reveal plans for the future extension of power lines into the Brong-Ahafo Region (home to Newmont’s new Ahafo Mine) as well as the construction of several new hydroelectric dams throughout western Ghana, including the highly controversial Bui Dam Project that will destroy much of Bui National Park.<sup>iii</sup> These projects are part of a suite of financial and institutional interventions in Ghana’s goldbelt that represent an imperialist<sup>iv</sup> strategy of territorial restructuring, in which the Bank and other powerful actors are able to redirect an enormous sum of wealth and resources towards the development of corporate gold mining operations at the direct expense of the health and welfare of local indigenous communities and the environment.

A thorough cost-benefit analysis of the overall contribution of the gold sector to local and national economic development in Ghana would undoubtedly return a negative result. Although gold exports account for 40% of foreign exchange earnings, the gold sector only contributes about 5% to Ghana’s gross domestic product (GDP). In addition, surface gold mining operations have devastated many peasant and indigenous communities located in and around the project areas by appropriating and destroying the very land, forest, and water

resources they depend on for their survival. The operation of a surface gold mine requires the acquisition of a large tract of land, often hundreds of square kilometers in size, which subsequently has to be cleared of vegetation to accommodate the mine. The transfer of control over large areas of public and/or stool (tribal) lands to private firms by the government amounts to a massive *enclosure of the commons*.<sup>v</sup> This process has involved both the forced dislocation of indigenous communities numbering in the hundreds or even thousands of people from their land as well as the exclusion of access by the poor to public lands (e.g., forest reserves). Gold mining operations in the Tarkwa area alone displaced 14 communities with a total population of over 30,000 people between 1990 and 1998. Apart from drastically reducing the land available for farming and undermining the income and food security of peasant communities, the rapid influx of large-scale mining activities into Tarkwa has also contributed to an increased incidence of unemployment, higher costs of living, family disorganization, prostitution and drug usage, and the systematic use of intimidation and violence by mining company and state security agencies.

An estimated 25% of the total land area of Ghana (some 58,167 km<sup>2</sup>) is currently under concession to gold mining firms. Of particular concern today is the rapid expansion of surface gold mining in the Brong-Ahafo Region, which is known as Ghana's "breadbasket" because it produces 30% of the nation's food. Despite considerable local and international protest, in January of 2006 the Bank approved US\$125 million in IFC loans to Newmont in order to finance the construction of the Ahafo Gold Mine, a huge open-pit, cyanide-processing mining operation, located in the Asutifi District of the Brong-Ahafo Region. The first phase (Ahafo South) of development alone encompasses some 3,000 hectares. About 10,000 people, mainly poor small-scale farmers, have already been displaced to enable the Ahafo South phase of the project to go forward, and an equal number are expected to be displaced as the mine expands northward during its second phase (Ahafo North). According to the IFC, the mine will provide 620 permanent jobs and earn the government some US\$300 million over the twenty-year life span of the mine. But these gains are a pittance compared with the enormous social and ecological impacts of the mine. Based on the company's own projections, Newmont will likely walk away with US\$6 billion in net profits.

The following development report is primarily intended to assist Ghana's mine-affected communities with their grassroots struggle to resist the dispossession of their land and livelihoods by World Bank-financed gold mining operations. This report explains how the Bank uses territorial restructuring to facilitate the development of foreign-based resource extraction projects, the negative impacts of which are blatantly inconsistent with the institution's stated mission of reducing global poverty. Large-scale surface gold mining is undermining food sovereignty in western Ghana by depriving local people of their rights to food, a healthy environment, and equitable access to and democratic control over the land and resources needed for sustainable livelihoods. This political ecological analysis should be of interest to Ghanaian civil society groups working with mine-affected communities and their international coalition partners, as well as students, teachers, activists, and others interested in understanding the relationship of the Bank's policies and programs to mining, peasant livelihoods, food security, human rights, and the environment in Ghana or other developing countries.





**Figure 1.** The Republic of Ghana (Source: United Nations, 2005)



## INTRODUCTION

Despite four decades of rapidly increasing global food supplies, an estimated 850 million people in the developing world continue to go hungry (UNDP, 2005). Every year, more than 10 million children under the age of five die from chronic malnutrition and associated preventable diseases. (Ibid.). Contrary to prevailing myths, world hunger is not caused by dwindling food supplies and “overpopulation” but rather by the inability of hungry people to gain access to the abundance of food that exists and/or land and other food-producing resources because they are too poor. Extensive research by Food First analysts and other independent researchers, such as the Nobel laureate economist Amartya Sen, has shown that poverty, the unequal distribution of land and resources, and environmental degradation are the real causes of hunger (Holt-Giménez et al., 2006; Lappé et al., 1998). Food production has actually kept well ahead the world’s population growth since 1970. During the height of the Green Revolution from 1970-90, the total food produced worldwide as averaged per capita rose by 11%, but the population of hungry people (excluding China) also increased by 11%, from 536 million to 597 million. In South America, per capita food production rose 8%, but the number of hungry people increased by 19%. Paradoxically, many of the world’s poorest countries in which hunger has been a persistent and growing problem have been net exporters of food. By the mid 1990s, for example, 11 countries in sub-Saharan Africa, home to about one-quarter of the world’s chronically malnourished people, were exporting more food than they were importing. These facts cogently demonstrate that the Green Revolution’s promotion of corporate-style agriculture throughout the global South through technological “packages” of modern varieties, industrial inputs (pesticides, herbicides, and chemical fertilizers), and heavy irrigation has failed to help the world’s poor to feed themselves (Holt-Giménez et al., 2006; Lappé et al., 1998, 8-10, 60-61).

As the largest provider of development loans and direct financing for both public and private sector projects in the world, the World Bank has had a tremendous impact on the lives of millions of people across the globe. The Bank’s overall “free trade” agenda for the third world has always emphasized large-scale, capital-intensive, and export-oriented production of primary commodities (non-processed agricultural goods, timber, fuels, minerals, etc.). Despite the failure of the Green Revolution to reduce global poverty and hunger, the Bank continues to support corporate-style agriculture as a major part of its program for rural development in the global South (Holt-Giménez, 2006; Lappé et al., 1998). Several decades of Bank lending in the developing world has fostered the creation of odious debt burdens for poor borrowing nations, particularly in Africa. This debt has led many Southern governments to adopt an industrial model for agriculture that emphasizes the mass production of cash crops for export—rather than food for local and national markets—in order to maximize foreign exchange dollars to pay the interest on their loans (Bello et al., 1999; Holt-Giménez et al., 2006). But the increase in global supply along with finite demand for agricultural commodities (e.g., sugar, coffee, cocoa) caused a dramatic decline in world prices for these goods and lower earnings. By the late 1980s, many resource-rich nations in the South were advised by the Bank to shift the focus of their economies increasingly towards the development of extractive industries in order to compensate for the worsening terms of the global trade in agricultural commodities (Bello et al., 1999). As this report will demonstrate with the example of surface gold mining activities in Ghana, the Bank’s “development”

strategy of promoting foreign-based extractive industries has only accelerated environmental degradation and further exacerbated the socioeconomic inequities that cause hunger. These regressive outcomes are blatantly inconsistent with the Bank's own stated mission of alleviating global poverty and hunger.<sup>vi</sup>

### **Adjustment Failures and the Undermining of Sustainable Development**

Sustainability Watch, a network of civil society organizations (CSOs) in Africa, Asia, and Latin America working to increase governmental accountability for sustainable development, launched a report entitled "Implementation Barriers to Sustainable Development" at the 2006 annual spring meetings of the World Bank and International Monetary Fund (IMF)—the two most powerful international financial institutions (IFIs) in the world. The report describes five key barriers preventing developing countries from reaching the United Nations Millennium Development Goals (MDGs). Topping the list as the most critical obstacle is the Bank's market-oriented economic development framework. The other barriers include weak governance, institutional constraints, inconsistent policies, and inadequate resources. According to the report, over three billion people—50% of the world's population—now live on less than US\$2 per day and the number of people in this category is expected to rise by more than 100 million by 2015. Achieving the most prominent MDG of reducing global poverty by half by 2015 looks increasingly unlikely unless drastic measures are taken by national governments, donor countries, and the IFIs to overcome these major implementation barriers to sustainable development (Sustainability Watch, 2006).

The World Bank has consistently failed to recognize its own role in undermining equitable and sustainable development.<sup>vii</sup> The loss of national political-economic control across the global South, which was formalized under the Structural Adjustment Programs (SAPs)<sup>viii</sup> and continues today under so-called Poverty Reduction Strategy Papers (PRSPs)<sup>ix</sup>, has been accompanied by a growing concentration of unaccountable power in the World Bank and IMF (Alexander and Abugre, 2000). Indeed, many analysts argue that the Bank (an institution largely controlled by the US) often has more influence today over economic decision-making in developing countries than do the elected governments of those countries (e.g., see Chomsky, 2000). Over two decades of Bank-prescribed adjustment has significantly reduced the state's redistributive intervention in third world economies. This situation has left many developing nation-states too weak and lacking in both the regulatory capacity and resources necessary to adequately mitigate the social and ecological impacts of natural resource exploitation or to address major development challenges like poverty and hunger (Campbell, 2003; Darimani, 2006). This unprecedented hollowing of the state has led to the increased reluctance of Southern governments to challenge unfair trade liberalization regimes.

### **Structural Adjustment in Sub-Saharan Africa Revisited**

No other region in the world has undergone more structural adjustment than sub-Saharan Africa. During the 1980s and 1990s, 37 sub-Saharan countries launched a total of 162 SAPs (Hilson, 2004, 56). When all this began in the early 1980s, the Bank promised "sustainable" economic growth, development, jobs, and higher incomes. The reality of adjustment in Africa, however, does not quite match the panacea that the Bank economists envisioned. Instead, countries in the region have been compelled by SAPs to engage in a "race to the

bottom” as they compete to lower labor, social, and environmental costs for the TNCs. As a result, the region’s poor majority has been forced to endure a devastating downward spiral of *underdevelopment*—persistent and growing poverty, inequality, hunger, disease, economic stagnation or decline, indebtedness, falling real wages, unemployment, and ecological degradation (Bello et al., 1999; Brecher & Costello, 1994; Butler et al., 2004; Hilson, 2004; Killick, 2000; Konadu-Agyemang, 2000; UNCTAD, 2005).

A particularly striking aspect of this downward leveling has been the growing trend of deindustrialization and the near-collapse of the formal economic sector in many countries across sub-Saharan Africa. According to a recent report on economic development in Africa by the United Nations Conference on Trade and Development (UNCTAD), “the share of manufacturing output in GDP dropped sharply in SSA [sub-Saharan Africa] between 1980 and 1990 before stalling at a level in the 1990s below that reached in 1960” (UNCTAD, 2005, 29). The SAPs maintained or increased dependence of the sub-Saharan economies on export-driven production of primary commodities rather than production of food and manufactured goods for local and national markets. Today, primary commodities account for more than 50% of the total exports for 45 out of 51 African countries (Butler et al., 2004, 8). In effect, this economic restructuring from above has stalled industrialization across sub-Saharan Africa, constrained diversification, and increased the vulnerability of entire economies to external shocks and the vagaries of the global commodity trade. The continuing deterioration of international terms of trade, namely falling real prices as a result of increased world supply, has exacted a heavy toll in terms of reduced foreign exchange earnings, indebtedness, loss of assets, and declining incomes. In short, “the commodity trap has become a poverty trap” (UNCTAD, 2005, 29).

The Chronic Poverty Report 2004-05 (Grant et al., 2005) reveals that all twelve of the most “desperately deprived” nations in the world are located in sub-Saharan Africa where the incidence of chronic poverty is the highest—accounting for an estimated 90 to 120 million people or 30-40% of world’s “US\$1/day” poor people.<sup>x</sup> Since 1980, child mortality in sub-Saharan Africa has more than doubled to 29 times that of rich countries and accounts for an astounding 44% of the world’s child deaths, almost all of which are preventable. At the same time, life expectancy (now averaging forty-five years) and per capita incomes have plummeted—an unprecedented and absolutely catastrophic reversal in human development (UNDP, 2005).

### **Confronting the Bank and Reversing the “Race to the Bottom”**

A broad-based international movement, comprised of grassroots social justice and environmental groups, CSOs, workers, landless peasants, smallholder farmers, and indigenous peoples struggling for their livelihoods, has emerged in the last 30 years which has actively challenged the Bank to be more democratic and accountable in its approach to development, to strengthen its environmental policies, and to promote programs aimed more directly at alleviating poverty (BIC, 2006a). This global network of concerned and affected individuals and organizations has successfully pressured the Bank to expand labor, health, and environmental standards for both its public and private sector development arms, allow greater public access to information about its lending activities, and provide public complaint mechanisms (BIC, 2006a; Darimani, 2006).<sup>xi</sup>

Nevertheless, according to the Bank Information Center (BIC), a major nonprofit watchdog group pressing for public accountability of the World Bank's operations, a very significant gap remains between the institution's stated mission of poverty reduction and the generally regressive nature of its policies and programs, which overwhelmingly tend to benefit big corporations and domestic political elites while failing to protect the environment and improve the plight of the poor (BIC, 2006a).<sup>xii</sup> Building effective grassroots resistance strategies that directly engage the Bank and its client governments on issues such as food security and sustainable livelihoods requires a more comprehensive understanding of what the Bank is actually doing on the ground in the developing world. In the case of Ghana, the Bank has been actively involved for many years in supporting the development of corporate gold mining operations. This report provides a critical analysis of the Bank's neoliberal agenda in the goldbelt of western Ghana, and explains how the Bank's public sector lending for massive infrastructure projects (especially in the energy sector) complements its private sector strategy for expanding surface gold mining activities in the Western, Central, Ashanti, and Brong-Ahafo Regions (see Figure 1).

Local and international CSOs are particularly concerned about the rapid development of surface gold mining in the Brong-Ahafo Region, which is widely recognized as Ghana's "breadbasket" since it produces some 30% of the nation's food (Sarin, 2006). The US-based Newmont Mining Corporation's massive Ahafo Mine, the first phase of which is more than 3,000 hectares in size, began production in July 2006 in the Asutifi District of the Brong-Ahafo Region. Over the last two decades, large-scale mining in Ghana has moved away from underground operations towards open-pit surface mining. This type of mining requires the acquisition of vast tracts of land, which subsequently have to be cleared of trees and vegetation to accommodate the mine (a huge crater in the ground) along with many roads, buildings, labor camps, cyanide-heap-leach facilities, waste stockpiles, and tailings ponds (Akabzaa & Darimani, 2001; Butler et al., 2004). These gold mines have enormous impacts on local land users and the environment, often dislocating entire indigenous communities and causing irreparable damage to the natural resources local people depend on for their livelihoods (Akabzaa & Darimani, 2001; Anane, 2003; Hilson, 2004). The recent expansion of surface gold mining in the Brong-Ahafo Region poses a grave threat, not only to local livelihoods and the environment, but also to long-term regional and national food security.

This development report will: (1) explain how the World Bank, foreign-based gold mining firms, and domestic political elites are "restructuring" conditions in western Ghana to facilitate the massive extraction of wealth from the country, and (2) describe the grave threat surface gold mining represents to the livelihoods and food security of rural farming and indigenous communities living in and around the areas of extraction. Understanding the purpose and regressive nature of the Bank's restructuring of territory in the goldbelt is crucial for formulating effective strategies for grassroots resistance. Therefore, this report is intended to assist mine-affected communities, Ghanaian CSOs, and their international supporters in the struggle for peasant and indigenous rights to food, land, and sustainable livelihoods. To further these objectives, this analysis utilizes the novel development concept of *territorial restructuring*, along with its corresponding components, the *mine-shed* and the *development hyperspace*. According to Holt-Giménez (2006), the mine-shed comprises both the political-economic *foothold* of the mining industry, as well as its socio-environmental *footprint*. The

development hyperspace is the institutional arena created by the convergence of national policies, Bank projects, and flows of foreign direct investment (FDI) that defines the geography of territorial restructuring and guarantees the essential structural conditions TNCs require for the mass extraction of wealth from developing countries (Ibid., 56, 59).

The report begins in Part II with a definition of and a theoretical discussion about “territorial restructuring,” which is based on the work of Holt-Giménez (2006) who draws from Harvey (2003). This section includes a discussion of the role of the World Bank with some background on the “structural context” of resource extraction in Africa. Part III is an overview of gold mining in Ghana, viewed in the context of the historical legacy of colonialism and structural adjustment. Part IV provides a cursory critical analysis of the Bank’s package of projects and operations in Ghana’s mine-shed with a more detailed look at the role of Bank-sponsored energy infrastructure programs in the restructuring of territory. Part V is an overview of the economic, social, and environmental impacts of surface gold mining activities in western Ghana, with a particular emphasis on the threats posed to the livelihoods and food security of mine-affected rural communities. Part VI is a case study analysis of Newmont’s new Ahafo Gold Mine, the risks this mine poses to local people and the environment, and the responses of mine-affected communities, Ghanaian CSOs, and their international coalition partners. Finally, Part VII summarizes the results of two decades of World Bank-led adjustment and territorial restructuring in Ghana and puts forward food sovereignty as an alternative policy framework for improving livelihoods and bringing about community-based equitable and sustainable development.

## **TERRITORIAL RESTRUCTURING AND THE ROLE OF THE WORLD BANK**

The World Bank’s activities can be understood as part of a broader trend towards *territorial restructuring* in which international capital seeks out specific territories at the sub-national level in the global South that are prized for their enormous wealth in resources (e.g., oil, gold, diamonds, timber) and “restructures” conditions on the ground in these places to favor the interests of powerful domestic elites and privileged foreign firms. According to Holt-Giménez (2006, 50), “*Territorial restructuring* seeks control over the places and spaces where surplus is produced by shaping and controlling the institutions and social relations that govern production, extraction and accumulation.” In his analysis, *places* correspond to the physical areas where surplus extraction occurs (e.g., the gold-rich regions of western Ghana) and *spaces* refer to the political-economic arenas where influential actors compete for power (e.g., the governance structures, markets, district assemblies, and other policymaking bodies). Elite control over territory, says Holt-Giménez, can be achieved through various forms of national and sub-national governance. As with neoliberal reforms like deregulation, for instance, control can be exercised through redefining and scaling down formal governance in order to attract FDI and allow TNCs uninhibited access to resources. Holt-Giménez argues that regressive neoliberal policies and projects initiated by the Bank and its client governments can serve to bring about the kinds of structural conditions that, in effect, transfer control over land and resources from poor smallholder and indigenous communities to powerful elites and TNCs (Ibid., 50-53).<sup>xiii</sup>

The World Bank is the principal global institution responsible for establishing favorable structural conditions for international capital at both national and sub-national scales in the third world (BIC, 2006a; Holt-Giménez, 2006). Many of the Bank's physical and social infrastructure programs introduced through its public sector lending arms, the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), clearly help to facilitate the development of projects in the private sector. The Bank, not infrequently, also directly supports many of these projects with loans and equity investments through its private sector lending arm, the International Finance Corporation (IFC) (see Box 1).

**Box 1: The Structure and Function of the World Bank Group**

For more than half a century, the Washington-based World Bank Group has vigorously supported the expansion of capitalism internationally through its project lending to governments and private firms. Since the institution was founded in 1944, the richest industrialized nations in the world (known as the G8 today) have relied upon the Bank as an indispensable tool for promoting “free trade,” combating the ex-socialist bloc, and subordinating peripheral third-world nations within a US-dominated capitalist world system. Many critics argue that the Bank has played an instrumental role in structuring a global economy that has primarily served the interests of the TNCs and a privileged elite minority at enormous cost to the health and welfare of populations and ecosystems around the world, thus consolidating a post-World War II era of “neocolonialism” (Bello et al., 1999; Brecher & Costello, 1994; Chomsky, 2000; Mander & Goldsmith, 1996; Harvey, 2003; Sustainability Watch, 2006).

The opportunities to invest in the developing countries are circumscribed by current business environments in the South. Because of the considerable risks involved with such investments, TNCs have turned to the Bank and other IFIs to create stable conditions and provide the essential guarantees for their investments in the developing world where conditions may be socially, politically, or economically unstable. The Bank is able to use its conditional lending to directly shape structural conditions at the national and sub-national (or territorial) level, compelling poor borrowing governments to relax their regulatory frameworks and provide generous economic incentives to TNCs in order to attract FDI (Butler et al., 2004; Campbell, 2003; Hilson, 2004; Holt-Giménez, 2006).

The World Bank Group has two separate lending arms—public and private. The Bank's public sector arm consists of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), which together are commonly known as “the World Bank.” The IBRD provides loans to governments of middle-income developing and transitional countries and the IDA lends money to poorer countries at below-market interest rates. The International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) comprise the private sector arm of the Bank. The IFC provides loans and equity investments directly to private corporations, while MIGA issues political risk insurance to foreign investors in developing countries (BIC, 2006a).

