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Mining and community-based agribusiness for development

Multi-stakeholder partnerships
in the gold sector in Ghana

by Alfonso Medinilla

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Key messages

Multi-stakeholder partnerships, particularly those that combine commercially driven private sector operations with a more socially-grounded community-based approach, are seen as a key means for achieving the 2030 Agenda for sustainable development, and are in high demand from the international donor community.

Golden Star Resources (GSR), and its subsidiary company Golden Star Oil Palm Plantation (GSOPP) in Western Ghana is an award-winning partnership that creatively aligns with the local context in rural Ghana, creating income and revenue in the communities outside the mining value chain.

Physical isolation is a defining factor for partnerships in the mining sector; in the absence of a strong local government or independent civil society involvement in corporate social responsibility (CSR), communities and companies develop strategies that work but may also strengthen existing power imbalances in the communities.

Agencies that wish to invest in such multi-stakeholder partnerships should look beyond the 'business-case' of a partnership, and consider the interests and drivers of all stakeholders in these partnerships; independent facilitation of CSR can maximise the sustainability and value added of innovation in multi-stakeholder partnerships.

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The views expressed in this study are exclusively those of the author and should not be attributed to any other person or institution.

Acronyms

BOPP	Benso Oil Palm Plantation
C.U.R.E.	Commission on Urgent Relief and Equipment (NGO)
CEPIL	Centre for Public Interest Law (NGO)
CMCC	Community Mine Consultative Committees
CRD	Community Relations Department
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
EPA	Environmental Protection Agency
GHS	Ghana Health Service
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Development Agency)
GSBPL	Golden Star Bogoso/Prestea Limited
GSOPP	Golden Star Oil Palm Plantation
GSR	Golden Star Resources
LOCOMS	Local Companies in Mining Services
MoU	Memorandum of Understanding
NGO	Non-Governmental Organisation
NHIS	Ghana National Health Insurance Scheme
OIC	Opportunities Industrialization Centers Ghana
PPP	Public Private Partnership
RSA	Reclamation Security Agreements
SDGs	Sustainable Development Goals
WACAM	Wassa Association of Communities Affected by Mining

1. Introduction

1.1. Context

Partnerships between civil society organisations (CSOs) and business are increasingly attracting attention as part of the international development agenda, not least with the recent adoption of the Sustainable Development Goals (SDGs) and the Finance for Development Conference held in Addis Ababa in 2015. This reflects the increasing trend in development policy, most notably the greater attention given to working with the private sector for development, the relative decline in the importance of aid as a finance flow to most developing countries, and a parallel reduction in finance channelled to CSOs.

Business-CSO partnerships also offer a range of potential benefits for addressing development challenges. These relate to their potential to link commercially, market-driven investment projects and private sector know-how that can contribute to creating more and better jobs, with socially grounded, networked approaches of CSOs whose primary aim is to promote inclusive development within a given territory.

But clearly there is a wide range of potential partnership forms, motivations, activities, and practices. This opens up the risk that ‘partnership’ become a catch-all term with little real value added and use for policy-makers. As much as some partnerships may offer an innovative form of operating, this must be balanced with the possibility of them failing to genuinely capitalise on the potential of operating in partnership to address socially and/or environmentally unsustainable activities.

Given the growing enthusiasm from public policy-makers to support cooperation between businesses and CSOs, there is a clear need for more analysis and in-depth understanding of the drivers and key constraints to effective strategic CSO-Business partnerships for development. This is particularly so in the extractive sector in Africa, the focus of this paper.

Building on a mapping study that looks at the literature on business-CSO partnerships more generally (Byiers et al., 2016), this paper looks at CSO-business case studies in the extractive sector in Western Ghana and more particularly at Canadian mid-tier mining company Golden Star Resources (GSR), and its subsidiary company Golden Star Oil Palm Plantation (GSOPP). It discusses GSOPP’s operations and what role GSR’s community relations play into the local socio-economic context.

GSOPP is a subsidiary company of Golden Star Resources that runs an expanding oil palm plantation on land that has been assigned to the company by local traditional authorities. The project seeks to provide sustainable alternative livelihoods in the catchment communities that are affected by the GSR’s concession and the loss of revenue from “Galamsey”¹, or informal mining operations in the area. In a period of some ten years, Golden Star has developed GSOPP into a tightly run and profitable plantation, with strong regional demand for crude palm oil² allowing for significant growth potential in the future.

The literature recognises GSOPP as a highly innovative project that brings together mining companies, traditional authorities, smallholders and communities around a promising agricultural value chain. From a CSR and community engagement point of view GSOPP is particularly interesting because it shows a mining company that ventures outside of its natural industrial comfort zone and invests in large-scale agribusiness in search of mutual benefits and value creation in surrounding communities. GSOPP has also attracted the attention of international donor agencies and NGOs who support the projects further development. This case study looks at how this partnership works in practice, and what drives cooperation between company and citizens and community leaders.

¹ Galamsey are artisanal miners in Ghana, they operate independently or in the form of informal groups/companies, often illegally and in a highly unregulated fashion. The practice is deeply rooted in the history and society of the gold-rich parts of the country. Galamsey often use unsafe underground techniques and make extensive use of highly toxic mercury to produce gold in the form of fine dust.

² Before refinery and processing.

The main question addressed is as follows: What are the main partnerships characteristics (core business, degree of engagement, nature of activities, governance) and institutional factors that drive and constrain the process of establishing and maintaining effective Community and CSO-business partnerships for development?

1.2. Approach

Rather than evaluating the effectiveness of partnerships, the focus of this paper is specifically on the *processes* of establishing and operating CSO-business partnerships and the best practices of CSO-Business partnerships in terms of governance. The analysis therefore looks at the selected case according to four partnership dimensions that emerge as key angles of analysis from the literature review:

1. the relation to core business;
2. the degree of partner engagement;
3. the partnership activities; and
4. the governance structures.