The Bank has 184 member countries and provides over US\$20 billion annually for both public and private sector development projects around the world (BIC, 2006a). The Bank's Board of Directors, comprised of 24 Executives representing all the member countries, authorizes all of the institution's policies and projects, including both public sector programs and the IFC's private sector projects. Eight countries—the US, UK, France, Germany, Russia, Japan, China, and Saudi Arabia—hold permanent seats on the Board, while the remaining member countries are grouped into 16 blocks that elect representatives for two-year terms (Sydow & Mendonça, undated). The weight of each vote on

the Board is determined not by membership but by the influence allocated to each country according to the size of its monetary contribution to the Bank. Therefore, the Bank's governance structure allows the richest nations to have greater power in decision-making than poor countries. The voting share of the G8 countries outweighs the combined share of all of the world's developing countries combined. As the largest shareholder, the US generally has final say on most issues and the right to appoint the World Bank President (Ibid., 9). By tradition, the President, who acts as Chair of the Board, has always been a US citizen and the IMF Managing Director has always been a European (BIC, 2006a).

In Ghana, the Bank's lending for large-scale energy infrastructure programs is part of a package of financial and institutional interventions favoring the development of gold mining operations in the country's Western, Central, Ashanti, and Brong-Ahafo Regions. While the IDA is supporting ambitious power generation projects throughout the goldbelt, the IFC is assisting Newmont with the construction of its new Ahafo Mine in the Brong-Ahafo Region—a massive open-pit, cyanide-processing mining operation. The Bank approved financing for this project in January 2006, despite substantial local and international protest over the project's displacement of thousands of local smallholder farmers as well as an inadequate mechanism for social and ecological impact mitigation (BIC, 2006b). The revision of the mining code, enclosures of the commons, energy infrastructure projects, and the Bank's direct project lending to mining firms all play a central role in determining control over territory and creating an enabling environment for foreign investment in the gold sector. Understanding that the thrust of territorial restructuring is the expansion of large-scale gold mining in the country's western hinterlands is crucial not only for recognizing the primary structural threats to rural livelihoods, but also for developing effective grassroots strategies for resistance.<sup>xiv</sup>

### **Revising Africa's Mining Codes<sup>xv</sup>**

Africa has approximately 30% of the world's known mineral reserves, including 70% of its platinum, 60% of its cobalt, 35% of its gold, a near-global monopoly on diamonds, and substantial reserves of oil, coal, bauxite, manganese, uranium, copper, and nickel (Hilson, 2004, 56; UNCTAD, 2005, 6-7). In the early 1990s, however, the continent was only attracting about 5% of exploration and capital expenditures of the global mining industry (Campbell, 2003). Considering Africa's enormous mining potential, the neoliberal policymakers at the Bank held the view that reviving the mining sector with increased levels of FDI was essential for the recovery of national economies across sub-Saharan Africa.

Over the last two decades, the World Bank has become increasingly involved in the conceptualization and implementation of reforms to national mining codes in Africa. The economic liberalization of the mining sector on the continent began in the 1980s in the context of the SAPs, as the Bank shifted its focus from supporting mineral exploration and production activities towards policies promoting deregulation, privatization of state-owned mines, and the full withdrawal of the state from participation in mining activities. In the 1990s, the Bank's interventions in the mining sector prioritized private-sector development, capacity building, and attracting FDI (Akabzaa, 2004; Campbell, 2003; UNCTAD, 2005). Over the years, the Bank has compelled poor mineral-endowed African nations to revise and "re-revise" their mining legislation to provide the most favorable business environment for prospective investors (Akabzaa, 2004). By 2004, 40 African countries had introduced new



mining codes, which redefined the rights and obligations of foreign firms and further eroded national economic sovereignty over the mining industry across the continent (Butler et al., 2004).

Africa's revised mining codes have gutted the regulatory capacity of the state to protect workers and the environment while providing extensive fiscal incentives to foreign TNCs, including generous tax breaks, reduced royalty rates, the removal of import duties on mining equipment, and the transfer of the majority of revenues accrued from the sale of extracted products into offshore accounts (Akabzaa, 2004; Butler et al., 2004; Campbell, 2003). Not surprisingly, these reforms have generated a tremendous increase in FDI to Africa's mining sector. In 2004, US\$15 billion was invested in African mining (South Africa received 48% and Ghana 7%)—15% of the global total (UNCTAD, 2005, 39). Although the sector has experienced considerable gains in production, exports, and foreign exchange earnings, the contribution of mining in Africa to GDP still averages only 2% (UNCTAD, 2005, 50). In practice, the TNCs are interested in investing as little as possible in Africa, apart from what is needed in the short-term to extract the resource. After foreign-based mining firms have made their profits they usually pull out, leaving what little is left of the mine to national companies and the environmental clean up to taxpayers (Butler et al., 2004; Holt-Giménez, 2006).

In sum, local and national economies have seen very few benefits from the liberalization of African mining because of the breadth and extent of the fiscal incentives granted to the TNCs. The Bank's policy interventions have generated a "race to the bottom" across the region, as companies seek out the most "competitive" locations to do business in order to reduce the costs and risks of production and extraction. Following the introduction of Ghana's new mining code in 1986, the Bank told other mineral-endowed African countries to revise their mining codes to "internationally comparable standards" as a condition for receiving new development loans (Butler et al., 2004, 8). Now the Government of Ghana is being asked by the Bank to "re-revise" its mining code. Overall, these neoliberal reforms have resulted in the downward leveling of labor, social, economic, and environmental conditions in resource-rich African nations and communities (AIMES, 2004; Butler et al., 2004; Campbell, 2003; Windfuhr, 2004).

## THE CASE OF GHANA

Despite the fact that Ghana is the second largest producer of gold on the African continent, approximately 40% of the nation's 22 million citizens live in poverty and 11% of the population suffers from hunger (Donkor, 1997; FAO, 2006). A substantial proportion of Ghana's poor live in rural areas where hundreds of thousands of people, largely unexposed to the wage economy, derive their livelihoods directly from small-scale agriculture and the natural resources provided by the country's forests. The rural food crop farming population experiences the highest rates of poverty in the country (19% above the national average) (Government of Ghana, 2003, 13-16). The case of Ghana provides an illustrative example of World Bank-led territorial restructuring in favor of foreign-based extractive industries. This is the process by which the Bank, other powerful IFIs (e.g., the African Development Bank), and TNCs converge upon specific territories in the developing world with enormous wealth

in resources and, with the complicity of domestic ruling elites, “restructure” national and sub-national institutions and social relations in order to facilitate the massive extraction of surplus. The following section provides an overview of the development of gold mining in Ghana, in the context of the historical legacy of colonialism and structural adjustment.

### **The Post-Independence Period: From Hope to Despair**

On March 6, 1957, the Republic of Ghana became the first sub-Saharan African country to achieve independence from colonial rule. Under the charismatic leadership of its first elected president, Dr. Kwame Nkrumah, Ghana became known as the “black star” of Africa, providing inspiration and crucial support to the burgeoning anti-imperialist, pan-African socialist, and national liberation movements across the continent (Biney, 2008). At the time of independence Ghana was among the most prosperous countries in Africa, having one of the highest per capita incomes, a highly educated and skilled workforce, and perhaps the best social and welfare services of any country in Africa (Donkor, 1997; Killick, 2000). Nkrumah and his Convention People’s Party (CPP) sought to carry out an ambitious state-led national economic development program based on the model of import substitution<sup>xvi</sup> to bring about the complete structural transformation from a colonial agrarian economy dependent on imports and the export-led production of primary commodities to an independent modern industrialized welfare/socialist state (Donkor, 1997; Hutchful, 2002). These plans, however, never came to fruition. Nkrumah was overthrown in 1966 by a right-wing military *coup d’etat*. The new National Liberation Council regime, headed by Lt. General Joseph Arthur Ankrah, immediately sought to reverse Nkrumah’s economic program. Historically, the coup marked the return to a private-sector-led economy and the progressive withdrawal of the state in favor of market forces. Nothing signified this new direction in economic policy more than the Ankrah regime’s decision to sign onto an IMF stabilization package, which prescribed a drastic reduction in public spending, public sector cuts, and a 30% devaluation of the Ghanaian monetary unit, the *cedi* (Donkor, 1997).<sup>xvii</sup>

Since then, Ghana has undergone nine changes in government, including four more military coups, and has slipped from being classified by the World Bank as a middle-income country to a low-income country (Government of Ghana, 2006; Killick, 2000). The regimes that followed Nkrumah through to the present government of President John Kofi Agyekum Kufuor have placed very little emphasis on social investment, redistributive intervention in the economy by the state, nor the long-term structural transformation from primary production to industry. More than two decades of adjustment and territorial restructuring have only further damaged the nation’s capacity for both industrialization and the self-management of natural resources to achieve major development priorities like eliminating poverty and hunger (Donkor, 1997, 197-199). Thus, the structure of the Ghanaian economy today, which is characterized by over dependency on exports and ever-increasing foreign ownership and control of the means of production, has actually changed very little since the period of British colonial domination.<sup>xviii</sup> As a result, Ghana has experienced economic stagnation and a free fall across virtually all of the standard development indicators (Bello et al., 1999; Campbell, 2003; Donkor, 1997; Killick, 2000; Konadu-Agyemang, 2000; Powell & Round, 2000; Weissman, 1990).

### Ghana's Adjustment Experience

In the late 1970s, the Ghanaian economy began to exhibit signs of severe economic deterioration as a result of more than a decade of corruption and economic mismanagement by the ruling elite (Donkor, 1997). By 1983, the country was pushed to the brink of economic collapse. The national economic crisis was characterized by large fiscal deficits, a sharp decline in domestic and export production, high levels of inflation, the most overvalued currency in Africa, falling per capita income (a 40% decline from 1970), and reduced food self-sufficiency (Donkor, 1997; Hutchful, 2002, 6-7). According to Donkor (1997, 95), the deterioration in the food supply was so severe “that it was estimated that the average Ghanaian family consumed at least 30% less food in 1982 than the same family did in 1970.”<sup>xix</sup> It was this dismal economic situation that led the regime of Flt. Lt. Jerry John Rawlings and his Provisional National Defense Council (PNDC), which came to power in yet another military coup, to request the assistance of the World Bank and IMF. In April 1983, the PNDC adopted the first and undoubtedly the largest and most ambitious SAP on the African continent. Known as the Economic Recovery Program (ERP), its main focus was to attract FDI and improve the country's external accounts through promoting export-led growth, privatization, deregulation, and devaluation of the *cedi*.<sup>xx</sup> The Bank and IMF hailed Ghana's SAP as a spectacular success, claiming that it had rescued the economy from collapse by curbing inflation and achieving an average annual GDP growth rate of 5%. Ghana soon became the Bank's “poster child” for promoting neoliberal reform across Africa (Bello et al., 1999; Hilson, 2004; Konadu-Agyemang, 2000).

#### Box 2: Ghana's SAP: “Economic Recovery” for Whom?

The establishment view of Ghana's purportedly successful adjustment experience fails to account for the enormous human costs of neoliberal reform. Whatever SAP-derived gains may have been recorded at the macro level, the benefits have been slow to “trickle down” to the poor majority, particularly those who live in rural areas. Indeed, judging by the standard development indicators, the SAP may have only made a bad situation even worse by exacerbating uneven development, eliminating formal public and private sector jobs, reducing access to basic services, and increasing rural poverty and hunger:

- By 1995, Ghana's foreign debt had more than quadrupled from US\$1,398 million in 1980 to US\$5,874 million (Konadu-Agyemang, 2000, 474). As a result, a massive sum of money has been diverted towards debt servicing which could have been much better spent at home to meet the nutritional, health care, and education needs of the population.
- Wages have not kept pace with currency devaluation and inflation, both of which have been high since the launch of the ERP. The devaluation of the cedi, from 2.75 = US\$1 in 1983 to 2,300 = US\$1, has raised the cost of essential items for families such as food, medicine, and school supplies (Ibid.). By the early 1990s, real minimum wages were at one-quarter to one-half of the levels of the 1970s (Weismann, 1990). The declines in per capita income and average formal sector earnings remain far below their 1960 levels in terms of purchasing power parity (Killick, 2000).
- Total employment in the large-and-medium scale formal sector (enterprises with 30 or more employees) fell “almost 60% in five or six years,” from 464,000 in 1985 to 186,000 in 1991. Manufacturing jobs declined from 79,000 in 1987 to 21,000 in 1991, and in agriculture from 32,000 to 14,700 (Hutchful, 2002, 90). In order to comply with Bank-mandated cuts to the public sector, the government reduced employment in the core civil service by more than

50% (including those in the education service), from 143,000 in 1987 to 71,000 in 1996 (Donkor, 1997, 127; Hutchful, 2002, 90).

- The SAP instituted unprecedented cuts in state spending on public services and social welfare programs. Under the first phase of the ERP (1983-1986), about 62% of the national budget was allocated for physical infrastructure, about 32% for export-oriented “productive activities,” and less than 5% for social services such as health and education (Konadu-Agyemang, 2000, 475). The budgetary allocation to the health sector fell from 10% in 1982 to 1.16% by 1996, and the share set aside for education was reduced from 4.3% to less than 1% in the same period (Ibid., 476).
- The reduction and/or removal of basic services for farmers, such as price supports, extension services, credit, and crop insurance, under the SAP has also detrimentally impacted rural small farming communities, contributing to declines in real income and high levels of poverty and malnutrition in the countryside (Hilson, 2004; Konadu-Agyemang, 2000). For example, Weissman (1990) reported that 82% of farming households not engaged in the cultivation of cocoa have had stagnated incomes since 1984.

As a result of these regressive policy reforms, Ghana’s most vulnerable—children, the elderly, urban poor, and residents of rural areas—have been deprived of their basic rights to food, sustainable livelihoods, a living wage, health care, and a decent education.

According to Bello et al. (1999), the SAP led to an overall structural weakening of the Ghanaian economy, since it increased dependency on food imports and the vulnerability of the economy to external shocks and the vagaries of the global trade in cocoa. The SAP was strongly biased against local food production in favor of export-oriented mass production of cocoa. This formula, which was replicated by Bank policies across the third world, led to a 50% decline in the price of cocoa on world markets in the late 1980s. As a result, Ghana’s cocoa industry was devastated and the trade deficit increased from US\$43 million in 1986 to US\$229 million by 1990 (Ibid., 61). In order to compensate for the poor state of the cocoa industry, the Bank advised the Ghanaian authorities to shift the focus of the economy towards the development of extractive industries (mainly timber and gold). As explained in more detail below, the expansion of surface gold mining operations over the last two decades, predominantly in western Ghana’s rural forest belt, has led to the forced dislocation of peasant and indigenous communities from their land and has caused excessive damage to the environment (e.g., land degradation, contamination of water and farmlands by toxic mine waste, and deforestation), and thus constitutes a grave threat to the rural livelihoods and food security (Akabzaa & Darimani, 2001; Bello et al., 1999; Butler et al., 2004; Hilson, 2004).<sup>xxi</sup>

### **An Overview of Gold Mining in Ghana**

Gold mining in Ghana has a very long history that dates back at least to the 15th century. The Europeans, beginning with the Portuguese and followed later by the Dutch and the English, were first drawn to the territory they called the “Gold Coast” by the trade in gold and spices. From 1493 to 1600, the Gold Coast produced over 8 million ounces of gold, accounting for 36% of total global output, and was estimated to have annually exported gold to European ports worth some 200,000 pounds sterling through the 1600s (Akabzaa & Darimani, 2001, 8; Wolf, 1982, 198). Under British colonial rule, Ghanaians were completely eliminated from the ownership structure of the mining industry (Akabzaa & Darimani, 2001; Donkor, 1997).

In the post-independence period, from 1957 to 1986, the government controlled all mines either through outright ownership or holding the majority of shares (at least 55%) (Donkor, 1997; Hilson & Nyame, 2006). However, since the implementation of the mining sector policy reforms in 1986, the ownership structure of the industry has radically changed with foreign investors now controlling an average of 70% of shares in all mining operations in the country (Akabzaa & Darimani, 2001). The productivity of the gold sector has had its ups and downs over the years, from 912,592 ounces in 1964 to a record low of 276,659 ounces in 1983 (Ibid., 12).

The Ghanaian authorities and the World Bank saw the reform of the mining industry, and the gold sector in particular, as the key to the country's economic recovery. Of all the policy reforms adopted to attract FDI and revive the mining industry, the most important was the Mineral and Mining Law of 1986 and its amendments, the Profit Tax Law, and the Minerals and Royalty Regulations. Other significant legislation included the establishment of the Minerals Commission as a one-stop service center for investors and the Small-Scale Mining Law of 1989, which legalized small-scale artisanal gold mining (Akabzaa & Darimani, 2001; Campbell, 2003).<sup>xxii</sup> These measures, together with corporate-friendly tax reform, facilitated the privatization of state-owned mines and the economic liberalization of the sector through a number of fiscal incentives to prospective investors, including:

- A cut in corporate income tax from 50-55% to 45% (further scaled down to 35% in 1994);
- The reduction of government equity in hitherto state-owned mines from an average of 70% to 10% in every mining operation;
- A cut in royalty rates from 6% to 3% of the total value of minerals;
- The abolition of duties, such as the Mineral Duty (5%), Import Duty (5-35%), and Foreign Exchange Tax (33-75%), which contributed significantly to state revenue from the sector;
- An increase in capital allowance to a 75% of total investment write off in the first year and 50% in subsequent years to enable investors to recoup their capital expenditure (up from 20% in the first and 15% thereafter, which went into effect in 1975); and
- Extensive retention allowances of foreign exchange earnings in offshore accounts (a minimum of 25% for the purpose of procuring equipment, etc.) (Akabzaa & Darimani, 2001, 20-21; Campbell, 2003, 4-5; Hilson & Potter, 2005, 107).<sup>xxiii</sup>

These generous incentives, along with the extraordinary rise in the price of gold on the international market since 2001, have generated a tremendous boom in mining activity in Ghana.<sup>xxiv</sup> The mining industry, and the gold sector in particular, have received virtually all of the FDI that initially occurred under the ERP (Hutchful, 2002). By 1998, an astounding US\$4 billion had been invested in the gold sector (Aryee, 2001). The increased levels of FDI have translated into unprecedented increases in production and record profits for TNCs. Over 55 gold prospecting licenses were issued between 1986 and 1989 alone, and since then, seven new gold mines have been brought into production, including Newmont's Ahafo Mine (Bermúdez-Lugo, 2004; Hutchful, 2002). Since 1986, gold production has increased by more than 500% (see Figure 2). Annual output began to rise dramatically in the 1990s and has surpassed two million ounces every year since 1998 (Akabzaa & Darimani, 2001; Aryee,

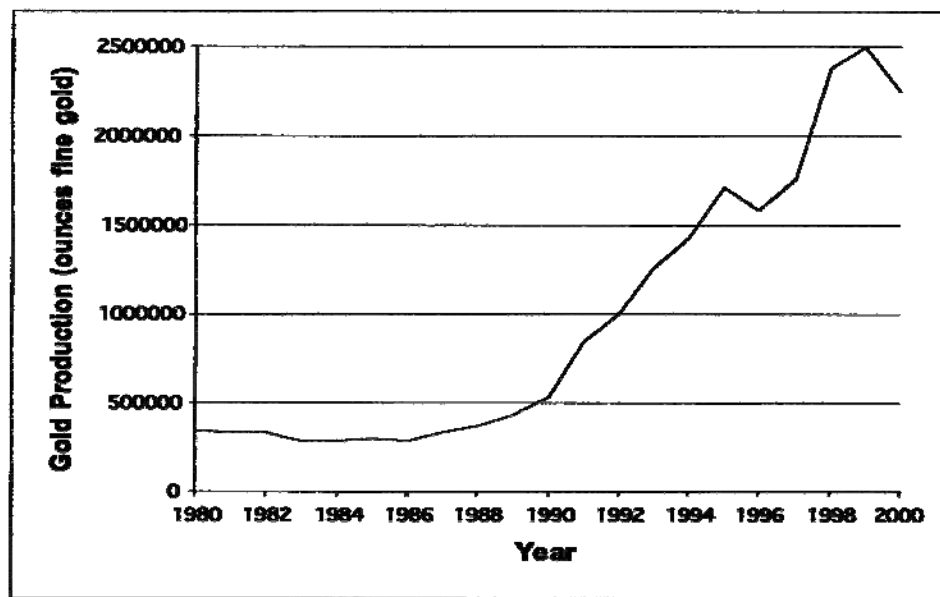


Figure 2. Gold Production in Ghana, 1980-2000 (Source: Hilson, 2004, 6)

2001; Hilson, 2004). Gold replaced cocoa as the leading national export earner in the early 1990s and now represents about 40% of Ghana's total foreign exchange earnings (Aryee, 2001; Campbell, 2003). Since 1998, gold exports have accounted for approximately 40% of total exports and 96% of all mineral exports. Nonetheless, the gold sector only contributes a meager 5% to GDP (IFC, 2006a).

Today, TNCs based out of the United States, United Kingdom, Australia, Canada, Norway, the Netherlands, China, and South Africa own controlling shares in the majority of Ghana's operating mines (Akabzaa & Darimani, 2001; Hilson & Nyame, 2006). Approximately 240 local and foreign firms are currently prospecting for gold in the country, more than 20 companies have been granted leases to mine gold, and 16 large-scale surface gold mines are in operation—almost all of which are owned and operated by foreign-based corporations (see Table 1) (Aryee, 2001; Awudi, 2002; Hilson & Nyame, 2006). AngloGold Ashanti's Obuasi Mine, which began production in the Adansi West District of the Ashanti Region in 1890, is by far the oldest mine in the country. Historically, it has also been the largest mine, accounting for more than 50% of the nation's total annual production of gold (Akabzaa & Darimani, 2001). However, once fully operational, Newmont's Ahafo Mine in the Brong-Ahafo Region will surpass Obuasi in both size and production (Bermúdez-Lugo, 2004; Newmont, 2006a). Half of Ghana's major gold mines are situated within the "Tarkwa-Prestea-Bogoso-Abosso-Nsuta axis" in the Western Region where an astounding one-third of the total land area (and over 60% of the Wassa West District) is currently under concession to large-scale mining firms (Hilson & Nyame, 2006, 176). The large-scale gold mines in the Western Region, almost all of which are open-pit cyanide-processing operations, include Tarkwa, Iduapriem, Damang, Bogoso, and Prestea. Tarkwa, the administrative capital of the Wassa West District, is said to have the single largest concentration of mines and mining companies on the African continent (Akabzaa & Darimani, 2001, 29).

**TABLE 1. GHANA'S LARGE-SCALE GOLD MINING OPERATIONS**

Company	Mine(s) Owned/Operated	Company Ownership
AngloGold Ashanti Company (AGC)	Obuasi (100% owned by AGC) Iduapriem/Teberebie (85%) Anyanfuri (mine closed)	Anglo American Plc. (UK) and others; IFC holds a 20% stake in Iduapriem; Government of Ghana (GoG) holds a 10% interest in Teberebie
Central African Gold Ghana Ltd. (CAG)	Bibiani (100% owned by CAG)	Central African Gold Plc. (UK)
Newmont Ghana Gold Ltd. (NGGL)	Ahafo (100% owned by NGGL) Akyem (not yet operational)	Newmont Mining Corporation (US)
Goldfields Ghana Ltd. (GGL)	Tarkwa Damang	Goldfields South Africa Ltd. (90%); GoG (10%)
Bogoso Gold Ltd. (BGL)	Wassa Bogoso/Prestea Dunkwa Mampon Abosso (mine closed)	Golden Star Resources Ltd. (US); GoG (10%)
Prestea Sankofa Gold Ltd.	Prestea	Ghana National Petroleum Corporation; GoG (10%)
Bonte Gold Mines Ltd.	Manhyia/Bontefufuo	Akrokerry-Ashanti Gold Mines Ltd. (Canada); GoG (10%)
Amansie Resources Ltd.	Amansie	Resolute Ltd. (Australia); GoG (10%)
Obenemase Gold Resources Ltd.	Obenemase	Resolute Ltd. (Australia); GoG (10%)
Siam Goldfields Ltd.	Nkawkaw	State of China and others; GoG (10%)

SOURCE: Updated from Akabzaa and Darimani (2001); Awudi (2002); Hilson and Nyame (2006)

## THE WORLD BANK'S SUITE OF PROJECTS IN GHANA'S MINE-SHED

Formulating effective territorial strategies for grassroots resistance to the threats posed by surface gold mining to indigenous lands and livelihoods requires an understanding of both the function and regressive outcomes of the World Bank's restructuring of territory within Ghana's *mine-shed*. According to Holt-Giménez (2006, 56), the mine-shed constitutes the mining industry's political-economic *foothold* and its socio-environmental *footprint*.

Securing control over land and access to resources (e.g., energy, water, transport services), as well as reducing the social cost of investment (namely community resistance), are essential conditions for surface mining operations, and are therefore principal objectives of territorial restructuring. It is no coincidence that Ghana's mine-shed, which is situated largely in the western part of the country, overlaps precisely with the areas principally targeted by the Bank's most ambitious infrastructure (energy and roads), rural development, and natural resources management projects. Before examining some of these programs in more detail, this section will begin with a brief summary of the Bank's Country Assistance Strategy



(CAS) for Ghana, which frames the policy environment and describes the rationale and general objectives for its programs and operations.

### **The World Bank's Country Assistance Strategy for Ghana**

The Bank's 2004 Country Assistance Strategy (CAS) document for Ghana, which was jointly prepared with the IFC, is the blueprint for Bank projects and operations in the country, and outlines its development strategy in Ghana. The CAS includes an overview of the investment climate in the country with policy recommendations for attracting FDI and increasing private sector-led growth, and a description of how specific Bank-financed projects are aligned with the objectives of Ghana's national economic development program and other West African regional development initiatives (World Bank, 2004a).<sup>xxv</sup>

The CAS for Ghana singles out infrastructure development as a top priority for ensuring rapid and sustained economic growth, the thrust of which is the expansion of large-scale gold mining. The Bank emphasizes that "growth will be supported by new private sector investment in the mining sector, as well as continued public sector investment in the road, electric power, and water and sanitation sectors" (World Bank, 2006c). Reducing transport costs and raising productivity through "securing access to cheaper sources of energy supply" are highlighted as essential conditions for enhancing Ghana's regional competitiveness and its ability to attract FDI (World Bank, 2004a, 2006c). The CAS states that these objectives will be achieved through an "intensive joint Bank/IFC approach to growth . . . the Bank Group support will be delivered seamlessly, and in a comprehensive and integrated manner . . . IDA support will be delivered through ongoing lending such as the Thermal Power project, as well as the new Energy and Infrastructure projects . . ." (World Bank, 2004a, 35). Today, these infrastructure projects constitute the largest portion of the Bank's lending in the country.

### **PROJECTS AND OPERATIONS**

To date, the World Bank Group has loaned and invested over US\$5 billion in Ghana (IFC, 2006b; World Bank, 2006b). The last decade of Bank lending in the country has been characterized by a renewed emphasis on the private sector, the provision of physical and social infrastructure services, and the development of extractive industries. Since the mid 1990s, the Bank has introduced over 40 separate projects through its public sector arms totaling some US \$2.1 billion. The Bank simultaneously approved 13 private sector investments through the IFC totaling over US\$375 million. The Bank's US\$1.3 billion IDA portfolio in Ghana consists of "social" investments in areas such as infrastructure (primarily the road and energy sectors), telecommunications, rural development, natural resource management, health, education, and public sector reform. Included among these projects are a series of structural adjustment loans called "Poverty Reduction Strategy Credits (PRSCs), which support the implementation of neoliberal reforms designed to maintain economic growth through increasing credit to the private sector and eliminating constraints to foreign investment. The Bank has approved \$US515 million in annual PRSCs since June 2003. In 2006 alone, the IDA launched four new projects totaling US\$285 million, and the IFC's portfolio included three investments totaling US\$215 million, the largest of which was a US\$125 million loan to Newmont for the construction of the Ahafo Mine. MIGA's US\$183.8 million insurance portfolio involved four investments in the finance, infrastructure, and oil and gas sectors (IFC, 2006b; World Bank, 2006b). A substantial

proportion of the Bank's still active project lending (IDA and IFC) over the last decade in Ghana has directly or indirectly targeted the country's gold-rich Western, Central, Ashanti, and Brong-Ahafo Regions.<sup>xxvi</sup>

### **Ghana's Energy Sector**

The World Bank (2001, 3) states that "removing key infrastructure bottlenecks, especially in the transport, energy and water sectors" is imperative for sustaining private sector-led growth in Ghana and enhancing the flow of FDI, especially to the mining sector. The most important condition for the profitable operation of surface gold mines, apart from having control over land with proven gold deposits in the ground, is having secure access to an abundant and relatively cheap supply of energy. Ghana's energy infrastructure, which is for now still predominantly publicly-owned and operated by the Volta River Authority (VRA) power utility, consists of two hydroelectric plants (Akosombo and Kpong) that together produce 1,000 megawatts (MW), two thermal power plants (Takoradi I and II) that together yield approximately 550 MW, a 3,000 kilometer network of transmission lines, and 28 substations (IFC, 2004; World Bank, 2004b). The VRA supplies bulk electricity directly to large industrial and mining consumers and to the Electricity Company of Ghana Ltd. (ECG), which distributes electricity in southern Ghana. A subsidiary of the VRA, the Northern Electricity Department (NED), distributes electricity in northern Ghana (World Bank, 2005).

Per capita consumption of electricity in Ghana, and the West African states generally, is among the lowest in the world. Nonetheless, the nation's domestic energy demand began to rapidly increase in the 1990s, largely due to large-scale mining activities, and now exceeds the capacity of its hydo-based power system (World Bank, 2005). The Bank has expressed concern over the recurring drought-induced power shortages that have "severely disrupted economic performance" (World Bank, 2004b, 2). The liability of this "infrastructure bottleneck" for foreign investors became particularly apparent when Ghana was hit by a major energy crisis in the summer of 2006, which led to power outages and several months of energy rationing. The crisis significantly impacted the mining industry, as the VRA ordered the large surface mining operations to reduce their energy consumption by 50%, resulting in intermittent shutdowns at all of the major gold mines (Associated Press, 2006). Newmont, for example, reported that it had to cut monthly production at the Ahafo Mine from 35-60% because of the power shortage (Ibid.). In December 2006, Newmont disclosed that it would not meet its production target of 250,000 ounces for the year and that it had lost US\$30 million as a result of the power crisis (Ghanaian Chronicle, 2006).

The World Bank (2005) now estimates that total domestic power demand in Ghana will grow by more than 7% annually from 7,600 gigawatt-hours (GWh) in 2005 to 12,300 GWh in 2010, and over 41,000 GWh by 2036. To assist the Ghanaian authorities in meeting this demand, the Bank is supporting an ambitious long-term "Generation Expansion Program" (2004-2014) that is part of a broader regional energy infrastructure initiative—the West Africa Power Pool (WAPP) Program.<sup>xxvii</sup> Ghana's program, which is being financed jointly by the government, the IDA, and the IFC, involves a series of projects designed to increase generation capacity and expand the distribution of electricity nationwide. These include the Takoradi II Project, the West African Gas Pipeline Project, and the Coastal Transmission Backbone Project.

### *THE TAKORADI II PROJECT*

In 2004, the Bank approved financing for two major private sector energy projects in Ghana. The country's two thermal power plants, Takoradi I and II, are located at Aboadze in the country's Western Region. While Takoradi I is entirely owned by the VRA, Takoradi II is 90% owned by the Takoradi International Company, which was a subsidiary of US-based CMS Energy Ltd. until May 2007 when it was sold to TAQA, the Abu Dhabi National Energy Company (the Government of Ghana owns the remaining 10% stake in Takoradi II) (Akuaku & Abayie, 2007). In May 2004, a US\$60 million IFC loan to CMS was approved to help finance the US\$244 million Takoradi II project, which aims to convert Takoradi II into a 330 MW combined cycle thermal power plant. The expansion of the plant was to be completed by the end of 2007. Takoradi II will be fueled initially by light crude oil, but is expected to convert to natural gas upon completion of the West African Gas Pipeline (IFC, 2004; World Bank, 2005).

### *THE WEST AFRICAN GAS PIPELINE PROJECT*

In November 2004, the Bank announced that it would be providing financial risk guarantees through the IDA (US\$50 million) and MIGA (US\$75 million) to allow the West African Gas Pipeline (WAGP) project to go forward (World Bank 2004b). The WAGP is one of the region's largest trans-border investments (the Bank refers to WAGP and WAPP as its "flagship projects" in West Africa). The WAGP is estimated to cost some US\$590 million and is being built to transport natural gas via a new 687-kilometer long pipeline from Nigeria



**Figure 3.** West African Gas Pipeline (Source: World Bank, 2004b)

to power plants in Benin, Togo, and Ghana (see Figure 3). According to the Project Information Document (PID), a Chevron-led consortium has formed two new corporate entities to implement the project: N-Gas Limited and the West African Gas Pipeline

Corporation (WAPCo). N-Gas will contract for the purchase, transportation, and sales of natural gas, and WAPCo (jointly owned by the above consortium and Ghana's VRA) "will build, operate, and transport natural gas through the new pipeline system from the terminal near Lagos to Takoradi in Ghana, with spurs to Cotonou, Lomé, and Tema" (Ibid., 5). The new pipeline will be about half of one meter in diameter and will lay approximately 20 kilometers offshore on the seafloor in 26 to 70 meters of water. Twenty-centimeter-wide lateral spurs will carry the natural gas to various delivery points along the length of the pipeline, the final terminal of which is at the Takoradi power plants in Ghana's Western Region (Ibid.).

Project-affected communities and critics in the civil society sectors in each of the countries along the route of the WAGP maintain that the project's sponsors have begun construction of the pipeline without addressing serious concerns about the potential political, economic, social and environmental risks (West African Civil Society, 2005):

- WAPCo is registered in Bermuda and "will operate as an offshore company with major fiscal, environmental, and social exemptions specifically allowed by the WAGP Treaty and Enabling Legislation."
- The CSOs are concerned that the WAGP will "set the stage for unregulated profiteering and control of regional energy resources by transnational corporations and the World Bank ..."
- The terms of the agreement for the project "lock Ghana into buying WAGP's gas at a set price for twenty years, impacting on Ghana's budget and ruling out positive future alternative energy choices."
- "The Agreement and Treaty between the governments and the companies have been negotiated and signed, . . . yet the local people through whose communities the pipeline will traverse know little about the project."

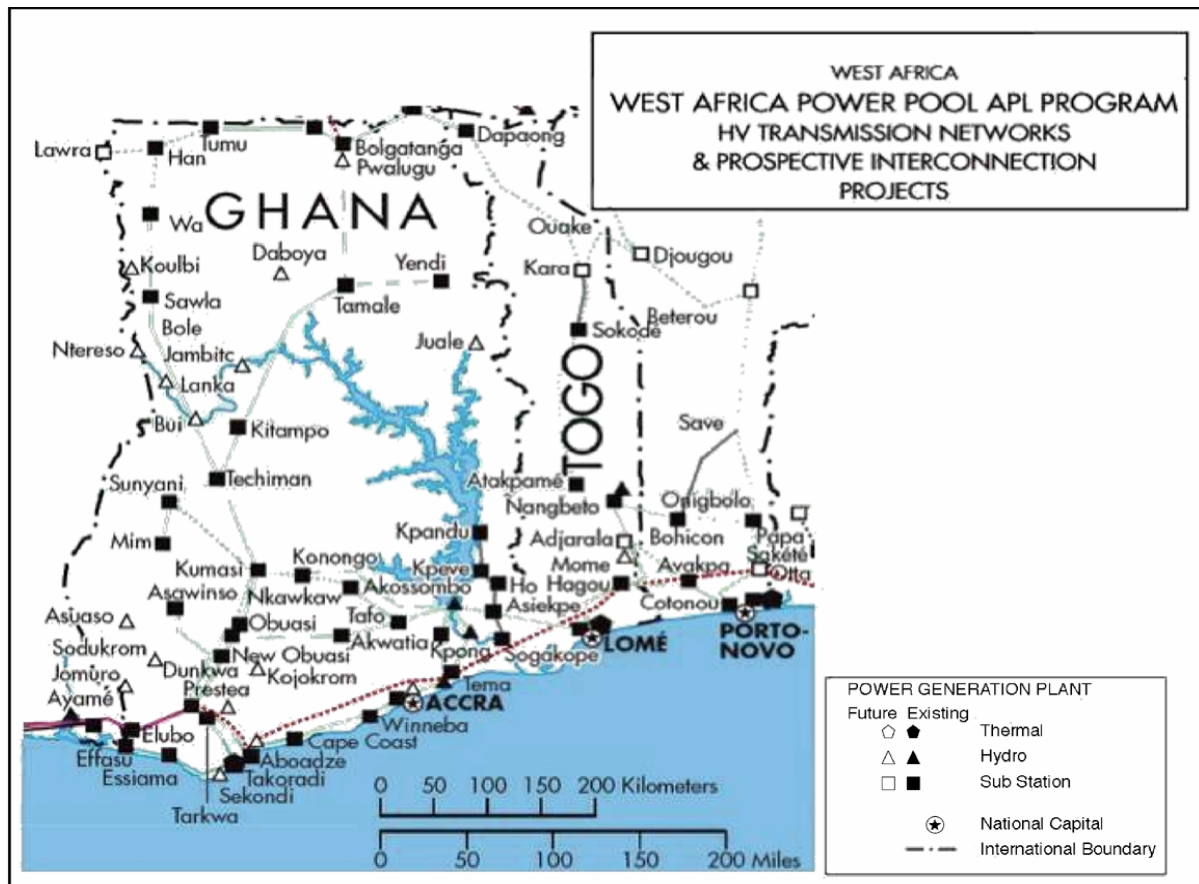
#### *THE COASTAL TRANSMISSION BACKBONE PROJECT*

In June 2005, the Bank approved the US\$229 million Coastal Transmission Backbone (CTB) Project, which involves the provision of US\$100 million in IDA loans to both Ghana and Benin (World Bank, 2005). According to the Project Appraisal Document (PAD) for the CTB Project, the principal objective of the project is to "put into full operation the entire 330kV [kilovolt] Coastal Transmission Backbone by 2009," which will significantly increase power transfer capacity all along the route of the 215 kilometer-long power line, from the Ikeja West Substation in Nigeria, through Benin and Togo, to the Prestea Substation in western Ghana (Ibid., 10). Construction of the CTB is now underway. The Bank states in the first few pages of the PAD that the purpose of the power line is to provide "stable and reliable electricity at affordable costs" to the citizens of Ghana and the other countries along the route (Ibid., 22). However, later in the very same document, the Bank reveals that the projected future increase in domestic energy demand in Ghana is almost entirely related to the expansion of surface gold mining operations (Ibid., 67-68):

*The major domestic customers are ECG [Electricity Company of Ghana Ltd.] and the Mines . . . The projected increase in demand for 2005 is driven largely by the following mines:*

- *AngloGold Ashanti is expected to increase their current average power demand by about 2 MW (an increase of about 4%) from February 2005*
- *Goldfields Ghana Limited is expected to increase production resulting in an increase in power requirement from the current level of about 7.5 MW to about 25 MW (an increase of about 230%) from January 2005*
- *Bogosu Goldfields Limited is expected to increase production by December 2005 with corresponding power increase in demand of about 3 MW (an increase of about 27%)*
- *Wexford Goldfields Limited, a new mining company to start operations from March 2005 with power requirement of about 5 MW (35GWh)*
- *Newmont Goldfields Limited [sic], a new mining company is to start operations November 2005 with a demand of about 9 MW (31 GWh).*

Clearly, the real purpose of the CTB Project is to guarantee “stable and reliable electricity at affordable costs” to the foreign corporations that own Ghana’s large-scale surface gold mines. The Bank has assured the public that the social and environmental impacts of the project will be minimal. However, the PAD states that construction of the CTB will involve the permanent clearing of vegetation and agricultural lands within a 40-meter-wide strip running along the entire length of the 215 kilometer-long proposed route, which passes straight through 38 farming communities, two forest reserves, and six “Sacred Groves/Shrines” (Ibid., 74-75). In addition, maps at the very end of the PAD illustrate future plans for the construction of at least 15 new hydroelectric power plants in Ghana: six in the Western Region on the Tano and Pra Rivers, one in the Central Region on the Pra River at Kojokrom, five on the Black Volta River (including the Bui Dam Project), two on the White Volta River at Daboya and Pwalugu, and one on the Oti River at Juale. These maps also reveal a proposed Sunyani-Kenyase-Kumasi power line that will provide electricity to Newmont’s Ahafo Mine (see Figures 4 and 5).<sup>xxviii</sup>