These four dimensions are directly related to the processes and dynamics internal to the partnerships, and so with their relative opportunities and challenges. These dimensions will be crucial for looking at case studies to deepen our understanding.

To complement this, we use a 'political economy approach' to organise the discussion and findings from desk-work and semi-structured interviews. The framework applied builds on the five lenses proposed by Byiers et al. (2015) to systematise information on:

1. the influence of *structural or foundational factors* to the partnership;
2. the specific *sectoral characteristics* that affect political economy considerations in the partnership;
3. the influence of *external actors and factors*, not least external finance but also on-going changes in the national or global context that affect the partnership.
4. the role of *institutional factors*, including both formal and informal 'rules of the game' that define partner roles and responsibilities; and
5. the *power and interests of different 'actors'* and groups operating within that context.

The purpose is that these findings serve as a basis to understand and reflect on the key roles that donors and other policy-makers might play in facilitating and improving the development impact of CSO-Business partnerships. This will then feed the dialogue among donors and other partners in Europe and in Africa with a view to making development policy more effective and inclusive.

2. External/Sectorial factors

Gold mining in Ghana dates back to the 12th century, giving the country its former name of 'Gold Coast'. Prior to colonisation, the western and Ashanti regions of the country were organised in 'gold empires' with their own trade networks, ruled by kings and chiefs. The British colonial administration sought control over the sector by co-opting traditional leaders and by controlling the use of mercury – a key resource for underground mining. Ghana's post-independence government had a different strategy and initiated an extensive nationalisation process. In 1961, the State Gold Mining Corporation was created, which took over control of the major deposits from British mining companies. The period from 1957 to 1986 however was marked by a serious lack of investment and modernisation of exploration, and the estimated production fell dramatically in the first three decades of independence (Tsuma, 2010:15).³

Like many resource-rich countries, following economic crisis and with outside pressure, Ghana rapidly liberalized the gold-mining sector and sold off the majority of its shares in the 1980s and 1990s. This was part of successive World Bank sponsored Structural Adjustment Programmes which sought to strengthen and reorient government support for the sector, privatise mining assets, and enact legislative changes to facilitate a resource-driven economic recovery (Tsuma, 2010, p.17). Privatisation attracted major investments, which gave a new technological impulse to the sector with the use of techniques such as 'cyanide heap-leach' and 'bio-oxidation' that made the exploitation of lower-grade material possible. The introduction of larger scale industrial surface mining changed the face of the sector profoundly, which until then had relied on low-tech underground mining. Mining had traditionally been a steady source of low-skilled employment in the gold-rich parts of Ghana. The introduction of open pit mines⁴ increased the demand on land resources, but at the same time significantly decreased the demand for local labour.

In order to accommodate large-scale gold-production by foreign companies a number of regulatory and legislative reforms were enacted. The 1986 Minerals and Mining law (PNDCL 153) provided favourable fiscal reforms and an incentive package (tax exemptions) for foreign investors in the sector. To safeguard these investments, the 1989 small-scale mining law banned all unregistered mining operations, with implications for rural livelihoods, while creating some opportunities for commercialization of smaller mines mainly for wealthy local investors⁵.

Sector reforms in the 1980s and 1990s transformed gold mining in Ghana and gold exports increased nearly tenfold over the course of a decade, as shown in Table 1. The dramatic increase in production, but also the technological revolution had a number of additional impacts on Ghana's mining areas. Chemicals such as cyanide and sulphur dioxide were used extensively in large-scale gold production and new environmental incidents such as tailing dam spillages, cyanide poisoning, and blasting damage were increasingly reported. The switch from unregistered, artisanal to large-scale formalised mining significantly increased the demand for land, leading to displacement and often conflict between communities, small-scale ('illegal') miners, and mining companies.

³ Production levels dropped from 911,663 ounces in 1963 to a mere 287,124 in 1986.

⁴ Open pit mines allow for the exploitation of gold deposits that would not be viable with underground mining. In some cases (e.g. Prestea) a combination of the two techniques is used. The Minerals Commission issues concessions for surface and underground mining as separate concessions.

⁵ The small-scale mining act introduced a US\$ 15,000 registration fee, which was prohibitive for many of the existing operations.

Table 1. Gold mining sector performance 1986-2007

Exports	Gold (USD)	Total Minerals Export (USD)	Total Exports (USD)	Minerals as % of export	Gold as % of total exports	Gold as % of all Mineral exports
1984	103,30	115,30	567,00	20,34	28,22	89,59
1990	201,60	242,30	896,70	27,50	22,48	83,20
1995	647,30	678,90	1431,20	47,44	45,23	95,35
2000	702,00	756,00	1936,30	39,40	36,26	92,87
2001	617,80	691,40	1867,10	37,30	33,09	89,36
2002	689,10	753,90	2015,20	37,41	34,19	91,40
2003	803,10	893,60	2602,60	34,33	31,90	92,90
2004	840,20	880,00	2739,20	32,10	30,70	95,50
2005	945,80	995,20	2836,20	35,10	33,30	95,00
2006	1277,25	1371,70	3726,70	36,80	34,30	93,10
2007	1733,80	1815,40	4195,70	43,30	41,30	95,50

Source: Tsuma, W. (2010:23).

Mining in Ghana is currently governed under the 2006 Minerals and Mining Act, Minerals and Mining Regulations, 2012 and Minerals and Mining Amendment Act, 2015. The 2006 Act provided an absolute ceiling of 10% for government interest, and set the royalty scale between 3% and 6%. In 2010 this was amended to a fixed 5% (Rutherford and Ofori-Mensah, 2011), however many big companies were not immediately affected by this due to stability agreements with the government (up to 15 years). The most controversial new change was the removal of the additional profits tax, which would apply an additional 25% on profits over a certain level (windfall profits). This would have provided fiscal profits derived from higher commodity prices (e.g. when the gold price peaked in 2011-2012). This was compensated to some degree by a hike in the corporate income tax rate from 25% to 35% in 2012 (Ministry of Finance, 2015).

Golden Star Resources started its Bogoso/Prestea operations in 1999, so arrived as part of the recent wave of foreign investments in the sector. The company however bought into existing (formal) concessions and mines dating back to the 1991 (Bogoso) and 1992 (Prestea). Commercial mining in Bogoso started even earlier in the 1930s⁶, and informal mining in these areas dated back to the 1800s. When mining operations or concessions change hands they do not start with a blank slate but also acquire the reputation and specific history of the operation. In Prestea for example, the previous owner had let go 1400 workers in 1998, fuelling opposition to the project, regardless of who holds the shares. Even if a company arrived only recently that does not mean that the communities will distinguish between different owners or phases of an operation.

2.1. Traditional governance, elites and the chieftaincy institution

Traditional governance and authority in Ghana is deeply interwoven with public life and the chieftaincy institution plays an important role in decision-making at every level. The 1992 constitution recognised the historic legitimacy of chieftaincy and safeguards it from state interference and abolition. Traditional Chiefs, therefore have near full autonomy to govern their respective areas (Valsecchi, 2007).

Traditional authorities are therefore a key player in the negotiation of surface access for mining and all its related activities. Roughly 80% of land in Ghana is 'stool land', which is 'administered' by the chiefs (see Box 1). Chiefs officially do not rule as feudal landlords, yet they act as custodians of the land. This means that besides controlling stool land the chief also has the mandate and the duty to work on the progress of the community, represent the community as a cultural leader, but also as a community leader vis-à-vis the political level and private sector (Crook, 2005).

⁶ Mining Weekly. (2014). Bogoso Prestea Mine: <http://www.miningweekly.com/article/bogoso-prestea-mine-2014-10-24>

The chieftaincy institution is managed by a hierarchical structure with the Paramount chief at the helm (Tsuma, 2010:56). The Paramount chief presides the traditional council but mainly plays a ceremonial role. It is at the district and village level that the reach and competencies of traditional chiefs become more apparent. To illustrate, Bogoso and the Prestrea-Huni Valley District fall under the Wassa Fiase Traditional Area's Paramount chief (Tsuma, 2010:56)⁷. Under the Paramount chief there are divisional chiefs that regroup and appoint village chiefs or Odikros, who are responsible to manage and coordinate the distribution of resources and land on behalf of the divisional chief. Decisions regarding the allocation of farming land, residential areas, but also matters of labour and employment and even displacement in function of mining or other investments are taken by the chief in coordination with his council of elders (Tsuma, 2010:57).

At the same time, the chief collects tribute in exchange for approving and ratifying land transactions. In addition, the chiefs often receive a percentage of the economic benefits of economic activities (e.g. artisanal mining, farming, etc.) that take place on stool land, in exchange for the allocation or access to the land, e.g. farmers (including plantation farmers) pay a share-crop tribute on an annual basis to the custodian Chief. On top of this tributary income, the stool receives a portion of the royalties of formalised mining as foreseen in the 2006 Minerals and Mining Act (see Box 2).

The stool is therefore much more than an honorary position of authority: it entails significant responsibility but also financial opportunities. Throughout Ghana, conflicts of interest among the chiefs tend to affect their legitimacy within the communities. Traditionally they have a mandate to provide and redistribute wealth in the communities, however this is traditionally not a transparent process and competing claims to tributary income have been known to fuel tensions and conflict in some localities. In the absence of any real guidelines for how share-crop tributes or mining royalties are to be re-invested in the communities, a common practice is that every level takes his share to cover expenses and some public works and hands down the rest to the next, creating what some would consider a network of patronage and dependency.

Box 1: Customary land tenure in Ghana

Traditionally, in many other West African countries, land is communally owned by people having a common descent, or allegiance to a traditional authority, commonly, symbolised by a 'stool' or throne (Gyasi, 1994). The customary land sector contains roughly 80% of land holdings in Ghana. These lands are owned and controlled by stools/skins, clans, families, etc., and tenure is governed and administered through traditional and customary norms and practices.

The 1992 constitution recognises all forms of land ownership and also expects that custodianship over the land comes with the obligation to serve the greater community.

There are many different forms of customary land tenure systems in place today in Ghana, ranging from allodial to usufruct. Common categories of land interest include (USAID, 2013):

- **Allodial title:** vested in stools, skins, clans or families in trust with the head of the family or lineage. Transactions involving allodial land will generally require the consent of the elders of the lineage in question.
- **Freehold title:** Full common-law governed freehold grant by gift or sale of an allodial rights holder
- **Customary freehold title:** rights held by individuals or groups on behalf of the stool, based on the historic rights of first settlers to a portion of stool land. Customary freehold titleholders may sell, mortgage or lease their rights.
- **Leasehold:** Allodial and freehold title holders can grant leasehold to individuals, which is a usufruct right limited in time to up to 50 years for foreigners and 99 years for fellow Ghanaians
- **Sharecropping:** when a proportion of the harvest is given to the landlord in return of allocating the land

The 'stool' as a customary authority and institution has control over the land and deals with land distribution, disputes, and transfers. The office of the Administrator of Stool Lands, a government agency with decentralised antennas assists the customary authorities with demarcation and general support.