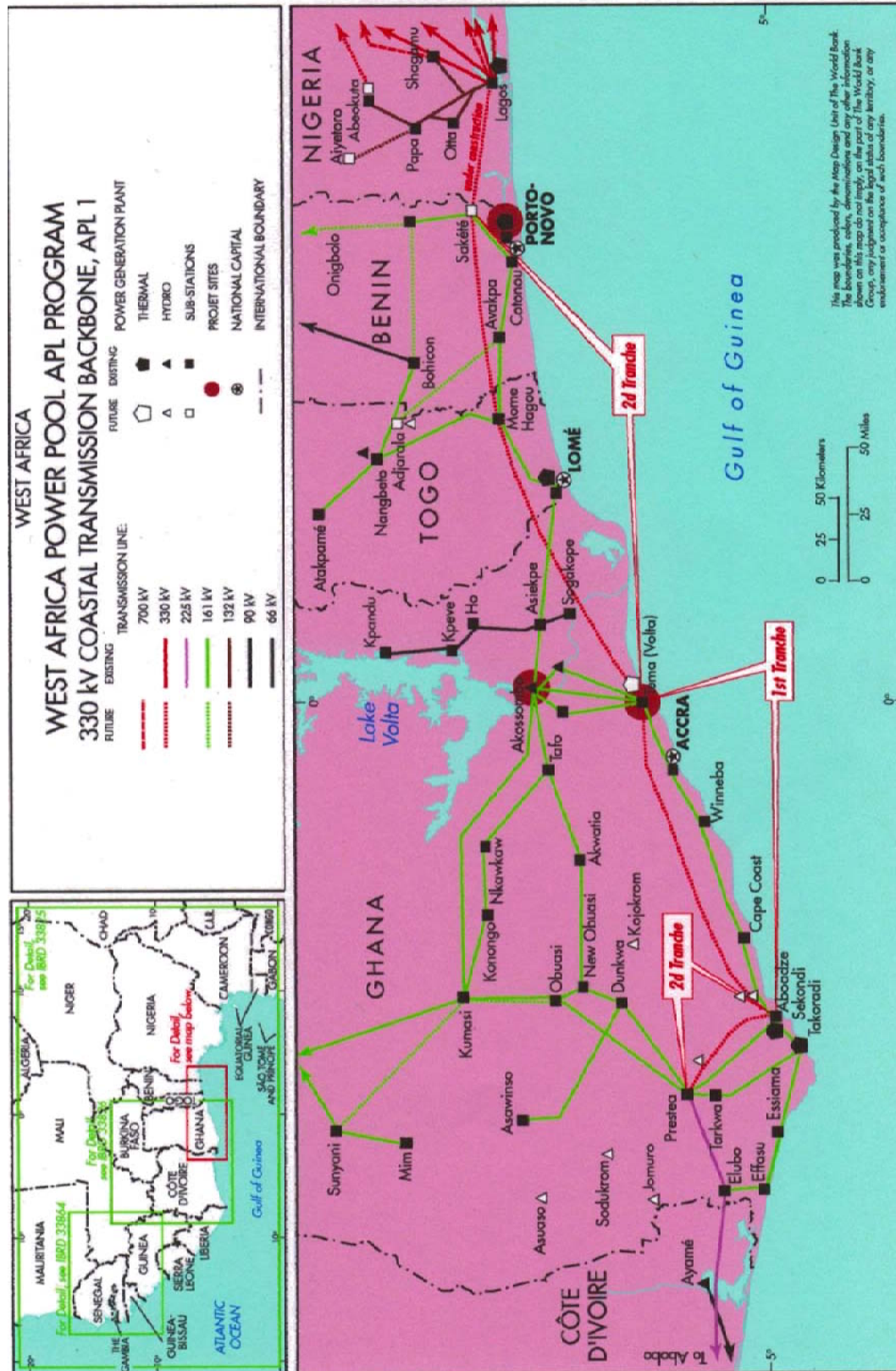
**Figure 4.** The West Africa Power Pool Program (Adapted from World Bank, 2005, 95)

Note the five “future” hydropower dams on the Black Volta River in the Northern and Brong-Ahafo Regions at Koulbi, Ntereso, Lanka, Bui, and Jambito. Seven more are shown further south around the major gold mining centers of Tarkwa, Prestea, and Obuasi.

### The World Bank’s “Development Hyperspace”

It is no coincidence that the final delivery terminals for each of the Bank’s “flagship” energy projects, the WAGP and the CTB, are located within Ghana’s Western Region, the area with the single largest concentration of surface gold mines on the African continent. These infrastructure projects are part of a larger neoliberal strategy of territorial restructuring in which a very large sum of capital is being re-directed towards large-scale gold mining operations at the direct expense of the local people and the environment. The convergence of national economic policies, Bank projects, and flows of FDI in the goldbelt has produced a *development hyperspace* or institutional arena in which transnational capitalist and state actors negotiate the restructuring of territory that enables foreign mining firms to enjoy the kind of structural conditions (e.g., unfettered access to and control over land and resources, generous fiscal concessions, a weak regulatory environment) which make their investments extremely profitable. With the complicity of Ghana’s ruling elite, the Bank and the TNCs have come to dominate both the physical landscape and the political-economic institutions that govern production and extraction in the goldbelt. Beginning with the Bank-led revision of the mining code in the mid 1980s, these powerful actors have assumed ever-greater control over the *places* and *spaces* of production in order to guarantee the essential structural conditions that facilitate predatory corporate mining activities.





**Figure 5.** The Coastal Transmission Backbone Project (Source: World Bank 2005: 96)  
The map reveals the elaborate network of existing and future power lines and other energy infrastructure projects in Ghana's mine-shed, including the proposed Sunyani-Kenyase-Kumasi transmission line that will bring power to the Ahafo Gold Mine.



## THE REAL PRICE OF GOLD IN GHANA

*If you look at the deep ore underground mining of the past, there was little interference with the livelihood of local communities. Their farming activities, fishing and gaming and all that took place on the surface of the land while the deep miners scooped the land underneath. So there was very little interaction. But with surface mining there have [sic] been a significant shift, in the sense that you need about six times the land surface needed for underground or deep mining to operate a surface mine. That means a significant amount of land of communities particularly is taken for mining activities. The result is that a number of communities have had to lose their source of livelihood. The farmland, the forest, what have you.*

—Dr. Thomas Akabzaa, University of Ghana, Legon (quoted in Stickler, 2006, 7)

A thorough cost-benefit analysis of the overall contribution of the gold sector to regional and national economic development in Ghana would undoubtedly return a negative result. An accurate analysis would require evaluation of the real net economic benefits which would consider the astounding level of incentives provided for the TNCs, the comparatively fewer benefits delivered to the national economy and the local mine-affected communities, and the growing indications that the majority of the large-scale gold mining operations in the country have and continue to cause major social and ecological problems in and around the areas of extraction.

Surface mining, which employs the cheap and effective, but highly risky, cyanide heap-leach method for exploiting low-grade ore, has been predominant in the sector in the last two decades since the implementation of the neoliberal policy reforms of the mid 1980s (Akabzaa & Darimani, 2001). Butler et al. (2004) estimate that, on average, surface mining requires more than four metric tons of rock to be mined in order to produce just one gram of gold. By the time AngloGold Ashanti Company (AGC) and Goldfields Ltd. (GGL) mine out their concessions in the Tarkwa area (i.e., Iduapriem/Teberebie, Tarkwa, and Damang), a total of 16 ridges ranging from 120 to 340 meters in height will have been turned into huge craters. Each of the companies has admitted in its Environmental Impact Assessments that environmental reclamation and restoration of these sites will be impossible (Akabzaa & Darimani, 2001, 48).

Surface mining projects require the acquisition of large tracts of land by mining companies. It is estimated that about 25% of the total land area of Ghana (some 58,167 km<sup>2</sup>) is currently under concession to mining firms; most of this land is situated in the forest belt of western Ghana and includes some of the best farmland in the country (Hutchful, 2002, 92). These territorial concessions amount to massive *enclosures of the commons*<sup>xxix</sup> and almost always involve the forced dislocation and resettlement of hundreds to thousands of local residents (Akabzaa & Darimani, 2001; Butler et al., 2004). The Government of Ghana typically awards mining companies 30-year leases on tracts of land averaging 150-square-kilometers in size (Project Underground, 2000). The construction and operation of a surface mine requires land to be cleared to make way for many new roads, buildings, mine camps, heap leach facilities, ore and waste stockpiles, tailings ponds, the resettlement of displaced communities, and the open-pit mine itself. Such massive mining operations have had a devastating impact on local peasant and indigenous communities located in and around the

mining concessions as a result of dislocation, land deprivation, inadequate compensation, social disruption, violations of human rights, water pollution, deforestation, and the degradation of agricultural lands and wildlife habitat (Akabzaa & Darimani, 2001; Anane, 2003; Awudi, 2002; Butler et al., 2004; Darimani, 2006; FIAN, 2005; Hilson, 2004; Hilson & Nyame, 2006; Ismi, 2003; Kneen, 2001; NCOM, 2006; Sarin, 2006; Stickler, 2006; Windfuhr, 2004).

### **Economic Impacts**

In terms of the economic benefits (if any) provided to the Ghanaian economy and population by the gold sector, Campbell (2003, 9) argues that an analysis of the contribution of extractive industries to national economic development typically employs the concept of *retained value*, which is “the share of the total value of production retained within the host country.” In general, the greater the actual value accrued from the export and sale of extracted products that is returned to the economy, the more the economy is positively impacted by the sector. According to the Bank of Ghana, more than 71% of the revenues of all mineral exports remain deposited in offshore corporate accounts (Ibid., 10). As Akabzaa and Darimani (2001, 21) point out, “typically, gold is sold directly to refiners in Switzerland and the revenue is held in an account there.” The extensiveness of the fiscal incentives granted to the mining companies, including these very generous retention allowances, is undermining Ghana’s national sovereignty and facilitating the corporate plunder of the nation’s mineral wealth. This situation has reduced the state’s redistributive intervention in the economy and its capacity to effectively manage resources to meet major development priorities. Despite the fact that gold exports currently account for 40% of the nation’s foreign exchange earnings, the gold sector only contributes 5% to GDP (while agriculture contributes more than 35% and tourism 8%) (World Bank, 2004a). Questions regarding the real economic benefits of the mining boom also arise because of the gold sector’s limited capacity to generate local employment and its failure to build the kinds of inter-industry linkages (e.g., through the value-added domestic processing of minerals) that could contribute to a process of economic diversification and industrialization (Campbell, 2003).<sup>xxx</sup>

Between 1990 and 2002, the Government of Ghana collected US\$87.3 million in royalty payments and corporate income taxes from mining firms, which is a pittance compared to the multiple billions of dollars in profits being carried away by the TNCs (e.g., see Part VI of this report) (Hilson & Nyame, 2006). The collected royalty payments and taxes are allocated as follows (Ibid., 176):

*By law, some 80 per cent of these payments belong to the central government, and the remaining 20 per cent is deposited into the Mineral Development Fund, of which 10 per cent is awarded to mining agencies and the remaining 10 percent is given to the Office of the Administrator of Stool Lands. The Administrator retains 10 per cent of this share, and allocates the remaining 90 per cent to the following authorities for community development purposes:*

- *district assemblies (55%);*
- *traditional authorities (20%); and*
- *the stools of mining areas (25%)*

Judging by the extremely poor state of the majority of the mine-affected communities, the small portion of the mining revenue (9% of the total) allocated to the local authorities for community development purposes appears to be grossly insufficient to support the kinds of programs needed to adequately mitigate the negative socioeconomic impacts of surface mining projects. However, it may also be true that not all of these funds are reaching the communities as intended. Some critics highlight community concerns regarding allegations of corruption by local authorities in the disbursement process as well the perceived failure of the World Bank to ensure that the funds actually reach the mine-affected communities (see Akabzaa & Darimani, 2001; Hilson & Nyame, 2006).<sup>xxxix</sup>

### Social Impacts

In an extensive case-study analysis entitled *Impact of Mining Sector Investment in Ghana: A Study of the Tarkwa Mining Region*, Akabzaa and Darimani (2001) provide the following examples to illustrate how the rapid growth of surface gold mining operations in Tarkwa has had negative social impacts on local communities:

- *Forced Dislocation* – Between 1990 and 1998, mining investment in the Tarkwa area caused the displacement of 14 communities with a total population of over 30,000.<sup>xxxix</sup>
- *Degradation and Loss of Agricultural Lands* – Large-scale mining operations control over 70% of the total land area of Tarkwa (some 9,235 km<sup>2</sup>), drastically reducing the land available for farming.<sup>xxxix</sup> Because of the loss of agricultural land, the traditional fallow system, which recycled nutrients and maintained soil fertility, can no longer be practiced. This has significantly undermined farmers' income and food security for the community. Due to the impact of mining on the agriculture sector, the region now also has a high rate of unemployment, and the gold mines cannot provide enough jobs to absorb the total number of those agricultural workers who have been laid off.
- *Family Disorganization* – The relocation schemes implemented by mining companies have adversely impacted family organization. Some irresponsible male heads of families have opted for cash compensation for relocation, and subsequently abandoned their families, worsening the plight of rural women and children in mine-affected communities.
- *Increased Prostitution and Drug Usage* – The influx of mining activity into Tarkwa has brought both migrant and resident sex workers to the area. The increased incidence of HIV/AIDS in the Wassa West District, the highest in the Western Region, has been attributed to the flourishing sex trade. Harsh economic conditions have also led to growing drug usage in the area, particularly among the prostitutes and migrant *galamsey* (illegal gold miners).<sup>xxxix</sup>
- *High Costs of Living* – The disparity in incomes in favor of mining company staff has raised the pricing for virtually all goods and services in Tarkwa (food, housing, healthcare, water, etc.) beyond the reach of the average person. The fall in food production in the region has also contributed to the rise in food prices.

Similar social problems have been reported in the gold-mining districts of Teberebie, Bibiani, and Obuasi, among others (see Butler et al., 2004; Hilson, 2004; Hilson & Nyame, 2006). A 2002 survey of people living in the vicinity of AngloGold Ashanti's Obuasi Mine, for example, revealed that "86.5% of respondents believed that gold mining had deprived the people of their farmlands triggering food shortages, unemployment, higher costs of living (with new dependence on imported food), and hunger" (Butler et al., 2004: 31). The available evidence clearly indicates that the mining-induced erosion of rural livelihoods is undermining the food security of peasant and indigenous communities living in the Ghana's goldbelt.

### **Environmental Impacts**

Surface gold mining activities in Ghana have also caused widespread ecological degradation. As Akabzaa and Darimani (2001) point out, Ghana's Environmental Protection Agency (EPA) has, since its inception in 1994, lacked the necessary capacity in terms of both human and financial resources to carry out its job of ensuring compliance with the nation's environmental regulations. While on paper the EPA has quite broad authority to monitor all types of industry including mining, the gutting of the Agency's staffing (which by the end of 1999 stood at only 200 nationwide) and inadequate government funding has severely undercut its actual regulatory power to guarantee the protection of local communities and the environment from extractive industries as required by law (Ibid., 35-36).

### ***RISK OF CONTAMINATION AND DEPLETION OF THE WATER SUPPLY***

Of major concern in terms of both the environment and public health are the cases of cyanide mismanagement by several gold mining firms which have led to the cyanide contamination of freshwater resources and soils, adversely impacting local fish and wildlife populations and the health and livelihoods of rural farming and indigenous communities.<sup>xxxv</sup> Surface mining is an inherently dangerous activity. Once the ore is extracted, it is crushed into rubble, piled up in heaps, and sprayed with a weak cyanide solution to extract the gold. The cyanide-laced water and sediment is stored in massive plastic-lined tailings ponds that are supposed to hold the cyanide waste, but the ponds inevitably leak or the dams restraining them fail, allowing cyanide to pollute the water table or nearby rivers and streams (Kneen, 2001; Stickler, 2006).

One of the worst cases of cyanide spillage occurred on June 18<sup>th</sup>, 1996, when an estimated 36,000 m<sup>3</sup> of gold-laced cyanide solution with a cyanide concentration of 8-100 parts per million spilled from one of Teberebie Goldfield's tailings ponds at its Teberebie Mine into the Angonabe stream, a main tributary to the Bonsa River and the main source of drinking water for local communities. Nine villages were reportedly affected downstream. TGL reacted to the spill by trying to clean up the physical evidence of the pollution rather than notifying authorities and warning community residents to protect their health and assets. The delay in informing the community of the spill led to considerable illnesses and losses of crops, fishponds, and wildlife.<sup>xxxvi</sup> Since 1997, the affected villagers have been in a protracted legal battle with the company in an attempt to secure fair compensation for their losses (Akabzaa & Darimani, 2001; Kneen, 2001). Another major cyanide spill took place on October 16<sup>th</sup>, 2001, when a tailings pond belonging to Goldfield (Ghana) Ltd. (GGL) ruptured, sending several thousand cubic meters of cyanide-contaminated water into the Asuman River and its tributaries at Abekoase in the Western Region (Anane, 2003; Hilson & Nyame, 2006). More recently, two cyanide spills occurred in less than two years at the

Bogoso-Prestea Mine owned by Bogoso Gold Ltd. (a subsidiary of the US-based transnational Golden Star Resources); one spill took place in October 2004 and another in June 2006 in which cyanide-laced wastewater flowed from a tailings pond into the Aprepre River (Sarin, 2006; Stickler, 2006).

Also of concern environmentally are the “dewatering effects” of surface mining. In addition to consuming large quantities of water in the heap-leach process, to clean and maintain equipment, and for those who live and work in the mines, the mass excavation of land by open-pit mines and the piling of earth along waterways alters the natural course of rivers and streams, ultimately depleting the water table in some areas—resulting in dewatering (Akabzaa & Darimani, 2001). Since the mines need to be kept dry, most of the mining companies have active dewatering programs to deliberately divert major rivers and streams away from the area or to lower the water table (Butler et al., 2004). Dewatering has reduced the availability and accessibility of both surface and ground water sources for rural farming communities living around the gold mines, adversely impacting the health and livelihoods of local residents (Akabzaa & Darimani, 2001).

#### *DEFORESTATION AND GOLD MINING IN GHANA’S FOREST RESERVES*

*We went into the forest to plant cocoyam, plantain and pepper to feed our families, [and] government people chased us out and told us not to farm there again. They told us it’s a forest reserve and farming is not allowed there, they wouldn’t even let us collect snails from the reserves but now government itself wants to send bulldozers there to destroy the forest because the white man says so. My brother is this fair? When a poor man cuts a stick or kills a rodent in the forest reserve he is thrown in jail, when a mining company pulls down a forest reserve the big men from Accra travel all the way here to celebrate with him, is this fair?*  
— Sisi Nana, a 30-year-old mother of four at Bibiani (quoted in Anane, 2003, 12).

No environmental problem associated with large-scale gold mining in Ghana has received more attention, both among Ghanaians and internationally, than deforestation. An astounding two million acres of forested land, including ancient rainforest, are lost annually in Ghana to surface mining operations. Deforestation has caused excessive damage to local ecosystems by reducing wildlife habitat and biodiversity, introducing invasive species, and destroying watersheds. It has also adversely impacted rural communities by contributing to a decline in the productivity of agricultural lands (Akabzaa & Darimani, 2001; Hilson, 2004).

The Ghanaian authorities are now in the process of granting new mining concessions to TNCs to explore and mine for gold in four designated forest reserves located in Ghana’s Ashanti, Western, and Eastern Regions (Hilson & Nyame, 2006, 178-179):

- AngloGold Ashanti Company (AGC) – AGC’s Kubi concession is situated within the Supuma Shelterbelt Forest Reserve in the Ashanti Region.
- Bogoso Gold Ltd. (BGL) – BGL has two concessions in the Western Region. Its Subri concession is located within the Ajenjua Bepo Forest Reserve, which contains the headwaters for the Pra, Afosu, Adenkyesesu, and Akrawasu Rivers. BGL’s Mampon

concession is situated within the Opon Mansi Forest Reserve, which is the catchment area for the Opon and Mansi Rivers.

- Chirano Goldfields Ltd. (a subsidiary of Australia-based Red Back Mining Company) – Chirano’s concession in the Western Region lies within part of the Tano Suraw Forest Reserve, which provides habitat for three endangered species of primates and is a critical watershed between the Bonsa and Pra Rivers.
- Newmont Ghana Gold Ltd. (a subsidiary of the Newmont Mining Corporation) – Newmont’s Akyem concession is situated within part of the Ajenjua Bepo Forest Reserve in the Eastern Region.

Despite the fact that each of these mining concessions is located within a legally designated *protection area*, it appears as though the government is prepared to overlook this restriction and allow the mining to go ahead (Hilson & Nyame, 2006). Government officials in the Chamber of Mines argue that the forest reserves really only exist on paper as protected areas, claiming that they have already been degraded by farming and logging activities (Anane, 2003). These same officials also contend that it would send the wrong signal to investors not to allow the companies to mine for gold in the reserves. In a recent interview, Mr. Kwadjo Adjei Darko, the Minister of Mines, commented:

*Are we justified morally in saying that these mining companies that invested money and discovered the gold should not go into the forest reserves again? Do we also have to leave those rich deposits of gold there in the ground whilst we have a lot of problems on our hands such as poverty, underdevelopment and unemployment?”* (quoted in Anane, 2003, 2).

Local environmental and civil society groups, however, argue that that the reserves contain some of the last remaining, unspoiled, contiguous stands of tropical rainforest in the country, which provide critical habitat for “a stunning array of species listed as threatened internationally with extinction,” including 34 plant species, 13 mammals, eight birds and two reptiles (Anane, 2003, 4-5). These groups claim that the proposed expansion of surface gold mining in the forest reserves will lead to the clear-cutting of thousands of hectares of lush forest, causing irreversible harm to the environment (Anane, 2003; Hilson & Nyame, 2006).

Moreover, tens of thousands of Ghana’s rural poor reside in small farming and indigenous communities located in or around the proposed project areas. Many of these communities stand to be displaced outright or adversely impacted in other ways if the gold-mining operations are approved (Hilson & Nyame, 2006). A number of local and international CSOs have come together to amplify the voices of these poor communities and lobby on their behalf. The most notable among these is the National Coalition on Mining (NCOM), a network comprised of the Wassa Association of Communities Affected by Mining (WACAM), Third World Network-Africa, Friends of the Earth-Ghana, the Center for Public Interest, and the League of Environmental Journalists among others (Ibid.).<sup>xxxvii</sup> NCOM points out that the majority of the indigenous people living in or near the forest reserves derive their livelihoods directly from forest products or other natural resources provided by the forests, such as nutrient-rich soils for farming (Anane, 2003; Hilson & Nyame, 2006). Thus, when the mining companies destroy the forests, they are also destroying the means of

survival for the local people. Yaw Sekyi of FoodFirst Information and Action Network (FIAN) elaborates (quoted in Anane, 2003, 12):

*Forests can be critical to agriculture, once you take away the forest, the land that is left becomes nutrient deficient and prone to erosion, this would affect productivity of farms and even cocoa plantations in the area. Tearing down the reserves could therefore have a devastating impact on food security and facilitate the violation of the right to food. Farming in Ghana is predominantly rain-fed, therefore the change in local climatic conditions as a result of deforestation can lead to poor prediction of rainfall patterns by farmers with its attendant low food production.*

The socioeconomic externalities of surface mining (e.g., loss of livelihoods, lower incomes, declines in food production, and higher costs of living) already severely threaten household food security in rural areas. On top of these inequities, the accelerating rate of deforestation only further exacerbates the deterioration of natural resources in the goldbelt that is leading to the rising incidence of hunger. The World Bank (1993, 32) is well aware of the fact that large-scale deforestation, soil fertility loss, and soil erosion have contributed to the very low level of agricultural productivity in general, and food agriculture in particular, “with current average yields about 40% of achievable yields” (Hutchful, 2002, 77). The Government of Ghana (2003, 37-38, 69-70) states that the decline in agricultural productivity in recent years has contributed to growing poverty in rural areas.<sup>xxxviii</sup> It should come as no surprise that the clearing of the forests by the timber and mining industries in the 1980s and 90s coincided with a sharp increase in levels of malnutrition (Bello et al., 1999, 61-63). How can the Bank ethically justify its continued support for the expansion of surface mining activities in Ghana’s rural hinterlands?<sup>xxxix</sup>

### **Violence in the Goldbelt**

Over the last two decades, communities on the fringes of large-scale mining projects have been subjected to the increasing use of intimidation, abuse, violence, and violations of human rights by mining company and state security agencies, including forceful evictions, arbitrary arrests, illegal detention, the demolition or burning of villages, beatings, shootings, dog attacks, rape, and murder (Anane, 2003; Ismi, 2003; Kneen, 2001; NCOM, 2006).<sup>xl</sup> A recent fact finding mission carried out by Ghana's Human Rights and Administrative Justice Committee in the Wassa West area confirmed these reports when it found “overwhelming evidence of human rights violations occasioned by the mining activities which were not sporadic but a well established pattern common to almost all mining communities” (quoted in Anane, 2003, 11). The following examples demonstrate this pattern of violence and human rights abuses (Anane et al., 2006, 3; NCOM, 2006, 5-6, 2007):

- June 21<sup>st</sup>, 2005 – A man from Sanso village near Obuasi was shot in the abdomen before being apprehended by a combined squad of military, police, and AngloGold Ashanti security personnel on suspicion of galamsey (illegal gold mining) activities on AGC’s concession. The man survived after receiving surgery.
- July 13<sup>th</sup>, 2005 – The Ghana military opened fire on a crowd of demonstrators in Prestea protesting against the negative impacts of the mining operations of Bogoso Gold Ltd. on their community. Seven people were wounded, including a 13-year-old boy.



- November 2<sup>nd</sup>, 2005 – Farmers on their way to protest unfair compensation at Newmont's Akyem Mine in the Eastern Region were shot at by police. Two of the protesters were killed.
- February 2<sup>nd</sup>, 2006 – In Teberebie in the Wassa West District of the Western Region, soldiers acting on behalf of AGC shot at five farmers for allegedly using an access route around the company's rock waste dump. Three of the farmers were shot, and one was beaten.
- June 6<sup>th</sup>, 2006 – After youth in Ntotroso in the Asutifi District of the Brong-Ahafo Region began a peaceful demonstration against Newmont for failing to keep promises it had made to the community about jobs, the protest was dispersed by the military. About 60 soldiers indiscriminately assaulted people using batons and the butts of their guns, went house to house and forced people from their homes, and detained 13 people in jail cells at Sunyani for three days. The detained people were later released without charge. As the Ahafo Mine made the transition from the construction to the production phase, the workforce was decreased from 3,600 to 1,000, which only fueled the growing social tensions on the ground.

In sum, the negative socio-environmental externalities associated with surface gold mining in Ghana (e.g., dispossession, forced dislocation, loss of livelihoods, unemployment, higher costs of living, land degradation, contamination and depletion of the water supply, deforestation, violence and human rights abuses) are making it impossible for people to feed themselves. Poor rural peasant and indigenous communities are being robbed of the very assets they depend on for their survival—land and water resources. How can the Bank justify its central role in creating this growing humanitarian and ecological disaster in the countryside in the name of “development”? Despite their own legal obligations and performance standards, the Bank and the present government under President Kufuor continue to prioritize the massive extraction and accumulation of surplus by TNCs at the expense of the health and welfare of the poor and the environment. This path can only lead to the further *underdevelopment* of economic, social, and environmental conditions for the majority living in Ghana's goldbelt.

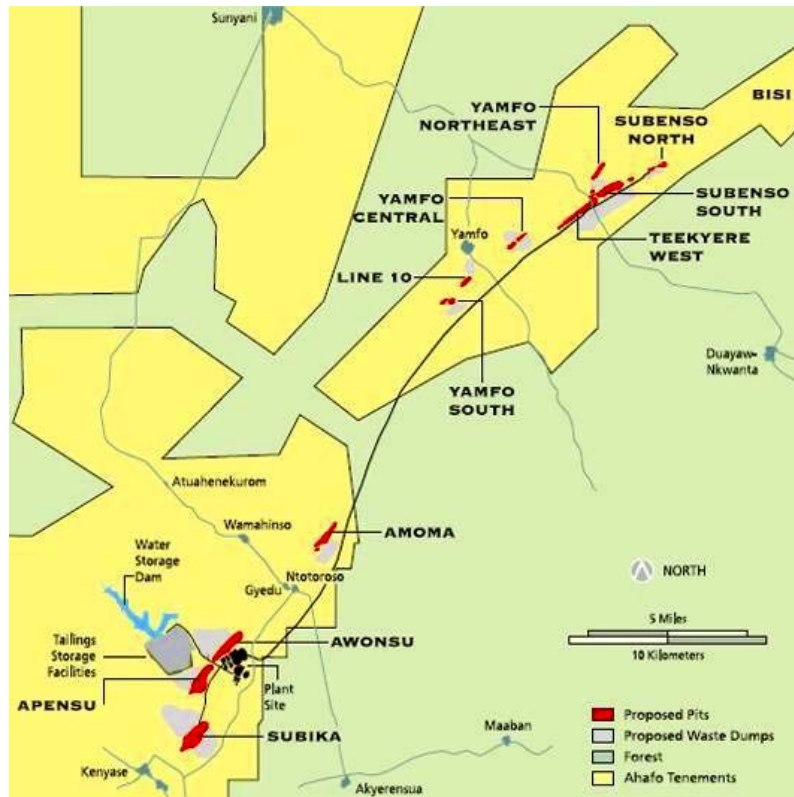
## **GOLD STRIKE IN THE BREADBASKET**

On January 31<sup>st</sup>, 2006, the World Bank's Board of Directors approved IFC loans amounting to US\$125 million to Newmont Ghana Gold Ltd. (NGGL) to finance the first phase of development on the 3,000-hectare (16 km<sup>2</sup>) southern portion of its Ahafo Gold Mine, an open-pit, cyanide-processing mining operation.<sup>xli</sup> NGGL is a wholly owned subsidiary of the Denver-based Newmont Mining Corporation—the largest gold mining company in the world. The total estimated cost of the Ahafo South Project is US\$470 million (BIC, 2006b; IFC, 2006a). Approval of the loans came despite widespread concerns by affected community members and national and international CSOs regarding outstanding social and ecological problems with the project. These concerns included the failure of the IFC and

Newmont to provide sufficient measures for the restoration of livelihoods and access to farmland for the thousands of local farmers displaced by the mine and the lack of an adequate independent monitoring mechanism to track and mitigate the mine's impacts.<sup>xlii</sup> These problems, which were anticipated and should have been taken care of during project preparation, are still largely unresolved today (Anane et al., 2006; FIAN, 2005). "It is irresponsible of the IFC Board to grant a loan without any binding commitment by Newmont to resolve the issues around land and resettlement," said Ute Hausmann, a human rights expert with FIAN-Germany.

"Already, affected people are experiencing economic hardship and food security has become a pressing issue" (Earthworks, 2006). Thus, the Bank's decision to approve these major loans to Newmont has been and continues to be extremely controversial. The Board of Directors itself was divided on the project, with Germany voting against it, and the US, Belgium, and the Netherlands abstaining (Ute Hausmann, personal communication, June 10, 2007).

The Ahafo Mine, Newmont's first investment in Africa in over 40 years, involves the proposed development of 10 mining pits—four in the mine's first phase of development (Ahafo South) and at least six more in its second phase (Ahafo North)(BIC, 2006b; Newmont, 2006a). The southern portion of the mine began producing gold in July 2006 and the northern portion is expected to begin production in 2010 (BIC, 2006a; Sarin, 2006). The Ahafo Mine is located in the Asutifi District within the Brong-Ahafo Region near the twin towns of Kenyase (Kenyase 1 and 2), about 300 kilometers northwest of the country's capital city of Accra and 42 kilometers south of the regional capital of Sunyani (see Figures 1 and 6) (IFC, 2006a). The mine affects tens of thousands of people who live in the District, mostly poor, small-scale farmers in the towns of Wamahinso, Gyedu, Ntotroso, Kenyase 1 and 2, and surrounding villages. According to the IFC (2006a), the Ahafo Mine will provide 620 permanent jobs and earn the Government of Ghana some US\$300 million in royalty payments from sales of gold over the 20-year life of the mine. At the end of 2006, Newmont (2006b) reported that the mine held an estimated 20.3 million ounces of gold reserves.<sup>xliii</sup> The IFC gave its assurances to the government and the affected communities that, with the Bank's financing and advice, the Ahafo Mine would avoid the social and ecological



**Figure 6.** The Ahafo Gold Mine and Associated Facilities  
(Source: Newmont, 2006a)

problems that have been associated with previous surface gold mines in Ghana. The Summary of Project Information prepared by the IFC management states (2006a, 2):

*This project is expected to become a demonstration case for how to handle environmental, social, and community development issues in Ghana. Ghana has a long history of mining and unfortunately in some cases mining operations have resulted in negative environmental and social impacts on local communities. It is expected that this project would become a model for other mining companies to follow; for example, the level of multi-stakeholder involvement in the resettlement process is expected to become the benchmark for the future.*

### **Social and Environmental Impacts**

The CSOs in Ghana working on mining issues, including the Wassa Association of Communities Affected by Mining (WACAM), Friends of the Earth-Ghana, and FIAN-Ghana, argue that the many problems already encountered with the Ahafo South Project indicate that, far from serving as a model for social and environmental responsibility, the Ahafo Mine poses significant risks to local community health, livelihoods, food security, and the environment. They insist that urgent action must be taken by the World Bank, Newmont, and the Government of Ghana to effectively mitigate these risks if they do not wish to replicate on a massive scale the social and ecological devastation caused by other surface gold mines in Ghana and elsewhere (BIC, 2006b; FIAN, 2005; Sarin, 2006). The most pressing concerns in terms of the social and environmental impacts of the Ahafo Mine include: (1) the effects of physical and economic displacement on local livelihoods and food security; and (2) the lack of sufficient monitoring and mitigation measures, particularly related to the threat of contamination and depletion of the water supply (Anane et al., 2006; BIC, 2006b).

### **THE UNDERMINING OF LOCAL LIVELIHOODS AND FOOD SECURITY**

The Brong-Ahafo Region is widely regarded as Ghana's "breadbasket" because it produces about 30% of the nation's food. The economy of the Asutifi District and the region as a whole is predominantly agricultural. Approximately 75% of the District's employed are agricultural laborers (Newmont, 2006d). Baseline survey data retrieved in 2004 for Newmont's Resettlement Action Plan (RAP) for the Ahafo South Project indicated the following (Anane et al., 2006; FIAN, 2005):

- 97% of the mine-affected population depend on agriculture for their livelihood;
- Incomes derived from non-farming activities are limited, and two-thirds of all adults have no employable skills other than farming;
- Food accounts for 40% of annual household expenses and education 12%.

Not surprisingly, the Ahafo Mine has already adversely impacted the local small-farming communities. Nearly 10,000 people have already been displaced to allow the first phase of the project to go forward, and an equal number are expected to be dislocated during the second phase as the mine expands northward. Independent assessments of the implementation of the resettlement program suggest that both land replacement efforts and compensation by Newmont have been entirely insufficient, and constitute violations of the human right to food (BIC, 2006b; FIAN, 2005). On June 2<sup>nd</sup>, 2005, Ghana's press reported

“Artificial Famine Hits Newmont Ahafo Project Area” (Boateng, 2005, quoted in FIAN, 2005, 8):

*The company’s operations have reduced food production in the area drastically, while the population in the area has doubled, raising the cost of living in the area and adding to the economic woes of the people. The poor, affected farmers, mostly women who since birth had depended on their farms for food, are today rubbing shoulders with Newmont’s affluent workers on the food market, while the meager crop compensation received is finished whilst others are on the waiting list, either fighting for more reasonable compensation or yet to go through the exasperating bureaucratic process for their compensations. Almost all the people this reporter interviewed, expressed similar concern about the affordability and availability of food in the area.*

Visits to the Ahafo South area by members of FIAN in September 2005, and by a larger delegation of representatives from BIC, Earthworks, FIAN, and WACAM in May 2006, confirmed that the loss of access to land and the inadequacy of compensation were severely undermining the food security of the mine-affected communities (Anane et al., 2006; FIAN, 2005). According to FIAN (2005, 15), “The most important worry of the people was how to earn an income to feed the family and send the children to school.” The visitors also witnessed the local peoples’ unhappiness with the way Newmont has treated the communities, particularly in relation to resettlement and their exclusion from the decision-making process that affects their lives (Ibid.). These unresolved issues were highlighted in a letter to IFC management, dated October 26<sup>th</sup>, 2005, signed by more than 1,200 local residents, in response to Newmont’s Environmental Impact Assessment (EIA).

In 2006, even the company acknowledged that “arable land acquired by Newmont Ghana Gold Ltd. (NGGL) to operate the Ahafo Project has rendered some farmer households landless, increased the price of access to arable land in the Project vicinity, and lowered overall agricultural production” (Newmont, 2006c, 1). Clearly, one has to conclude from examining the causes of “artificial famine” in the Ahafo project area that access to land and an adequate level of compensation are the essential prerequisites for restoring livelihoods, food security, and the economic wellbeing of the mine-affected population (see Box 3).

**Box 3: Letter by Communities to IFC Management on Issues of Resettlement, Compensation, and Access to Land, October 26<sup>th</sup>, 2005 (Excerpts)**

In the first place, the communities or the affected persons were not involved in the planning and design of the resettlement site or principles, policies and procedures of the resettlement and relocation contrary to what is stated in the EIA.

The communities and persons resettled on the resettlement site . . . are not happy with the reduction of the number of rooms owned by members of the community who have been and/or will be resettled at the resettlement site. Except for those who had a single room within the Mine Take Area, who were built a single room at the resettlement site, every other person had his/her rooms reduced by half. . . . There were also aggrieved persons in the resettlement site who were resettled without kitchens even though they had kitchens at their old settlement. . . .

The enumerations and surveys of the farms and farmers for purposes of compensation were often done in the absence of the farmer concern [sic]. Most farmers were not at the field when the enumeration of their farms took place and the farm size and number of crops on the farm were unilaterally determined by the NGGL and its survey team. . . .

Similarly, farmers for which crop compensation is due were not involved in the negotiation of an agreeable rate of compensation as required by law. NGGL through the Resettlement Negotiating Committee (RNC) set up by the company determined the compensation rates to be payable for crops to be affected by the operations of the company. The farmers find the rate of compensation . . . for their crops very low. Notwithstanding the fact that the affected farmers were not parties to [the] negotiation team that determined the crop compensation and the fact that the farmers have indicated their resentment and rejection of the compensation rates determined by the NRC, the company nevertheless sought to impose the rates on the affected farmers.

In addition, the company in conducting the enumeration refused to enumerate and pay compensation for crops that were young at the time of the enumeration though such crops were planted long before the date of the mine take. . . .

The project is expected to affect about 4,355 farmers. . . . However the company has failed to provide farmers whose farms have been and will be affected by the operations of NGGL with alternative farmlands to enable them to continue to carry out their farming activities. The company has not put in place concrete plans of providing them with farmlands as the community was made to believe that NGGL will provide all those who will be displaced from their farms with alternative farmlands.

(Source: Ahafo Communities, 2005, 3-4)

### ***VIOLATIONS OF THE RIGHT TO WATER***

Newmont's damming of the Subri River and extraction of water from the Tano River and other local rivers, the likely contamination of the Awanso stream used as a water source by several local villages, and the dislocated peoples' loss of access to free water all amount to violations of the human right to water if not adequately mitigated (FIAN, 2005).<sup>xliv</sup> The Environmental and Social Impact Assessment (ESIA) that was prepared for Newmont by a private consulting firm indicates that the Ahafo Mine will significantly impact access to safe water sources due to the increasing risk of dewatering effects and contamination of surface and ground water. Indeed, mine-affected communities have already reported about the drying up of wells and mining-related contamination of local streams (Anane et al., 2006; BIC, 2006b). However, an independent assessment of the ESIA by the non-profit organization, Center for Science in Public Participation, called attention to a number of deficiencies in the study, including insufficient information critical to risk management such as how many people are impacted by the damming of the Subri River and other modifications in the watershed (BIC, 2006b; FIAN, 2005). According to FIAN (2005, 12):

*The damming of the river Subri not only negatively affects the access to water but is also [a] threat to people's health as it is likely to increase water-borne diseases because of stagnant water. Also, communities such as Dokyikrom, Yawusukrom, Osei Tutukrom and their environs have been cut off when the access road was flooded. To link up with other communities, residents of Dokyikrom and its surroundings are compelled to walk about seven miles using a footpath around the dam. They have appealed to Newmont to relocate them, but*

*this was not granted. Because of the destruction of roads children have dropped out of school. On October 16<sup>th</sup>, 2005, two men drowned when trying to cross the dammed water.*

Another major concern is Newmont's refusal to address the needs of an ever-increasing number of local residents who have been excluded from the company's current definition of "project-affected people," which applies only to those who were designated by Newmont for resettlement and/or compensation (Anane et al., 2006). However, many people who are not covered by this definition reside in communities located around the tailings storage facility, the water storage facility, and downstream from tailings ponds. Considering that such facilities are well known to pose potentially serious threats to sources of water and public health, these communities may also be adversely impacted by the mine. Therefore, the IFC and Newmont should take immediate action to include these communities in the planning for impact mitigation (Ibid.). These problems highlight the urgent need for transparent, independent, and long-term social and environmental impact mitigation and monitoring of the mine—a process that must involve the direct participation of all mine-affected communities.

### **Newmont's "Livelihood Enhancement" Programs**

In 2005, Newmont initiated a US\$6 million private-sector-led "alternative livelihoods" project called the Livelihood Enhancement and Community Empowerment Program (LEEP) as an attempt to mitigate the loss of livelihoods caused by the project's displacement of thousands of poor farmers. Initially, this was the only program intended by Newmont to deal with this problem. LEEP was designed and is currently being implemented for Newmont by an NGO named Opportunities Industrialization Centers International (OICI). The program promotes local production of so-called "demand-driven" commodities as an alternative to farming (Anderson & Buchanan, 2006). Ghanaian and international CSOs working with affected communities on the ground around the mine (e.g., NCOM, FIAN-International, BIC, Oxfam, and Earthworks) immediately encountered several problems with LEEP. To begin with, no market studies were conducted before the program was designed in order to determine the commercial viability of the "selected commodities." LEEP has also come under criticism for its narrow focus on fostering small business activities like soap-making and snail-raising, which the affected farming communities and CSOs believe are inappropriate or inadequate substitutes for traditional agriculture (Anane et al., 2006; BIC, 2006b). These once largely self-sufficient farmers who used to buy very few items on the market now need cash to buy almost everything. What "alternative livelihoods" really mean for these dislocated farmers is more dependence, alienation from the land, the loss of traditional lifeways, and further incorporation into the capitalist economy.