⁷ The Wassa Fiase Area is subject to a decade-long dispute over the Paramount stool. See: <http://www.graphic.com.gh/news/general-news/52617-judicial-committee-annuls-destoolment-of-wassa-fiase-omanhene.html>

Box 2: Ghana's system of mineral rent redistribution

Like a number of other African countries, Ghana has put in place a system to redistribute a portion of its mineral income directly to the communities. According to the Minerals and Mining Act, 2006 (Act 703) companies should pay 3-6% of the value of gross minerals mined as royalties both at national level and locally. In 2012, Parliament made an attempt to enforce greater fiscal contributions, however several companies have negotiated significant fiscal concessions and tax reductions to keep their contribution to a bare minimum.⁸

In Ghana the full amount of mineral royalty is paid to the Government of Ghana that is then accountable to re-distribute the royalty according to the prescribed calculation. Out of the total royalty payment, 20% goes into the Mineral Development Fund (from 1993). Half of this amount is to be transferred to public and research institutions that work on mining, the other half (10% of the total) transferred on a quarterly basis to the Office of the Administrator of Stool Lands, which dispenses it according to the following formula (Geenen, 2015:12):

- 10% administrative expenses of the Office of the Administrator of Stool Lands
- 25% goes to the stool/chief
- 20% goes to the traditional authority
- 55% goes to the district assembly (for development projects as compensation for mine-associated costs).

Ghana is party to the Extractive Industries Transparency Initiative (EITI) and reports on extractive industry payments and government receipts as required under the EITI (www.gheiti.gov.gh).

Colonial and post-independent regimes worked hard to subdue the influence of the chiefs in mining areas. Since the 1990s, the chieftaincy institution has seen a certain revival in their authority owing to their recognition in the 1992 constitutional recognition and partially also due to the increased income from mineral royalties, share-crop tributes (agriculture) and land access (Galamsey). While chiefs are formally not allowed to play a role in politics, there is a high degree of mobility between traditional and democratic/state authority, at all levels. Holding the title or position of chief also tends to be an outstanding path to social and economical promotion and political influence, this can also help explain the high number of people in a position of responsibility in government, business and even academia that also are chiefs in a different capacity (Valsecchi, 2007:4-5).

For mining companies, the chieftaincy's role in land allocation means that they engage directly with the stool and the village chiefs to secure surface access to current and future operations. The Minerals and Mining Regulations, 2012 (LI 2175) address requirements for land and farm compensation and access. The well-respected authority of the chiefs also makes them a preferred entry-point to negotiate and deal with affected communities themselves, compared to local authorities (district assemblies), which are often perceived as weak.

2.2. Criminalisation of small-scale mining.

In the 1980s, Ghana made the choice for a foreign investment-driven gold-mining sector. However, to accommodate and safeguard these new investments, the existing way of working had to be dismantled since it was no longer deemed compatible with the government's objective to increase its revenue from large-scale formalised concessions. Historically, mining had been led by local elites that assigned and negotiated deals with Galamsey entrepreneurs and small-scale and low-tech mining operations. Large concessions and surface mining require a different and more formalised way of working, and Galamsey mining was effectively made illegal with the 1989 small-scale mining law.

The transformation of Ghana's gold mining sector profoundly changed the local economy in Western Ghana. The criminalization of small-scale mining disrupted an age-old pattern where local traditional leaders (chiefs), acting as custodians of the land assigned lots for small-scale underground mines to Galamsey 'entrepreneurs', and were compensated with a share of the returns.

⁸ For a more complete overview of Ghana's mineral taxation, see: Geenen, S. (2015).; Akabzaa, T. (2009).

While Galamsey was outlawed, the practice of artisanal gold mining remains deeply entrenched in the Western Ghana's communities. The criminalisation of Galamsey operations was not accompanied by alternative forms of employment, either in mining or in other sectors; surface mining has a much lower demand for labour, the skills required to work in industrial gold mining are also much more specialized than what artisanal miners can offer. As a consequence, the practice of Galamsey continued, yet in a highly unregulated and often unsafe way and with dramatic results for the environment, disturbing vast tracts of land, often in competition with formalised mining companies, and releasing toxic chemicals.

Local communities and elites remain invested in Galamsey, not only because of the potential (untraceable) returns, but also as a way to respond to the strong demand for local employment and opportunities. Large mining companies are under constant pressure from Galamsey, who sometimes operate illegally on the concessions. Providing employment opportunities is therefore not simply a matter of local support, but also a long-term security measure for companies holding large concessions.

Figure 1: Sensibilisation campaign on illegal mining (left) and 'Galamsey' trying their luck on the side of the road between Bogoso and Prestea (right)



Chiefs feel the pressure to provide access to land for unemployed Galamsey miners since their position partly depends on their ability to provide employment and economic opportunities for the communities they govern. On top of that they receive tribute from these informal operations in exchange for providing access to the stool land.

Figure 2: Galamsey miners dredge and wash ore in the Ankobra river, close to Prestea: the water quality is no longer fit to bathe and supply the town



2.3. Civil society action in the mining sector and the Western Region

Ghana has a relatively strong civil society, especially at national level. The first large-scale open cast operations generated severe negative consequences for many communities (environmental degradation, displacement, blasting, limited employment opportunities) and sparked a strong anti-mining movement, spearheaded by NGOs like the Wassa Association of Communities Affected by Mining (WACAM). NGOs in the late 1990s and 2000s mounted strong lobbying campaigns, highlighting Human Rights violations and environmental injustices. NGOs started mobilizing in the communities, formalizing local anti-mining interests groups such as the “Concerned Citizens Association of Prestea”, uniting community representatives, and often also (former) Galamsey in opposition to mining companies. Key allies of WACAM include CEPIL, a centre for public interest law that has successfully represented communities in class action cases against companies; the league of environmental journalists, a Kumasi-based lobby group, and the Third World Network in Africa (Tsuma, 2010:105).