In addition to LEEP, Newmont agreed to come up with a US\$4 million "Agricultural Improvement and Land Access Program" just one week prior to the Bank's approval of the loans. It is important to recognize that, had it not been for the enormous pressure put on both the IFC and Newmont by the civil society groups and the local communities, the company would never have agreed to put together and finance a land access program at all (Ute Hausmann, personal communication, June 10, 2007). In April 2006, Newmont revealed the plans for this land access program on the company's website (<http://www.newmont.com/en/>). According to Newmont (2006d, 1):

*The main focus of the Agricultural Improvement and Land Access Program is to maintain or exceed pre-Project levels of crop productivity and ensure compensated farmers have access to land. The means to accomplish this are:*

- *Providing, free of charge, improved agricultural inputs, sufficient for two acres, for one crop season, to every person compensated by NGGL for cropped land in the Mine Take Area, and that has arable land of two or more acres; and*
- *Facilitating land access for every person compensated by NGGL for cropped land, and that, at present, does not have access to land for cropping, or has access to less than two acres of arable land. When persons obtain access to at least two acres of arable land, they become eligible for two acre input packages.*

Civil society groups have raised many concerns regarding the inadequacy of this program, which was launched more than a year after the beginning of the resettlement of the farmers (Anane et al., 2006). A real solution to the land access problem that guarantees the restoration of livelihoods for all affected farmers (or that leaves them better off than before the mine) depends on *long-term* access to an equal or greater area of arable land. However, Newmont's program has failed to achieve this objective because it effectively shifted the burden of locating replacement land onto the farmer, offered limited assistance to secure access to two acres of land for a period of only two years, and provided agricultural inputs to the farmer for only one growing season (Anane et al., 2006). Consequently, many affected farmers have expressed anxiety about their limited options and the prospect further impoverishment if Newmont's program is not immediately revised as they are being forced to bear the risk of increases in land prices and poor harvests at a time when they need security to rebuild their farms and livelihoods (Ibid.).<sup>xiv</sup>

### **“Structuring In” Corporate Plunder and Artificial Famine**

The Ahafo Mine is just the latest controversial mining project in a series of similar investments by the IFC and Newmont, both in Ghana and in other countries around the world. The IFC has a long history of involvement in the development of foreign-based gold mining in Ghana. The IFC's first investment in Ghana's gold sector was its financial support for the development of the Bogoso/Prestea Mine of Bogoso Gold Ltd. (BGL) in the 1990s (from which it has since divested). It was this project that facilitated the sector-wide transition from underground to surface mining in the country (Ute Hausmann, personal communication, June 10, 2007). The IFC continues to be heavily involved with the Iduapriem Mine (now owned by AngloGold Ashanti), having provided some US\$45 million in loans to finance the expansion of Iduapriem since 1990 along with as a 20% equity investment in the mine since 1996 (equivalent to US\$2.5 million). At the village of Teberebie in the West Wassa District of the Western Region where the Iduapriem Mine is located, more than 700 farmers have been cut off from their fertile farmlands and access to surface water sources as a result of the location of massive 50-meter-high waste rock dumps in the area. Just as in the case of the Ahafo Mine, the failure of the IFC and Anglo-Gold Ashanti to restore access to land and water or provide adequate compensation to the Teberebie villagers constitute violations of the community's rights to food, water, and sustainable livelihoods (FIAN, 2008).

Newmont is the single largest gold producer in the world with mining operations on five continents, with operational mines in eight different countries, and prospecting activities going on in numerous others. The company has a market value of US\$25 billion and raked in nearly US\$5 billion in revenues in 2006 (Newmont, 2006b). Newmont's mining operations have been the subject of intense controversy and considerable local and international protest. In 2006 alone, for example, local people burned down one of the company's mining camps at its Batu Hijau Gold Mine in Indonesia to protest the mine's destructive impact on the environment. One of Newmont's corporate executives was on trial in Indonesia for the illegal dumping of arsenic and mercury into Buyat Bay, which devastated local fishing communities, caused severe damage to the environment, and poisoned many people. In August 2006, Newmont's operations in Uzbekistan were shut down and its 50% share in the Zarafshan Gold Mine was expropriated by the government because the company owed US\$48 million in back taxes. Later in the same month in Peru, indigenous people protesting Newmont's contamination of the water supply for local communities temporarily shut down its Yanachoa Mine, the second largest gold mine in the world, by blocking the main access road (Craun, 2006; Newmont, 2006b). In light of Newmont's abysmal social and environmental track record, including its inadequate response to the concerns of the local communities living around the Ahafo Mine, it is clear that the company has done very little to reform its practices.

The macroeconomic benefits of the Ahafo Mine, including 620 permanent jobs and some US\$300 million in revenue for the government (most of which will probably never reach the mine-affected communities), are simply not worth the significant costs of the mine to local people and the environment. This is particularly true in regard to the loss of land and livelihoods, which is undermining the food security of these rural small-farming communities. The negative social and environmental impacts are likely to only increase in magnitude as the development of the mine expands northward. The distribution of the benefits from this World Bank-led "development" project is highly skewed in favor of Newmont. The Bank's restructuring of territory in the goldbelt has created a *development hyperspace* that "structures in" the flow of wealth and resources towards privileged mining interests and "structures out" any fair distribution of profits or serious consideration by policymakers of sustainable development strategies (Holt-Giménez 2006, 56). The Ahafo Mine stands to become one of the Newmont's most lucrative operations. Total gold reserves at the mine currently stand at over 20 million ounces, and are expected to grow as Newmont continues with the exploration of targets and the drilling of extensions of ore deposits within its "strategic land package" (Newmont, 2006a). Based on Newmont's own projections of production and sales of gold from Ahafo over the next 20 years, the company will likely walk away with over US\$6 billion in net profits.<sup>xlvi</sup> Such astounding levels of surplus extraction would be impossible without the complicity of Ghana's ruling elite and the facilitative structural conditions created by the World Bank. The Bank's continued support for the development of foreign-based gold mining is not only actively undermining the possibility for equitable and sustainable development both locally and nationally, it could very well trigger a national food security crisis if surface mining activities continue to expand across Ghana's breadbasket.



## CONCLUSION: FOOD SOVEREIGNTY AND TERRITORIAL RESISTANCE

*It is time the dignity of the ordinary Ghanaian in the mining community is restored and the fundamental human rights of the people are respected since Ghanaians cannot be made slaves on their own land. . . . It should be borne in mind that gold is a non-renewable resource and should not lure the country to an unsustainable development path. . . . When all the gold is gone and the environment is ruined, what will be the future of Ghana and generations yet unborn?*

—Emmanuel Agyapong of Friends of the Earth-Ghana (quoted in Project Underground, 2000)

More than two decades of World Bank-led adjustment and territorial restructuring in support of export-led economic growth and top-down corporate resource extraction projects across the global South have been a colossal failure in terms of reducing global poverty, hunger, health deterioration, and environmental degradation. Sub-Saharan Africa (SSA), the most structurally adjusted region in the world, is an illustrative case in point. In effect, the Bank's neoliberal strategy has facilitated the economic re-colonization of Africa. Top-down restructuring in favor of corporate-style agriculture and/or foreign-based extractive industries has reverted the structure of the SSA-economies back, more or less, to a colonial economic model characterized by heavy dependency on export-oriented production of primary commodities and increased foreign ownership and control of the means of production and the distribution of wealth (Donkor, 1997; Konadu-Agyemang, 2000). While the Bank's SAPs and restructuring of territory may at first appear to be successful at the macroeconomic level in terms of generating increased flows of FDI and short-term economic growth, the benefits of these gains have been poorly distributed and exceedingly slow to trickle down to the poor majority (UNCTAD, 2005). Indeed, a closer examination of the overall results of Bank-led "development" in sub-Saharan Africa, including the regressive socio-environmental costs of neoliberal reform, reveals that the institution's interventions may have only helped to foster the development of *underdevelopment*—that is stalled industrialization, growing indebtedness, economic decline, increased unemployment, falling per capita incomes, excessive damage to the environment, reduced food-self sufficiency, and the highest incidence of chronic poverty in the world (Bello et al., 1999; Grant et al., 2005; UNCTAD, 2005).

With its average annual economic growth rate of around 5% in the 1980s and early 90s, Ghana became the Bank's "poster child" for promoting free-market economic reform across the African continent. Although the SAP launched in 1983 may have curbed inflation and increased the flow of FDI to the country, it has failed to meet the long-term development goals of reducing poverty and hunger throughout the country. By the mid 1990s, Ghana's debt had more than quadrupled. The diversion of a substantial proportion of the national budget towards debt servicing has resulted in unprecedented cuts in funding for health, education, and social welfare services for the population (Konadu-Agyemang, 2000). Employment in the formal sector has declined almost 60% and both real per capita income and average formal sector earnings remain far below their 1960 levels (Hutchful, 2002; Killick, 2000). Adjustment has re-directed the focus of the economy towards the production and extraction of primary commodities, and away from the structural transformation to a diversified industrial economy with strongly integrated domestic production and consumption. This shift helps to explain the economy's continued bias against food

production for local and national markets. The SAP's reduction and/or elimination of basic assistance for farmers (e.g., price supports, extension services, credit, and crop insurance) led to declines in real income and higher levels of poverty and hunger in the countryside (Hilson, 2004; Konadu-Agyemang, 2000). Thus, despite moderate export-led growth, the constrained diversity in the economy and uneven development between urban and rural areas has made it impossible for Ghana to increase employment opportunities and achieve sustainable improvements in human development. As a result, the population continues to suffer "moderate multi-dimensional deprivation" and growing regional disparities in living standards, particularly between the resource-poor northern regions and the more developed southern regions. Poverty alleviation has largely been confined to urban areas and the southern part of the country generally, while a substantial proportion of the population in rural areas continues to live in chronic poverty (Grant et al., 2005, 10-11; Konadu-Agyemang, 2000). Over two decades of growth with poverty is hardly a success story for the Ghanaian people.

From the very beginning of the period of economic liberalization in the early 1980s, both the Bank and the Ghanaian authorities viewed mining sector policy reform and the expansion of foreign-based gold mining as the key to the nation's economic recovery. They have pursued this objective through consolidating elite control over the goldbelt and re-configuring structural conditions at both national and sub-national scales to attract FDI to the sector and enable the efficient production and extraction of wealth. Territorial restructuring occurs through the convergence of Bank projects, national economic policies, and investments by foreign mining firms in Ghana's mine-shed. This process began in 1986 with the reform of the mining code and has continued to this day with enclosures of public lands (e.g., forest reserves and tribal lands), the IDA's support for massive energy infrastructure projects and other "development" programs designed to reduce the costs and risks of investment in the mine-shed, and the IFC's direct financing of large-scale corporate gold mining projects (e.g., Iduapriem and Ahafo).

There is no denying the fact that territorial restructuring has resulted in a tremendous boom in gold mining activity in Ghana. Since 1986, gold production has increased by more than 500% and gold now accounts for about 40% of the nation's total exports and 40% of its total foreign exchange earnings (Aryee, 2001; IFC, 2006a; Hilson, 2004). While foreign firms continue to reap huge profits, few benefits have gone either to the national economy or to the mine-affected communities. The gold sector has had a limited capacity to generate local employment since the transition to surface mining and contributes only 5% to GDP while agriculture contributes over 35% and tourism 8% (Campbell, 2003; World Bank, 2004a). Moreover, a considerable price is being paid for this gold rush in terms of the enormous human and environmental costs associated with surface mining. Despite promises by the Ghanaian authorities of social and economic development for rural communities, foreign-based corporate gold mining has instead only brought forced dislocation, land deprivation, loss of livelihoods, lower incomes for family farmers, higher costs of living, rising unemployment, declines in food production, increases in food prices, mining-related health problems, rampant environmental degradation, violence and human rights abuses. As their traditional livelihoods are destroyed, small farming and indigenous communities located in and around the areas of extraction are falling deeper into poverty. The direct and indirect

effects of mining make it increasingly difficult for the rural poor living in the goldbelt to feed themselves.

Mining-induced deforestation has contributed to a drastic decline in the productivity of food agriculture in recent years, which now stands at about 40% of achievable yields (Hutchful, 2002, 77). According to the Government of Ghana (2003), low agricultural productivity has led to growing poverty in the rural areas, with the rural food crop farming population constituting 60% of Ghana's poor. In 2003, a World Bank report assessing the performance of its own *Mining Sector Rehabilitation Project* in Ghana concluded: "A broader cost-benefit analysis of large-scale mining that factors in social and environmental costs and includes consultations with the affected communities, needs to be undertaken before granting future production licenses" (World Bank, 2003b, 23). This report reveals that the Bank is fully aware of the inherently destructive nature of surface mining. The Bank's continued support for the development of large-scale gold mining in Ghana is unconscionable. If open-pit gold mining continues to spread across the Brong-Ahafo Region, it could potentially undermine Ghana's national food security. It is time for the Bank to heed the advice of its own analysts and suspend its support for surface gold mining operations in Ghana.

Both the Bank and the Ghanaian authorities have rationalized the rapid development of large-scale gold mining in Ghana by claiming that it would lead to the social and economic development of rural communities. But the revenue the state earns from the gold sector through royalties and corporate income taxes has been drastically reduced by the overly generous fiscal incentives granted to the mining firms by the revised mining code. An estimated 71% of the total revenue from all mineral exports is lying in offshore corporate accounts (Campbell, 2003). Of the small share of the total value accrued from the export and sale of gold that is retained by the government (e.g., US\$87.3 million between 1990 and 2002), only 9% of this money is allocated for community development purposes (Hilson & Nyame, 2006). What is more, the gold boom will not last forever. Although the international price of gold has increased in recent years, currencies will stabilize, and the price of gold will eventually drop, thus making the exploitation of low-grade ore unprofitable. After the TNCs have made their profits, they will pull out leaving what little is left of the mine to national companies and the environmental clean-up to taxpayers or local communities (Butler et al., 2004; Holt-Giménez, 2006). Thus, the restructuring of territory in favor of predatory gold mining is clearly a short-term imperialist strategy designed to facilitate the corporate pillage of the nation's mineral wealth. This situation has led to the hollowing of Ghana's national sovereignty and has stripped the state of its capacity to effectively manage natural resources to meet long-term development goals, such as reducing rural poverty and hunger. The Bank's neoliberal capitalist development framework fundamentally lacks respect for democratic processes and the principle of self-determination. By disregarding the need for accountability, transparency, and the direct and meaningful participation by local people in the development process, the Bank's policies and programs generate outcomes that favor wealthy corporations and powerful domestic elites at the direct expense of the poor and the environment.<sup>xlvii</sup>

If not for the ongoing efforts and hard won campaigns of the National Coalition on Mining (NCOM) and its coalition partners, the situation on the ground in Ghana's goldbelt would undoubtedly be far worse than it is today (see AIMES, 2004; BIC, 2006b; Earthworks 2006; FIAN, 2005, 2008; NCOM, 2005, 2006, 2007; Müller, 2004). But more critical reflection is needed about how mine-affected communities might articulate and defend their rights to land and livelihoods in ways that go beyond demands for fair compensation and effective monitoring of corporate gold mining projects. The important concept of *food sovereignty* can help to fill this void. Food sovereignty, an alternative policy framework for sustainable development created by Via Campesina (<http://www.viacampesina.org>), is the idea that all peoples and countries must have the right and the ability to define their own food and agricultural policies that they need for improving rural livelihoods and addressing poverty and hunger. Food sovereignty proponents are working to build broad-based cooperation among popular organizations and grassroots social movement across national borders for formulating and implementing the kinds of policy and structural changes required for equitable and sustainable development: the protection of basic human rights (e.g., freedom, equality, and self-determination), respect for cultural diversity, real democracy and alternative-participatory economics, comprehensive redistributive land reform, the protection of local and national markets, fair prices and public sector support for family farmers and farmer cooperatives, peasant-led sustainable agriculture, and the conservation of biodiversity and natural resources (Holt-Giménez et al., 2006; Sydow & Mendonça, undated).<sup>xlviii</sup>

Holt-Giménez (2006), a prominent advocate of food sovereignty, argues that livelihood struggles promoting peasant-led sustainable agriculture or redistributive agrarian reform in mineral-endowed developing countries like Ghana are unlikely to make much progress towards their goals if land, water, and forest assets continue to be lost to foreign-based extractive industries. Grounding struggles for redistributive land reform and indigenous livelihoods within broader movements for *territorial resistance*, as Holt-Giménez suggests, allows for both landed and landless peasants to unite in a common struggle for livelihoods and cultural survival. The active participation of indigenous people in livelihood struggles against Bank-led territorial restructuring is absolutely essential, not only for resisting the threats to rural livelihoods and food security by international capital, but also for reclaiming and defending territorial spaces and places for food sovereignty—to allow indigenous communities to develop and carry out their own proposals for redistributive restructuring from below (Ibid.). The food sovereignty approach to development provides an attractive basis for diverse groups, including smallholder and indigenous farmers, landless peasants, CSOs, labor unions, environmentalists, human rights advocates, researchers and students, to come together and build stronger and more effective social movements for sustainable development and democratizing access and control over the means of production and the distribution of wealth and resources. These are the kinds of profound structural changes needed to truly reverse the neoliberal policy-driven “race to the bottom”—for eliminating poverty and hunger, protecting the environment, and bringing about greater equity in land, health, education, and overall quality of life for all.

**LIST OF ABBREVIATIONS AND ACRONYMS**

AGC	AngloGold Ashanti Company Ltd.
AIMES	Africa Initiative on Mining, Environment, and Society
BGL	Bogoso Gold Ltd.
BIC	Bank Information Center
CAS	Country Assistance Strategy
CPP	Convention People's Party (the socialist party formed by Dr. Kwame Nkrumah)
CSO	civil society organization
CTB	Coastal Transmission Backbone Project
EIA	Environmental Impact Assessment
ECG	Electricity Company of Ghana Ltd.
ERP	Economic Recovery Program
ESIA	Environmental and Social Impact Assessment
FAO	Food and Agriculture Organization of the United Nations
FDI	foreign direct investment
FIAN	FoodFirst Information and Action Network
GDP	Gross Domestic Product
GEF	Global Environment Facility
G8	Group of Eight (leading wealthy industrialized countries)
GGL	Goldfields (Ghana) Ltd.
GPRS	Ghana Poverty Reduction Strategy (2003-2005)
GPRS II	Growth and Poverty Reduction Strategy (2006-2009)
GWh	gigawatt-hour
HIPC	Highly Indebted Poor Country
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
IFI	international financial institution
IMF	International Monetary Fund
kV	kilovolt

kWh	kilowatt-hour
LEEP	Livelihood Enhancement and Community Empowerment Program
LRAN	Land Research and Action Network
MDGs	United Nations Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MW	megawatt
MIGA	Multilateral Investment Guarantee Agency
NCOM	National Coalition on Mining (Ghana)
NED	Northern Electricity Department (Ghana)
NGGL	Newmont Gold Ghana Ltd. (a subsidiary of the Newmont Mining Corporation)
NGO	non-governmental organization
OICI	Opportunities Industrialization Centers International
PAD	Project Appraisal Document (of the World Bank)
PID	Project Information Document (of the World Bank)
PNDC	Provisional National Defense Council (the name of the military junta headed by Flt. Lt. Jerry Rawlings that launched Ghana's SAP in April 1983)
PRSC	Poverty Reduction Strategy Credits
PRSP	Poverty Reduction Strategy Paper
RIAS	West Africa Regional Integration Strategy
SAP	Structural Adjustment Program
SSA	sub-Saharan Africa
TGL	Teberebie Goldfields Ltd. (acquired by the AngloGold Ashanti Company in 2000)
TNC	transnational corporation
TWh	terawatt-hour
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nation Development Program
VRA	Volta River Authority (Ghana's publicly-owned and operated power utility)
WACAM	Wassa Association of Communities Affected by Mining

WAGP	West African Gas Pipeline
WAPCo	West African Gas Pipeline Corporation
WAPP	West Africa Power Pool Program

## Notes

<sup>i</sup> The term *surplus* refers to capital accumulated as private profit by the individual or group that owns the means of production. To accumulate surplus it is necessary for the value of goods produced to be greater than the cost of the labor, materials, and equipment invested in production. The principal objective of the capitalist has always been to maximize profit through minimizing the costs of production, usually through suppressing wages and/or increasing productivity. Surplus is typically re-invested back into the means of production in order to expand the capitalist enterprise.

<sup>ii</sup> Development anthropologist Timothy J. Finan (2002[1997], 107) identifies four key assumptions of the free-market ideology of neoliberalism:

- *Markets possess the unrivaled ability to distribute goods and services most efficiently;*
- *National wealth increases for all partners when free trade is permitted;*
- *National wealth and well-being are defined in terms of increased consumption, i.e., growth; and*
- *Government's role is to provide the institutional context that facilitates free market and trading activity. Any other intervention is ultimately inefficient and detrimental.*

Following the ascendancy of the Reagan administration to state power in the United States in 1981, neoliberalism became the new economic orthodoxy among the policymaking elite in Washington and at the major international financial institutions (IFIs). The neoliberals sought to aggressively combat the spread of communism and third-world nationalism abroad, and they believed this goal could be achieved primarily through using the World Bank and International Monetary Fund (IMF) to impose total economic “liberalization” on the global South. For an excellent historical overview of the rise of neoliberalism, see Bello et al. (1999).

<sup>iii</sup> In August 2007, China's Sino-Hydro Corporation began construction of the US\$622 million Bui Dam Project on the Black Volta River despite growing national and international concern about the project's anticipated adverse impacts on the local population and wildlife habitat within Bui National Park (Boateng, 2007; Kufuor, 2007). The project is being financed through a hybrid credit facility loan of US\$562 million from the Chinese government and the Export and Import Bank of China (Ibid.) Upon its completion in 2012, the dam will add 400 megawatts (MW) to Ghana's energy generation capacity. The dam itself will consist of one million cubic meters of compacted concrete with a height of 110 meters and a length of 470 meters (Boateng, 2007). Significantly, the World Bank has refused to be involved with the Bui Dam Project because the risks and costs are too great; namely, the project would violate the Bank's policy regarding the destruction of critical natural habitat in existing protected areas (BIC, 2006a). The dam's 660 km<sup>2</sup> reservoir is expected to flood a large part of Bui National Park, a protected area since 1971 that consists of 1,821 km<sup>2</sup> of savannah forest and grassland wilderness (Bennett & Basuglo, 1998; World Rainforest Movement, 2001). A limited biological survey conducted in 1997 by the British zoologist Dr. Daniel Bennett and other scientists from the University of Aberdeen, Scotland, found that the park contains some of last intact stands of pristine forest in Ghana and critical riverine forest and grassland habitats for a diverse collection of wildlife, including the largest of two hippopotamus populations in the country (estimated to number at least 400) and many threatened or endangered species in West Africa (Bennett, 2001; Bennett & Basuglo, 1998). On top of dislocating at least 2,000 local inhabitants and potentially increasing the incidence of waterborne diseases like schistosomiasis, the dam project will also completely destroy all of the riverine forest habitat within Bui National Park (Bennett & Basuglo, 1998; Boateng, 2007; World Rainforest Movement, 2001). Once the flooding starts, Dr. Bennett and many other conservationists fear that the hippos will neither be able to find enough food



nor survive relocation outside of the park. With their feeding grounds destroyed, the hippos may be forced to move into the inhabited farmlands north of the park, which will pose an unacceptable risk to crops and human safety (Bennett, 2001; Ryan, 2007; World Rainforest Movement, 2001).

<sup>iv</sup> *Imperialism* refers to the process whereby the ruling elites of one country or a group of countries (e.g., the G8 or richest nations in the world) use a combination of political, economic, and military power to expropriate the land, labor, markets, and natural resources of other countries in order to produce ever-greater accumulations of capital on behalf of wealthy and powerful interests at home and abroad. For a more detailed description of “capitalist imperialism,” see Harvey (2003, 26-42).

<sup>v</sup> The term *enclosure* refers to the dispossession of land by elites through a policy of privatization or other intervention of the State, such as eminent domain, in which ownership and/or control over land that had been designated as public land or used as commons (i.e., a public asset with rights of access and use by all members of the community) is transferred to a private party (an individual, corporation, etc). Enclosure almost always involves the exclusion of public access to such lands and often involves the forced dislocation of peasant and indigenous communities from their means of livelihood. Historically, enclosure formed the very basis of capitalism by destroying self-sufficient peasant communities and creating a surplus of “free” wage-laborers (see Kropotkin, undated [1902], 233-235; Marx, 1978[1887], 434-438; Wolf, 1982, 267-295).

<sup>vi</sup> “Our Mission: To fight poverty with passion and professionalism for lasting results. To help people help themselves and their environment by providing resources, sharing knowledge, building capacity and forging partnerships in the public and private sectors” (World Bank, 2006a). As a public development institution, the Bank’s operations and their impacts need to be heavily scrutinized against this claim.

<sup>vii</sup> *Sustainable development* efforts share the following characteristics (Altieri, 1995, 146; Gwyne, 2003, 115-116, 142-143):

- They adhere to the over-arching democratic principle of *self-determination*, the right of all peoples to determine their own future. Interventions by outsiders should only occur at the request of the local people.
- They enhance the overall quality of life of the intended beneficiaries, and address their perceived needs rather than those of outsiders.
- They are not detrimental to the quality of life of others.
- They decrease rather than exacerbate existing socioeconomic inequalities and environmental problems (e.g., poverty reduction, equitable access and distribution of land and resources, improved food supply and self-sufficiency, conservation of natural resources.)
- They result in long-lasting changes for the better rather than changes that disappear when development assistance ends.
- They empower local communities and ensure the effective participation of the poor in the development process. Equitable and sustainable development occurs from the “bottom up” rather than being imposed on local people from the “top down” without their informed consent and participation.

Most of the World Bank’s neoliberal capitalist economic interventions in the global South violate many, if not all, of these principles. As a result, such top-down efforts have often failed to improve living standards or have produced only short-term benefits. Many others have actually exacerbated existing problems, thus undermining equitable and sustainable development. This is why many critics denounce the Bank’s approach to development as “neocolonialist” in nature.

<sup>viii</sup> The Bank's SAPs of the 1980s and 1990s imposed a package of harsh neoliberal economic reforms on poor debtor countries as the "conditions" for receiving loans. These controversial reforms, often referred to as the "Washington Consensus," aimed to foster free enterprise in the Third World with minimal government interference (BIC, 2006a, Section 1, 4). The conditions imposed on the governments under adjustment were ostensibly designed to facilitate debt repayment through making the economies of borrowing nations more attractive to FDI and capable of sustained economic growth. These reforms included: dramatically reducing government spending, dismantling state agencies, privatizing the commons (public assets like land, natural resources, and industries and services), rolling back of market regulatory frameworks designed to protect labor and the environment, devaluing the local currency, increasing export-driven production and extraction of primary commodities, and eliminating barriers to imports from the rich nations (Bello et al., 1999, 27).

SAPs have been heavily criticized over the years by the grassroots social justice and civil society sectors of countries both North and South. Like most of the Bank's policy lending, the SAPs were developed and implemented without the informed consent and participation of the people living in the borrowing countries directly impacted by them, thus making southern governments increasingly accountable to foreign IFIs rather than their own citizens and economically dependent on foreign investment (BIC, 2006a; Darimani, 2006). Many analysts have shown that adjustment has enriched TNCs and domestic elites in the debtor countries while the risks and costs have been externalized to the population. In other words, Northern taxpayers have assumed the risks of unpaid loans through IMF bailouts of lenders while the people of the South have borne the heavy burden of the odious debt incurred by the ruling elites—the erosion of democracy and socioeconomic sovereignty, economic stagnation, the collapse of health and education programs, reduced wages and working conditions, environmental degradation, growing poverty and hunger, and the loss of hope and dignity (see Bello et al., 1999; Brecher & Costello, 1994; Chomsky, 2000; Mander & Goldsmith, 1996; UNCTAD, 2005; Weissman, 1990).

<sup>ix</sup> In a bid to improve its public relations over intense criticism that its SAPs were harming the poor, the Bank launched the Poverty Reduction Strategy (PRS) Initiative in the fall of 1999, which requires low-income countries eligible for IDA money to work with their citizens, CSOs, and a range of donors and creditors to draft a Poverty Reduction Strategy Paper (PRSP) (Alexander & Abugre 2000). According to the Bank (2006c):

*Poverty Reduction Strategy Papers (PRSP) describe a country's macroeconomic, structural, and social policies and programs to promote growth and reduce poverty, . . . [and] provide the basis for World Bank and IMF assistance as well as debt relief. . . PRSPs should be country-driven, comprehensive, partnership-oriented, and participatory. A country only needs to write a PRSP every three years; however, changes can be made to the content of a PRSP using an Annual Progress Report.*

PRSPs are voted on in national congresses or parliaments. Ultimately, however, the Executive Boards of the IMF and World Bank must approve these documents for the poorest nations in the world to qualify for IDA loans, grants, and debt relief (Alexander & Abugre, 2000).

While on the surface the PRS Initiative may sound like a democratic approach for reducing poverty, critics argue that the process is inherently flawed on several levels (Alexander & Abugre, 2000):

- The idealistic rhetoric is a "whitewash" of the fact that SAPs continue to be implemented in numerous PRSP countries just as before (i.e., with their poverty-generating conditions), thus "in many ways, participation in the PRSPs is engineering consent for structural adjustment (Ibid., 1).

- The PRSP process represents an unprecedented violation of the national sovereignty of poor borrowing countries since never before have the Bank and IMF had the power to approve or veto a borrower's entire national economic plan (the PRSP) which is developed through popular participation.
- While PRSPs are being prepared to qualify the poorest countries for debt relief through the Highly Indebted Poor Country (HIPC) Initiative, the debt obligations of many of these countries are actually *increasing*, as they are encouraged to take out new loans along with the HIPC debt relief.
- The PRSP promotes a national development strategy that continues to foster "outward accountability" to the IFIs rather than "inward accountability" by government to citizens (Ibid., 2).

<sup>x</sup> The Chronic Poverty Report 2004-05 lists Ghana among the "moderately deprived countries." While Ghana has begun to make some improvement towards alleviating poverty, the population continues to suffer "moderate multi-dimensional deprivation," with a substantial proportion of its population (especially in rural areas) living in chronic poverty (Grant et al., 2005, 10-11).

<sup>xi</sup> In addition, the Bank's Board of Directors also announced in the spring of 2003 that they had secured enough support from member countries to proceed with canceling US\$37 billion in debt as part of the Multilateral Debt Relief Initiative (MDRI) for 17 Highly Indebted Poor Countries (HIPC), which include the 13 poorest countries in Africa—Benin, Burkina Faso, Ethiopia, Ghana, Madagascar, Mali, Mozambique, Niger, Rwanda, Senegal, Tanzania, Uganda, and Zambia (Darimani, 2006, 1-2). While canceling the debt is a good idea, some analysts argue that these initiatives also serve as a diversion from what is really demanded of the World Bank by the people of the South. Darimani (2006, 2), for example, says the Bank's conception of governance is far too narrow since it "focuses on enhancing the state and its institutions to deliver on development goals" (as defined by the Bank) but does "not equate governance to democracy." In practice, he says, the Bank essentially disregards the need for accountability, transparency, and public participation in the development process, thus bypassing democratic processes in order to promote policies and programs that produce outcomes which favor TNCs and powerful domestic elites. See also Alexander and Abugre (2000).

<sup>xii</sup> According to BIC, Bank-financed projects have "disrupted indigenous communities, displaced millions of poor people, and caused widespread environmental damage in the Bank's borrowing countries. Structural adjustment programs have reduced government spending, dismantled state agencies, devalued currencies, and opened countries to volatile market forces, while millions of poor people have been left behind" (BIC, 2006a, 1). Many other CSOs share this view. The Land Research and Action Network (LRAN) and Via Campesina, for example, have put forward some of the most cogent analyses of the Bank's programs for "market-led land reform." Their work highlights the glaring inconsistencies between the Bank's stated goal of alleviating rural poverty and the non-distributive outcomes of its land reform projects in developing countries. They advocate an alternative set of broad-based proposals, including *food sovereignty*, "the right of all peoples to define their own food and agricultural policies," and comprehensive redistributive land reform to democratize access to and control over land, resources, and agroindustrial processes (Sydow & Mendonça, undated, 51). LRAN and Via Campesina are putting forward real policy alternatives that can truly reduce rural poverty and guarantee sustainable livelihoods. However, in order to understand the Bank's overall strategy in the developing world, one also needs to look beyond its market-based land reforms. In the mineral-endowed developing countries, Bank-led territorial restructuring in favor of foreign-based extractive industries represents a much more significant threat to indigenous lands and livelihoods.

<sup>xiii</sup> Territorial restructuring involves the redirection of costs and benefits of surplus production according to the “territorial” and “capitalist” logics of power. According to Marxist cultural geographer David Harvey (2003), these logics help to explain the interests and activities of the two principal agents driving “capitalist imperialism”—statesmen and capitalists. The relationship between these two distinctive logics, says Harvey, is complex, sometimes antagonistic, but often complementary. As Holt-Giménez (2006, 52) explains, the “logic of territory” is concerned mainly with *place* and includes “facilitative” activities of the state such as agrarian reforms, enclosures of the commons, and privatization, while the “logic of capital” is concerned more with *space*, and may involve activities of private investment, market liberalization, etc. Understanding how these logics intersect at national and sub-national scales allows for concrete analyses and explanations of neoliberal imperialist strategies for territorial restructuring and “accumulation by dispossession”—the appropriation of and/or suppression of the rights to public assets (land, resources, national industries, welfare services, etc.) by international capital (Harvey, 2003, 145).

<sup>xiv</sup> Capitalism’s chronic crises of *overaccumulation* play a major role in shaping the structural context of the global economy at multiple scales. These cyclical crises occur when excess surpluses of both capital (i.e., money, commodities, or idle productive capacity) and labor power (i.e., unemployment) result in a “condition of overproduction,” in which capital finds itself lacking productive and profitable outlets for investment and/or market capacity to consume the goods being produced (Harvey, 2003; Holt-Giménez, 2006). Since the 1970s, overaccumulation has become an all-pervasive problem for the major IFIs (Ibid.). In order to cope with these crises, the capitalists have come to rely upon what Harvey (2003, 115) calls “spatio-temporal fixes.” To avoid the devaluation of capital surpluses from the inevitable onset of recession or depression, financial institutions must lend extensively to shift the burden of “excess liquidity” to borrowers or find other profitable outlets to absorb the surpluses (Holt-Giménez, 2006, 53). One solution, Harvey says, is to redirect flows of capital away from immediate production and consumption into: (1) geographical or *spatial* expansion to open up new markets, resource complexes, and cheaper labor possibilities, and/or (2) long-term physical and social infrastructure projects, which provide a *temporal* deferral of surplus that contributes to the future productivity of capital by creating a “built environment” for production and consumption (Harvey, 2003, 109-111). This strategy seems to underlie much of what the World Bank does in the global South to assist capital in penetrating new territories, mitigating costs and risks, and restructuring territorial institutions and social relations to guarantee unfettered access to raw materials and other favorable conditions for the efficient production and extraction of wealth from developing nations.

<sup>xv</sup> The Bank’s rationale for restructuring Africa’s mining sector was first systematically laid out in a 1992 study called the *Strategy for African Mining*, which outlined the specific institutional reforms that the Bank’s economists believed would to create a favorable environment for attracting FDI. Since these recommendations were based on a survey sent to over 80 mining companies, the document basically represented a one-sided “laundry list” of the kinds of changes governments had to make in order to meet company demands for investment in the sector (Windfuhr, 2004). The survey revealed that: “perceived mineral endowment, infrastructure, political stability, investment policies, and institutional framework are all key determinants of exploration and investment decisions” (World Bank, 1992, 18, quoted in Campbell, 2003, 7). In short, governments were told they should (de)regulate and promote the sector while allowing private companies to own and operate the mines (Campbell, 2003; Windfuhr, 2004). The study emphasized the need to implement policies to attract FDI and reduce political risk for private mining companies. According to Campbell (2003, 6), “Developmental objectives, notably through re-distributive measures in order to ensure greater social cohesion, or regulatory measures to monitor the use of nonrenewable resources and to ensure the protection of the environment, were to be placed very much in a secondary position.”

<sup>xvi</sup> *Import substitution* is the approach to national economic development that prioritizes the development of the *domestic* market through using local resources, labor, and capital to promote local production for local consumption rather than increasing imports and exports (as encouraged by the World Bank's neoliberal model). For this strategy to be successful, there must be significant local control or sovereignty over strategic economic variables, such as access to the domestic market and ownership over natural resources, as well as the implementation of "protectionist" measures (e.g., tariffs, taxes, import quotas, subsidies) designed to safeguard domestic producers from foreign competition. As first put forward and affirmed at the Bandung Conference of Southern nations in April 1955 (which launched the nonaligned movement), import substitution was championed by many governments in the ex-colonial world as the path to political-economic independence and self-sufficiency in opposition to the "neocolonial" path of free markets, penetration by transnational capital, economic dependency, increasing foreign debt, and patron-client relations (see Brecher & Costello, 1994; Kanth, 1997; Mander & Goldsmith, 1996).

As a Marxist-Leninist, Nkrumah sought to implement import substitution through a centrally planned economy. Whether Nkrumah's economic program would have actually achieved greater freedom and material equity and prosperity for the Ghanaian people is debatable. It is clear that Nkrumah failed to achieve these objectives during the time he was in power. We also know that living standards for the majority appear to have only deteriorated since the 1966 coup and the implementation of free-market reforms. However, we must not ignore the fact that Nkrumah's period in power led to the establishment of an undemocratic one-party state in 1964 and an increasingly authoritarian system of government (Biney, 2008). State-planned "socialism," as has existed in the Soviet Union and elsewhere, has been shown to have just as many internal shortcomings and undesirable outcomes as liberal capitalism. Due to their intrinsically hierarchical nature, the centralized socialist regimes were neither participatory nor democratic. As such, they were undermined by their inability to achieve real and full liberty for their people and their failure to create an economy that would foster greater equity and rising living standards without political repression, economic stagnation, and environmental destruction (Albert, 2003; Bello et al., 1999; Kanth, 1997). For a cogent description of an alternative vision for building a classless economic democracy from below based on the principles of solidarity, participatory self-management, and the free federation of democratic workers' and consumers' councils, see Albert (2003).

<sup>xvii</sup> The *cedi* is Ghana's official unit of currency. As of early 2007, one US dollar was worth approximately 9,158 *cedis*.

<sup>xviii</sup> Territorial restructuring is nothing new in Ghana. Indeed, the process can be traced back in the country to at least the late 19<sup>th</sup> century when the British colonizers began to consolidate their control over the territory they called the "Gold Coast." The British formally established the British Crown Colony of the Gold Coast in 1874. However, real control over the Gold Coast was not achieved until 1901 when the British penetrated the interior and conquered the main challenge to their hegemony—the powerful Asante Kingdom, a densely-populated state based in the urban center of Kumasi with a large and well-armed military (Donkor, 1997; Wolf, 1982). Thereafter, the British quickly set about transforming the Gold Coast into its "model colony" in Africa, which meant fundamentally restructuring the economy of the country. According to Donkor (1997, 3), the Gold Coast assumed the inferior role of a *peripheral* nation, encouraged to produce more raw materials and primary commodities for factories in the British industrial *core*, and its people taught to consume "superior" British manufactured goods. Thus, Ghana came to produce what it did not consume, and to consume what it did not produce—a situation which remains largely unchanged to this day. British colonialism left the Ghanaian economy structurally weak in terms of its heavy dependence on primary

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commodities, lack of inter-industry linkages, and poor integration of domestic production and consumption (Donkor, 1997; Konadu-Agyemang, 2000; Powell & Round, 2000).

<sup>xix</sup> Ghana was hard hit by the debt crisis of the early 1980s. The rising oil prices of 1979-80 triggered a global recession that caused prices for cocoa to plummet. The precipitous decline in foreign exchange earnings along with increasing interest rates drove Ghana and many other poor African countries to a state of bankruptcy as they could no longer service their mounting foreign debt (Bello et al., 1999; Butler et al., 2004). To make matters worse, in 1982-83 Ghana experienced the worst drought in the nation's history, which led to "unprecedented food shortages and reduced generation capacity at the Akosombo hydro-electric dam resulting in power rationing both to industries and domestic use" (Donkor, 1997, 115-116).

<sup>xx</sup> Structural adjustment in Ghana has evolved through three phases: ERP I (1983-86), during which time the government implemented a stabilization package designed to reduce inflation and restore external equilibrium as well as programs to increase exports and rehabilitate social and economic infrastructure; ERP II (June 1987-July 1990), which inaugurated the adjustment phase and was intended to further ongoing neoliberal reforms; and ERP III (1993-present), which represented a shift from economic recovery to "accelerated growth" through development of the private sector (Hutchful, 2002, 55-57).

<sup>xxi</sup> Timber production in Ghana has increased more than 300% since the launch of the ERP, accelerating the destruction of some of the country's last remaining tropical rainforest, which has declined from 8.2 million hectares in 1992 to some 750,000 hectares today (Akabzaa & Darimani, 2001, 29; Hutchful, 2002, 79). Due to such over-felling—a large proportion of which is caused by surface gold mining—Ghana's rainforest has been reduced to just 25% of its original size (Bello et al., 1999).