NGOs lobbying in the early days were instrumental in changing the tone and behaviour of many companies, which started engaging on different terms with the communities and investing heavily in community relations and CSR⁹. The advocacy and campaigns of WACAM and its partners brought the negative aspects of industrial gold mining out in the open using a rights-based approach and public narrative. Legal action (with CEPIL) against companies such as Goldfields Ghana (2001), and Ghana Australia Goldfields (later AngloGold Ashanti) (2007)¹⁰ broke through the impunity in the sector but also incited companies in Ghana to review their operations, community engagement, and communication strategies.

WACAM today has developed into a central lobbying and advocacy group, and is currently proposing concrete reforms to the national mining legislation, it is also becoming increasingly vocal on the risks of uncontrolled and unregulated Galamsey mining. While WACAM is the main mining watchdog in the region, as with many CSOs in middle income countries, the organization is suffering from chronic underfunding and is fully dependent on project funding from foreign donor agencies for its functioning.

In addition to advocacy organisations, a variety of NGOs work in the region, some as part of company CSR initiatives or even public private partnerships. In Tarkwa for example, a national NGO with American roots, OIC International implements a variety of livelihood creation programmes with Newmont mining. In Bogoso/Prestea, the American NGO Project C.U.R.E. has worked directly with Golden Star, whilst Golden Star has become one of several partners to programs of the GIZ, including a more recent GIZ, Ghana Health Services, National Health Insurance Scheme and Golden Star Resources (with other private partners) partnership to increase capacity in health services delivery in the country. These developmental NGOs focus mainly on service delivery, capacity building and sustainability.

⁹ Interview with NGO representative; Tsuma, W. (2010).

¹⁰ Modern Ghana (2008). A decade of community-based mining advocacy in Ghana - WACAM's story: <https://www.modernghana.com/news/190303/a-decade-of-community-based-mining-advocacy-in-ghana-waca.html>

3. Partnership Origins

3.1. Golden Star Resources community relations and CSR

Golden Star Resources (GSR) is an international gold mining and exploration company based in Toronto, Canada. The company's main mining operations lie in Western Ghana's Ashanti Gold belt where it has two main operational centres: Wassa and Prestea. GSR uses a combination of surface and underground mining. It obtained the Bogoso concession in 1999 and bought the Prestea underground mine and surface rights in 2001. Today, GSR is represented through its 90% owned subsidiary Golden Star (Bogoso/Prestea) Limited (GSBPL) which runs its operations in Bogoso and Prestea. GSR also operates the Wassa Mine to the east of Bogoso/Prestea, which is owned through a separate subsidiary Golden Star (Wassa) Limited. Figure 3 illustrates GSR concession and exploration in the Ghana's Western Region. In 2014, the company produced 261,000 ounces of gold, and 2015 estimates of the total reserves in its concession amounted to 2,140,000 ounces¹¹. The Bogoso lease is 95 km² and the Prestea lease covers 129 km²; both catchment areas house around a dozen communities (Dashwood and Pupilampu, 2011a).

GSR purchased the two concessions from companies with a history of difficult relations with the host communities. The Prestea mine for example had been the subject of significant opposition when its previous owner had laid off 1,400 of its 1,800 workers in 1998, facing financial difficulties (Dashwood and Pupilampu, 2011a:186). In the mid 2000s, as operations advanced the company came under severe criticism for environmental degradation and there were even allegations of human rights abuses committed by state security personnel on behalf of the company¹². A major cyanide spillage incident at Bogoso in 2004¹³ further affected the already fragile reputation of the company.

Community opposition was a major driver for the company to review its community relations. WACAM in particular played an important role, denouncing the spillage incidents and voicing human rights concerns. Around the same time, Canadian companies were under pressure at home following an influential report on Canadian Mining companies abroad by the Parliament's Standing Committee on Foreign Affairs and International Trade¹⁴.

It is in this context and time frame that GSR took a number of initiatives to improve -or in the words of Pupilampu and Dashwood (2011b)- reinvent their CSR approach. In 2004, GSR established a Community Relations Department led by a community relations manager. It also established a VP role to ensure a stronger link between corporate decision-making and community relations. In the same year, GSR created the Golden Star Oil Palm Plantation (GSOPP) and launched its Golden Star Development Foundation (GSDF), both of which are funded separately and independently with \$US1 per ounce of gold produced. Community projects that are financed by the GSDF are proposed by Community Mine Consultative Committees (CMCCs) consisting of local and traditional leaders and community representatives. The main reason behind this was the realisation that previous initiatives had been strongly company-driven. New, dedicated corporate functions and structures were therefore established to ensure a greater role for the communities themselves. One executive clarified that GSR had "*learnt the hard way*", through incidents and opposition, that they needed to change their approach and maintain stronger relationships with community leadership. GSR continues to explore projects to sustain community relations, through closely partnership with elected and traditional leadership.

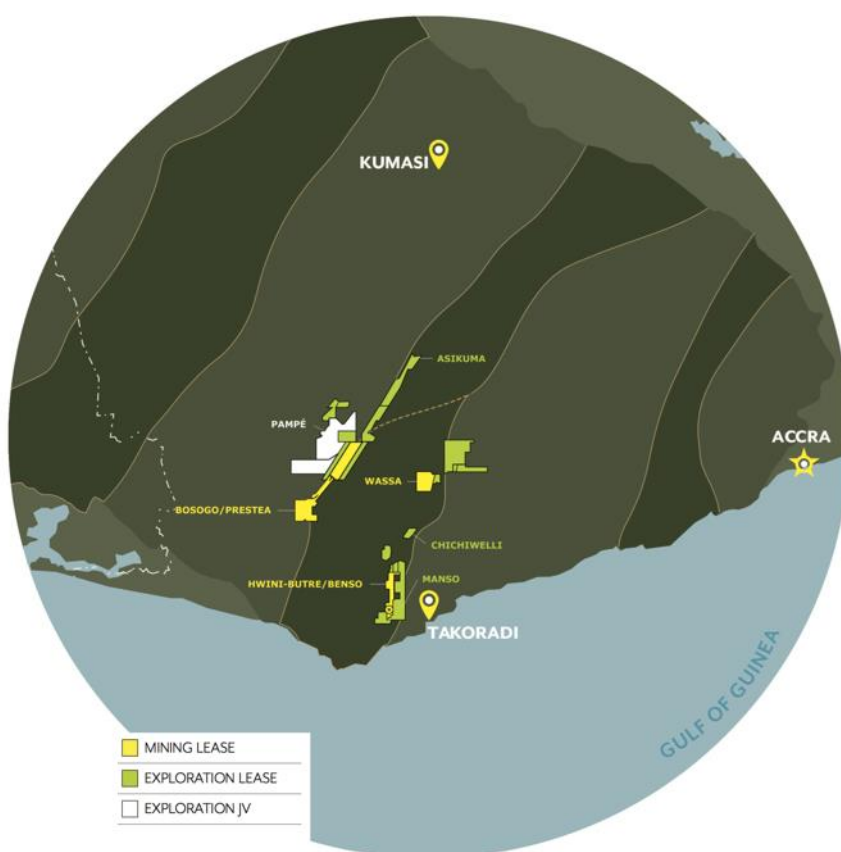
¹¹ Golden Star Resources. Reserves and resources: <http://www.gsr.com/operations/reserves-and-resources/default.aspx>

¹² See for example FIAN International submission for Universal Periodic Review - Ghana (May 2008): Human Rights violations in the context of large-scale mining operations: http://www.rtfn-watch.org/fileadmin/migrated/content/uploads/upr_report.pdf

¹³ <http://www.ghanaweb.com/GhanaHomePage/NewsArchive/EPA-investigates-cyanide-spillage-at-Bogoso-68472>

¹⁴ <http://www.parl.gc.ca/HousePublications/Publication.aspx?DocId=1901089&Language=E&Mode=1&Parl=38&Ses=1>

Figure 3: GSR concession and exploration in Ghana's Western Region



Source: Golden Star Resources (2015).

Recognising the need to establish a new basis for its relations with the communities, also in response to recent criticism for environmental issues and resettlement, the company embarked on a process of mediation guided by Professor Daniel Mireku-Gyimah¹⁵ and with the support of traditional authorities. Under the auspices of the 'Bogoso/Prestea Mediation Committee', Prof. Mireku-Gyimah facilitated dialogue, discussion and negotiation between the company and nine affected communities in the Bogoso/Prestea catchment areas in a process that spanned more than two years. In October 2012, three separate CSR agreements were signed between the company and the communities, represented by the Wassa Fiase Paramountcy and all the divisional chiefs within the operational area of the Company. The CSR Agreements set out criteria for sharing the revenue meant for the local mining communities in order to ensure transparency and accountability.¹⁶ The three CSR Agreements are:

- **A relationship and sustainable livelihood agreement** to provide a clear, transparent and explicit statement of the commitment between the company and the communities;
- **A development foundation agreement** that set out the modalities for the establishment and operation of a new Development Foundation; and
- **A local employment agreement** defining transparent policies and procedures for the employment of local people within the company's mining lease¹⁷.

¹⁵ Prof. Mireku Gyimah is the former Vice Chancellor of the University of Mines and Technology (UMaT) and a respected academic.

¹⁶ <http://www.ghanaweb.com/GhanaHomePage/regional/Gov-t-committed-to-peace-and-sustainable-development-Mike-Hammah-255064#>

¹⁷ <https://www.modernghana.com/news/471115/golden-star-explains-agreements.html>

These formal changes were important to recognise past history, clarify and manage expectations of all parties and establish a new way of working with the communities. They also signal a clear choice to upgrade the company's interaction with the local (traditional) leadership. Interviewees attested that the presence and level of interaction with the GSR Community Relations Department have intensified, even if there are still disagreements.

According to GSR, the Community Relations Department's *raison d'être* is to *"read and win the hearts and minds of the community, as well as those of the company's own leadership"*. The Department in its current form therefore acts as a bridge between the communities and seeks to secure community support (*social license to operate*) for GSR's operation and to contribute to host-communities self-defined goals.

Box 3: LOCOMS, value retention and working with the grain

In recent years the company adopted a clear and deliberate strategy to work with community leaders and traditional authorities to enhance its understanding on prevailing needs and opportunities for partnerships. One very notable initiative was built around Golden Star and its host communities desires to participate more actively in the supply chain, specifically local procurement and service provision. Partly influenced by the Canadian 'Mining Shared Value' venture¹⁸, Golden Star sought expressions of interest from local, community-based entrepreneurs for the provision of mining services and supply in support of its newly approved Prestea surface operations. From this initiative came the formation of a consortium of Local Companies in Mining Services (LOCOMS) that form a key part of the company's local content and value retention scheme and provide haulage services, equipment hire, waste management and other services for Golden Star.