<sup>xxii</sup> Under the Small-Scale Mining Law, the Minerals Commission was charged with registering and supervising artisanal or small-scale mining in Ghana. Akabzaa and Darimani (2001, 25) report that over 600 cooperative and individual artisanal mining operations have been registered so far and "the sector, if properly managed, could provide employment to many rural communities and generate significant revenue for the government." Due to the lack of alternative employment, artisanal mining is estimated to provide employment to as many as one million people (Ibid.). However, according to Hilson and Potter (2005, 109), "It appears that the legalization of small-scale gold mining has been an integral component of the government's strategy to promote foreign investment in large-scale mining and mining exploration, since control over who can register as small-scale miners and where they can operate puts the authorities in a better position to demarcate concessions to gold exploration and mining companies." The government-backed expansion of large-scale mining by foreign firms has greatly limited the territory on which small-scale indigenous miners can operate. This represents yet another threat to the livelihoods of Ghana's rural poor. As a result, reported clashes between mining companies and small-scale miners and indigenous communities have been on the rise in recent years (Akabzaa & Darimani, 2001; Hilson & Potter, 2005).

<sup>xxiii</sup> The revision and "re-revision" of mining codes in the mineral-endowed African countries has unleashed a "race to the bottom" across the African continent that appears to have no end in sight. Other countries such as Tanzania, Mali, Zambia, Burkina Faso, Guinea, and the Democratic Republic of the Congo, were soon called upon by the World Bank to follow Ghana's lead (Akabzaa, 2004). For example, Tanzania's new mining code of 1998 sets corporate income tax at 30%, allows for 100% foreign ownership of mines, and provides guarantees against nationalization, along with other concessions like a low royalty rate of 3% and the elimination of import duties on mining equipment

(Campbell, 2003). Now Ghana is being urged to “re-revise” its mining code. A proposed new Minerals and Mining Bill for Ghana calls for reducing corporate income tax to under 30%, abolishing state equity in all mines, pegging the royalty rate to 1-3%, raising the capital allowance to 80% in the first year and 50% thereafter, among other incentives (Akabzaa, 2004; Windfuhr, 2004).

<sup>xxiv</sup> The international price for gold has soared from US\$250 an ounce in 2001 to over US\$690 an ounce in 2007 (Goldinfo.net, 2007).

<sup>xxv</sup> The government’s policy framework for medium term economic development at the national scale is laid out in the *Ghana Poverty Reduction Strategy* (GPRS) and the *Growth and Poverty Reduction Strategy* (GPRS II). The overarching goal of the GPRS (2003-2005) is “to create wealth by transforming the nature of the economy to achieve economic growth, accelerated poverty reduction and the protection of the vulnerable and excluded within a decentralized, democratic environment” (Government of Ghana, 2003, i). The GPRS II (2006-2009), which was launched in early 2006, is an updated version of the GPRS but with an even stronger emphasis on private-sector-led growth (hence its new name). Instead of viewing poverty reduction as a basis for sustainable economic development, the GPRS II document stridently asserts the specious neoliberal assumption that poverty reduction can only be achieved through private sector-led economic growth (Government of Ghana, 2005). Ghana’s national economic program is in line with the World Bank’s CAS for Ghana and the West Africa Regional Integration Strategy (RIAS), which prioritize the major rehabilitation and upgrading of infrastructure. The Bank’s RIAS seeks to help the West African states “to create an open, unified economic space through the integration of markets for goods as well as other services. Well-defined and phased integration efforts focus on key sectors—where countries would benefit most from cross-border and regional trade—notably air, road, and sea transport, energy, and telecommunications” (World Bank, 2004, 1).

As Harvey (2003) explains, capitalism perpetually seeks to reconfigure the geographical landscape to facilitate its activities through the formation of new physical and social infrastructures. These projects and processes, he says, often have a tendency to converge to produce supranational “regional economies” which provide a structurally enabling environment for production and consumption over a large geographical area. This is favorable to the expansion of capitalist activity and the social reproduction of cultural values and free market ideology. The Bank’s framework for West African “regional integration” involves linking up old and new places of production and energy generation with flows of capital and embedding these in extensive networks of new railways, roads, airports, port facilities, fiber-optic systems, gas pipelines, water and sewage systems, etc. According to Harvey (2003, 115), this strategy, which reflects an articulation of the capitalist and territorial logics of power, helps to illustrate how imperialism uses both geographical expansion (e.g., the opening up of new markets and productive capacities) and the temporal displacement of capital (e.g., long-term reconstruction and development projects) as a *spatio-temporal fix* to resolve, at least temporarily, capitalism’s crises of overaccumulation. Thus, long-term infrastructure projects not only increase access for private firms to productive assets, but can also absorb massive amounts of surplus capital otherwise lacking profitable outlets.

<sup>xxvi</sup> Active Bank Projects in Ghana’s mine-shed include (IFC, 2006a, 2006b; World Bank, 2006b):

- *Natural Resource Management Project* – US\$9.3 million IDA loan and a US\$8.7 million GEF grant, approved in June 1998, for an effort to better manage national forest and wildlife resources and reduce rural poverty by “increasing the sustainable production of tradable commodities by the rural poor” (World Bank, 1998, 4).
- *Agricultural Services Subsector Investment Project* – US\$67 million IDA loan, approved in August 2000, for a largely misguided plan to improve food security and increase employment in

rural areas through promoting “private sector-led and export-oriented . . . production and marketing of selected agricultural commodities” and “increasing access to improved agricultural technology” (World Bank, 2000, 3).

- *Road Sector Development Project* – a US\$1.2 billion program introduced in July 2001, with the IDA contributing a loan of US\$220 million, to modernize Ghana’s roadways, specifically targeting the Brong-Ahafo Region among three other northern regions for major improvements.
- *Land Administration Project* – US\$60 million IDA loan approved in July 2003 to implement a national market-based (as opposed to a re-distributive) land reform program.
- *Takoradi (II)* – a US\$244 million project approved in May 2004 involving an IFC loan of US\$60 million to the Takoradi International Company (then owned by the U.S.-based CMS Energy Corporation), to finance a new 300 megawatt (MW) thermal power plant at Aboadze in the Western Region of Ghana, which will be fueled initially by light crude oil and later by natural gas upon completion of the West African Gas Pipeline.
- *Community-based Rural Development* – \$60 million IDA loan, also introduced in July 2004, a plan to reduce poverty through improving infrastructure and fostering small private enterprise in rural areas.
- *West African Gas Pipeline* – a US\$590 million regional project approved in November 2004, shared between the four states of Ghana, Togo, Benin, and Nigeria (US\$465 million), with financial risk mitigation provided by MIGA (US\$75 million) and IDA (US\$50 million), to construct a natural gas pipeline from Nigeria to Ghana to power the industrial, commercial, and mining sectors.
- *Coastal Transmission Backbone Project* – a \$229 million program, involving a US\$100 million IDA loan to integrate the West African regional energy market and upgrade power generation and transmission systems through the construction of a new 330 kilovolt (kV) transmission line from Lagos, Nigeria, to Prestea, Ghana, which will boost the supply of energy throughout Ghana’s mine-shed. The First Phase of the project was approved in June 2005 (US\$40 million) and the Second Phase was approved in June 2006 (US\$60 million).
- *Ahafo* – a US\$470 million project approved in January 2006 and supported with IFC loans of US\$125 to the Newmont Mining Corporation to help finance the construction of its new Ahafo Gold Mine and associated facilities in the Asutifi district in the Brong-Ahafo Region.

<sup>xxvii</sup> The World Bank (2005, 4) describes the WAPP as “a cooperative power pooling mechanism for integrating national power system operations into a unified regional electricity market . . .” which will help West African states meet the projected growth in regional power demand by harnessing electricity from:

- Several large capacity hydropower facilities (Akosombo, Kainji, Manantali sited on the region’s major (Niger, Volta, Senegal) rivers which produce relatively low-cost electricity (US\$0.01-0.03/kWh [kilowatt-hour]);
- The substantial but as yet untapped hydro resources of Guinea, some 6,000 MW of which is potentially economic to develop and can generate around 20-25 TWh (terawatt-hours) per year of electricity at relatively low cost (between US\$0.02-0.3/kWh); and
- An expansion of gas-fired power generation, leveraging the community’s parallel track strategy to expand access to Nigeria’s enormous natural gas reserves (3,500 billion cubic meters of proven natural gas reserves) via the proposed West Africa Gas Pipeline (WAGP) project.

<sup>xxviii</sup> In January 2006, when the IFC approved loans to Newmont to finance the construction of the Ahafo mine, there was no EIA publicly available for this transmission line, which as currently proposed will pass through four forest reserves on its way to the mine site (BIC, 2006b).



<sup>xxix</sup> Strictly speaking, actual community ownership of land or commonage is quite rare in Ghana if it exists at all. Instead, all land is owned as state land (e.g., public lands managed by the Ghana Forest Service or lands acquired by the state under eminent domain such as for mining concessions), vested land (i.e., land owned by a Stool or tribal chieftaincy, but managed by the state on behalf of the Stool), or private land (e.g., “family lands” established through the clearance and constant cultivation of what would otherwise be wild and uninhabited) (Amanor et al., 2002). However, virtually all of the mining concessions granted in Ghana are situated on state lands acquired through eminent domain (often from Stools). According to the Ghanaian Constitution, all state and vested lands are supposed to be managed for the public benefit. The transfer of control of these lands from the customary tribal owners to foreign-based mining firms, which necessarily excludes access to these lands by the rural poor, amounts to an “enclosure of the commons” for the purposes of capital accumulation. This is precisely what Harvey (2003) refers to as neocolonial “accumulation by dispossession.”

<sup>xxx</sup> Since 1986, traditional underground mining has largely been abandoned in favor of large-scale surface mining, which is capital-intensive and highly mechanized, with lower labor requirements (Akabzaa & Darimani, 2001; Hilson & Nyame, 2006). As a result, the implementation of cost-cutting measures and restructuring following the privatization of the mines led to massive lay-offs. Akabzaa and Darimani (2001), for example, report that between 1992 and 1998 more than 1,000 jobs were lost at large-scale mines in Tarkwa following their privatization. According to available figures, it appears that total employment in the formal large-scale mining sector fell over the last decade from 22,500 in 1995 to 15,000 today (Akabzaa & Darimani, 2001; Aryee, 2001; IFC, 2006a).

<sup>xxxi</sup> According to Akabzaa (2003, 36): “The utilization of the traditional authorities’ and district assemblies’ share of these royalties is a major source of concern to many communities living with the direct impacts of mining projects. Traditional rulers see these funds as personal monies. In the same way, royalties received by district assemblies are usually paid into the general revenue pool and no special attention is given to the development of the mining communities.”

<sup>xxxii</sup> The Chamber of Mines and other government mining bodies insist that companies are required to compensate communities fairly for the loss of their land and crops as a result of mine projects. However, the process for obtaining compensation for land in Ghana is long and cumbersome, and there have been numerous cases of mining companies providing inadequate compensation. The companies use a pricelist from the Land Valuation Board, which is outdated, and the compensatory packages typically are not awarded to farmers who lose land at a time when no crops are planted and do not account for the many landless hunters, palm wine tappers, rural tradesmen, and others who have lost their means of livelihood through land deprivation (Hilson & Nyame, 2006).

<sup>xxxiii</sup> The tailings pond of just one mine in Tarkwa occupies 6.3 hectares. Given the estimated annual cassava yield of 108,000 bags per acre, the tailings pond deprives farmers of 275,351 bags of cassava each year (Akabzaa & Darimani, 2001).

<sup>xxxiv</sup> In Ghana, small-scale illegal gold miners are known as *galamsey*. Although the government legalized artisanal or small-scale mining in 1986, it has issued very few licenses for artisanal mining. As a result, tens of thousands of landless peasants and unemployed workers living in the gold mining regions of western Ghana have turned to illicit gold mining activities to generate income. Despite the threats posed by mercury poisoning, collapsing tunnels, and rifle shots or other abuse by company security and police, most *galamsey* trespass and dig small workings by hand on the concessions granted to mining companies by the government (Hilson & Potter, 2005; NCOM, 2007; Stickler, 2006).

<sup>xxxv</sup> Although cyanide is an extremely hazardous to human health and a potentially lethal poison, its use in mining is quite widespread in developing countries. Symptoms of cyanide toxicity in humans include eye and skin irritation, dizziness, nausea, fatigue, and heart palpitations (Stickler, 2006).

<sup>xxxvi</sup> The food and cash crops destroyed by the TGL spill included cocoa, banana, pineapple, cassava, maize, plantain, yam, cocoyam, pepper, tomato, okra, beans, and cowpea (Akabzaa & Darimani, 2001).

<sup>xxxvii</sup> NCOM argues that allowing gold mining in the forest reserves is not in the public interest, and therefore constitutes a violation of Ghana's 1992 Constitution. Article 20, Clause 1, states (quoted in NCOM, 2005, 5):

*No property of any description or interest in or right over any property shall be compulsorily taken possession of or acquired by the State unless the following conditions are satisfied: (a) the taking of possession or acquisition is necessary in the interest of defense, public safety, public order, public morality, public health, town and country planning or the development and utilization of property in such a manner as to promote the public benefit.*

<sup>xxxviii</sup> The Ghanaian authorities completely disregard the adverse impacts of surface mining on agricultural productivity and attribute the decline mostly to the predominance of smallholder agriculture and the failure to bring about the market-led "modernization" of the rural agricultural sector (Government of Ghana, 2003, 37-38, 69):

*The need is to change the concept of agricultural activities as simply a way of life to that of a profitable commercial and industrial occupation. The necessary achievement of this objective requires a corresponding transformation in attitudes and conventional societal values. . . . Ghana's agriculture remains subject to low productivity due to outmoded farming practices and limitations of small-scale farming [which the government defines as limited or no use of chemical fertilizers, insecticides, high-yielding seed varieties, and irrigation-based techniques of production].*

There is little evidence supporting the idea that large-scale industrial farming systems are more productive than small-scale ones. This is one of the widely held myths of the Green Revolution. Many studies have actually shown that per-acre output on small farms is almost always significantly higher than that on large, capital-intensive farms, which are notoriously inefficient and environmentally destructive. Elite-controlled industrial agricultural systems also generate wealth for the privileged few (namely large landowners and agribusiness firms) at the expense of poor rural communities. The most efficient and sustainable food production systems are those that are smaller in scale, equitable, and democratically controlled (Lappé et al., 85-97). The fact of the matter is that it is most likely the Government of Ghana's own policies in favor of corporate-style agriculture and extractive industries that are responsible for the decline in agricultural productivity and its consequences, not small-scale traditional agriculture.

<sup>xxxix</sup> According to the World Bank (1998, 4): "Ghana is notable in that all forest and savanna woodland reserves are owned by the local communities and traditional authorities, and the government's role is to manage these resources in trust for the people." Like the Bank's own contradictions between what it says and actually does on the ground in the developing world, there appears to be a clear disconnect between, on the one hand, the Government of Ghana's laws and stated policies, which are intended to guarantee the protection of the environment and the well-being of Ghana's citizens, and on the other hand, its policies promoting large-scale mining activities. This

contradiction is clearly illustrated by the proposed gold mining projects in the forest reserves, which amount to a massive, and blatantly unconstitutional, transfer of public assets to the mining companies.

<sup>xi</sup> One of the worst examples of the use of violence by police in order to protect a mining corporation occurred in late 1999. In that year, Goldfields (Ghana) Ltd. (GGL) completed the transition from underground to open-pit mining, which resulted in a massive layoff of about 1,000 workers. During demonstrations against the layoffs on December 13, 1999, nine people were shot and wounded by police (Kneen, 2001).

<sup>xlii</sup> Newmont's Ahafo Project Area within the Brong-Ahafo Region encompasses a vast area of land approximately 1600 km<sup>2</sup> in size. This consists of 774 km<sup>2</sup> of mining and prospecting licenses and 834 km<sup>2</sup> of reconnaissance licenses that extend in a southwest to northeast direction along a 47-km strike length, from the Kenyase area in the south to the Subenso area in the north (although known ore deposits run further north at least another 20 km). To date, the company has identified 11 ore bodies within its area of operations and has long-term plans to significantly expand the production capacity of these deposits at depth and along strike length. The Ahafo South Project is comprised of four of these ore deposits in the Kenyase area (see Figure 6) (IFC, 2006b; Newmont, 2006a).

<sup>xliii</sup> One major concern regarding monitoring is the weak regulatory capacity of the Ghanaian state institutions responsible for monitoring (i.e., the EPA and the Water Resources Commission). Since these agencies are incapable of adequately monitoring the environmental impacts of the Ahafo Gold Mine (which they are legally obligated to do under national and international law), it is even more incumbent upon the IFC to guarantee that the appropriate level of monitoring takes place (FIAN, 2005).

<sup>xliiii</sup> Newmont's other mining concession in Ghana, the Akyem Gold Mine, which is located within the Ajenjua Bepo Forest Reserve in the Eastern Region, is also the subject of intense controversy. Production of gold at that mine is expected to begin in 2008 (Newmont, 2006c).

<sup>xliv</sup> Ghana ratified the International Covenant on Economic, Social, and Cultural Rights in 2000, which requires signatories to guarantee to their citizens the right to a decent standard of living that includes the human rights to food and water. In its General Comment No. 15, the UN Committee on Economic, Social, and Cultural Rights designates the "failure to enact or enforce laws to prevent the contamination and inequitable extraction of water" as a violation of the Covenant and the right to water (quoted in FIAN, 2005, 11).

<sup>xlv</sup> In April 2006, Newmont also revealed plans for the implementation of a US\$700,000 "Vulnerable Program" and publicly disclosed the "Terms of Reference" for an external monitoring mechanism. According to the company (2006e, 1):

*The objective of the Vulnerable Program is to identify, assess, support, remediate, and follow-up Project-affected households experiencing severe transitional hardship as a result of direct Project impacts. Households (family units that reside together and share the same bowl) identified as vulnerable are eligible for support. The endpoint of support from the Vulnerable Program is household self-sufficiency: specifically, a place to live, means of income, food security, access to medical care, and education. As a safety net, this program should not be expected to eliminate all poverty at the household level in Project affected households. Other programs being implemented by the Company, the government, and others address broader community benefits.*

The CSOs argue that this program does not meet international standards and will likely fail to achieve its stated objectives because it lacks an appropriate methodology for selecting beneficiaries and determining which kind of benefits (e.g., food aid, financial assistance, vocational training) vulnerable households will receive (Anane et al., 2006). Having a strong, independent, and transparent monitoring mechanism is critically important to enforce the accountability of the IFC and Newmont for the impacts of their operations and to guarantee the protection of local people and the environment. However, Newmont's Terms of Reference (TOR) document itself (entitled "General Terms of Reference for the External/Independent Compliance Monitoring of the Ahafo Gold Mining Project") was developed without public consultation and local community comment, which means that it probably does not reflect community concerns and priorities. There are also questions regarding the independence and effectiveness of the proposed monitoring since the TOR states that Newmont will be the sole party selecting the consultants and the IFC will be the sole party reviewing the selection process. Newmont and the IFC are also given the exclusive right to choose replacement consultants (Anane et al., 2006).

<sup>xlvi</sup> This calculation is based on the following information (Goldinfo.net, 2007; Newmont, 2006b):

- Total estimated gold reserves at the Ahafo Gold Mine: 20.3 million ounces,
- The international price of gold in April 2007: US\$690 per ounce, and
- Costs applicable to sales of gold produced and extracted from the Ahafo Mine for 2006: US\$297 per ounce.

<sup>xlvi</sup> It is reasonable to think that Ghana's mineral wealth—if equitably distributed—could help finance the nation's long-term sustainable development. But in order for this to happen, the gold sector needs to be managed in a much more democratic, transparent, and ecologically sustainable manner, and geared towards raising the standard of living of all Ghanaians. There must be considerable oversight of the sector to minimize long-term social and ecological impacts by a robust and well-funded Environmental Protection Agency (EPA) and an independent monitoring and mitigation mechanism for each operation, which includes direct participation by all mine-affected communities. A democratic approach to development always begins at the grassroots level, with broad participation of local people in the design and implementation of needs assessments and impact studies, followed by the formulation of local and territorial development plans that outline how available resources (including minerals), labor, and capital might be better organized and more equitably allocated to eliminate poverty and hunger, and promote sustainable development. There is clearly more than enough mineral wealth available in Ghana to finance this kind of progressive restructuring from the bottom up. Unfortunately, the World Bank and the present Kufuor government currently have other priorities (Gwyne, 2003, 115-117; Holt-Giménez, 2006).

<sup>xlvi</sup> It is important to understand that land reform and mining are not unrelated issues. The Government of Ghana's awarding of long-term gold-mining leases to private firms on the lands of rural peasant and indigenous communities or on lands that are supposed to be managed for the public benefit (e.g., Ghana's forest reserves) amounts to a kind of regressive land reform. Land use in Ghana's mining sector is characterized by gross violations of local people's most basic human rights as a result of the expropriation and degradation of smallholder and indigenous lands by mining firms. Genuine land reform in Ghana must take account of this reality and protect the rights of poor land users against corporate land users (see Akabzaa, 2003).

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