LOCOMS currently consists of 17 companies and GSR contracts individual companies through a system of lots to satisfy the different interest groups in the communities. There are for example lots for the chiefs, for youth groups, religious groups, opinion leaders, etc. LOCOMS' representatives today see their role as dual, namely to provide mining services and benefit from the economic opportunities, but also to serve as a mode of enhancing mutual company and community engagement, communication and relationship building, by enabling participation and engagement of socio-economically, ethnically and linguistically difficult to engage members of the communities. In this way LOCOMS, acts as a service provider, as well as a key interlocutor for community relations, who actively seeks to improve communication, and helps ensure that concerns are directed and addressed through formal dialogue/consultation or grievance channels¹⁹. This initiative to enhance local value retention and share value has brought about a number of major changes, that may be best illustrated by the fact that one of the leading operators in LOCOMS had previously been involved in hauling illegally acquired tailings.

LOCOMS exemplifies the creative way in which Golden Star and local elites work together to strengthen their once tenuous partnership, by working towards mutually beneficial outcomes. LOCOMS even demonstrates that CSR can be good for business as local services can typically be supplied more economically than those external to the region²⁰.

The cornerstone of this approach is the promotion of a level of interdependence between local leaders and the company and providing access to long-term economic opportunities for community leaders that represent the various groups in the communities. This approach also features prominently in the GSOPP project:

"Creating new business development opportunities including 'loans' for farm establishment and ultimately, a means of sustainable access to income for local citizens, shows respect for the local company and gains support of positively impacted residents and those hoping to participate in the future. Interweaving multiple bases upon which the company and community relate, strengthens and deepens these inter-relations, enabling the relationship/partnership to weather hurdles, and avoid differences of opinion degenerating into conflict."

Interestingly, LOCOMS, which on paper would look like a procurement scheme is an initiative from the Community relations department and in the early stages LOCOMS contracts are also facilitated by the CRD, which acts as an intermediary between GSR procurement and the 17 companies.

It shows the readiness of a mining companies to work with the grain in local communities, and engage directly in the communities on the basis of a more thorough understanding of the power relations at the local level. On a purely business-to-business level, LOCOMS is a promising initiative and though early in development, it shows the ability of GSR to think outside the box and bridge its core business and CSR. The Community relations component, or how LOCOMS companies act as an intermediary between GSR and the communities or

¹⁸ Mining Shared Value is a venture of Engineers Without Borders Canada (www.miningsharedvalue.com)

¹⁹ As local community representatives, LOCOMS operators see their roles as one of mining services but also "solving community issues and even "police the communities" to ensure

²⁰ Whilst procurement and contracts are managed via line leadership, the initiative for this arrangement evolved directly from consultation with community members, rather than through any cost saving initiative.

'redistribute' benefits among the respective interest groups they represent is much less transparent and fully depends on the companies themselves.

3.2. Golden Star Oil Palm Plantation (GSOPP)

The Golden Star Oil Palm Plantation (GSOPP) was established as a non-profit subsidiary of Golden Star in 2006. The GSOPP is funded with US\$1 per ounce of gold produced and runs a gradually expanding oil palm plantation on several sites around Bogoso and Prestea (as well as the Wassa operational area). The project adopts the smallholder producer model and tries to reconcile this with large-scale sustainable agribusiness.

GSOPP seeks to balance community and company needs related to local economic development, and community empowerment (Golden Star Resources, 2015). It therefore differs from the common, often philanthropic transactions that are often observed in the mining sector (construction of schools, hospitals, sponsorships...). GSOPP is also part of the rehabilitation and closure plan, which is required by the national Environmental Protection Agency (EPA) for lands affected by mining activities. If expanded into former mining areas post mine closure, it could also be a viable model for sequential land use that further enhances the value retained by the local community²¹.

GSOPP gained visibility in 2008 when it received the Nedbank Capital Green Mining Award as the first non-South African mining company to receive the award. To quantify the program in more detail: *"over 820 ha of oil palm plantations have been established in addition to 100 ha of out-grower plantations. At the end of 2013, GSOPP supported 273 smallholder farmers and 243 contract labourers, and had produced an annual yield of over 5,850 tonnes of oil palm fruit. This brings total production to over 11,200 tonnes since the programme's inception in 2006"* (Golden Star Resources, 2014b).

Figure 4: Road on the GSOPP Bogoso Plantation (left) / Best practice demonstration lot in cooperation between GSOPP and Solidaridad West Africa (right)



In 2016, GSOPP covers approximately 1,000 ha of land, employs over 300 small holders and 300 part-time contract workers, and produces over 11,000 tonnes of palm fruit annually (29,000 tonnes project life to date). With the visible success of these operations GSR and traditional leaders have agreed to develop a further 1,000 ha of plantation in the years to come. GSOPP has also attracted the attention of donor agencies and foreign NGOs. In 2012, GIZ²² provided technical expertise for a poverty impact assessment and baseline study, as well as agricultural capacity development and support to the establishment of farmer business schools. Solidaridad West Africa also provides technical support and expertise to the project.

²¹ Golden Star, has conducted scientific trials of oil palm growth and production on former mined areas, and is introducing the findings into post mining closure plans for its operations.

²² GIZ has several other support programmes with GSR, as well as a full PPP with Ghana's public health services and GSR to pilot a preventative medicine scheme in Bogoso.

3.3. Original objectives, history and phases

For GSR, the choice to launch the GSOPP plantation was “*based on a bitter lesson learnt in the past.*” The company had previously piloted a number of alternative livelihood programmes, including poultry farming, aquaculture, grasscutter cultivation²³ and even silkworm farming. These projects had little or no success and many were discontinued after a few years after technical issues, limited market demand, and in general a lower than expected level of interest among local residents (Golden Star Resources, 2014b). Only palm oil had limited success, however there were concerns about the sustainability of the provision of seedlings in the absence of agricultural extension, farm management and other technical agricultural support.

The idea for GSOPP developed following a review of GSR’s CSR operations, which identified that the existing skills in the region were predominantly agricultural, and that large amounts of potential farmland remained unused or unallocated by the traditional authorities. The first GSOPP CEO was appointed after pitching the idea to GSR management and getting the go-ahead. She initiated the negotiation with the Paramount and divisional chiefs and developed the allocation criteria with the then GSOPP team.

The original objective of the plantation was to **provide alternative livelihoods and employment opportunities to the communities in a sustainable manner**. Behind these developmental objectives lay the company’s strategic interests to create an alternative and sustainable form of employment to the then increasingly prolific Galamsey operations that challenge the mine’s core operations, but also to ensure good long-term relations with host communities and local leaders. By involving local traditional leaders as partners and beneficiaries GSOPP strengthens the inter-dependency between the company and the community leaders, ultimately benefiting the acceptance and non-opposition of GSR’s core business activities. .

These objectives have not changed over the years, and GSOPP has always been seen as a successful scheme, even when the relations with the communities were tense. What has changed over time however is the scale of the project. In ten years, GSOPP has grown to a total of nearly 1,000 ha on various sites around Bogoso, Chujah and Prestea, as well as an individual outgrower scheme covering over 100 ha. In 2016, 303 farmers were part of the programme, and the plantation employed a total of 360 workers. In some areas, the demand for local labour is higher than what the communities can provide. The first decade of GSOPP was one of gradual growth, and GSR management has approved the company’s objective to double the plantation’s surface area in the years to come. This is still far below the 14,000 ha that were reported to be ‘pledged’ in the early project stages (Dashwood and Puplampu, 2010).

A major reported bottleneck for GSOPP however, remains the lack of a processing plant. Currently the palm fruits are transported to the Benso Oil Palm Plantation (BOPP) in Takoradi (ca. 100km south of Bogoso) for processing. The possible construction of a processing plant has been part of the GSOPP concept since its inception, however following unsuccessful attempts to fundraise for the development of an “*industrial village*”, which would include a milling plant and other connected activities, and the decline in the gold price Golden Star and GSOPP critically reviewed the project and determined to conduct a more detailed feasibility study into down-stream processing to assess viability. At the time of writing, Golden Star was engaging with a potential funding agency in regards to downstream processing and had expressions of interest from other parties.

²³ A sizeable rodent that is bred or hunted for meat consumption.

4. Partnership activities

GSOPP is a hybrid construction, being a large-scale plantation based on the smallholder system. The GSOPP model works as follows: GSOPP staff (8), based in Bogoso and operational antenna's at the GSOPP sites are funded by the US\$1 per ounce of gold that is set aside for the plantation. GSOPP staff ensures capacity development, general operational management (planning contracting, etc.) and accounting.

GSOPP's management negotiates land deals with the chiefs for developing the plantation, which the stool allots to GSOPP by means of a Memorandum of Understanding (MoU). GSOPP is conducted as a share-cropping arrangement, where in return for access to the land, a share-crop tribute of 5% of the production of fresh palm fruit bunches produced is paid annually to the custodian Chief.²⁴

GSOPP takes care of the preparation and planting of the palms, and manages the plantation until the lots are officially handed over to a group of smallholders. Participating farmers need apply for a lot in the plantation to a mixed allocation committee consisting of GSOPP (GSR) and the chiefs. The application process verifies (through references) the position and provenance of the farmer to establish that he/she has a historical right to work on community land, after which an acceptance form is signed. GSOPP maintains a target of 40% women farmers (Golden Star Resources 2014b) and lots are also reserved for the Chief and next of kin²⁵. An interest-free start-up loan of roughly 30-40,000 Ghc is given to each farmer for setting up the plantation, and after 3-4 years the 4 ha lots are handed over to the farmers after which they start receiving the proceeds of their lot.

Bi-weekly harvesting and transportation to BOPP's milling plant in Takoradi is organised by GSOPP, which brings in professionals to do the job. Yields are meticulously recorded per lot, and monthly payments are made out to the farmers from which 20% is deducted to repay the start-up loan²⁶, 5% for the tribute for the stool and 5% to cover some of the running costs of GSOPP. Maintenance of the plantation is done either by self-farmers or by contracted workers that are brought in by GSOPP using local labour, when a farmer is too old or otherwise indisposed. The cost of contract labour is deducted from the monthly payment to the relevant farmers.

Figure 5: Bogoso GSOPP Plantation - Demarcation of an individual 3.1ha lot (left) / Palm fruit transport (right)



All smallholders at a plantation site are members of an association, which acts as the main contact point between GSOPP and the farmers. In Bogoso, the association's executives (chairman, vice-chairmen, secretary, etc.) –all of which are elderly male farmers, and some of which also are linked to the traditional authority– perform the role of interface to assemble the farmers, relay communications and negotiate with GSOPP on behalf of the smallholders. The association, represented by its chairman, is also involved in negotiations with BOPP, the main buyer of produce, or discussions with

²⁴ Throughout Ghana it is very common for land tenants pay some type of tribute to the custodian Chief. An amount of 5% is customary, however higher tributes may be demanded by some Chiefs in the process of negotiation.

²⁵ In the Bogoso plantation, for example, 13 out of 73 lots are reserved for the chiefs

²⁶ The Bogoso plantation was handed over to smallholders in 2009. Today the majority of these smallholders are in the completion stage of their start-up loan.

potential funders. On an operational level the role of the association is to *“follow-up the plantation’s activities on a day-to-day basis and the execution of the work plan of the plantation site”*²⁷. The associations, however, do not play a strong proactive role in the decision-making or management of the plantation. They are mainly there as an interface between the company, the smallholders and facilitate the recruitment and payment of local contract workers at the plantation site.

GSOPP organises regular capacity development for the farmers. On Tuesdays there are field advisory meetings where technical training is provided; there are also monthly meetings according to the annual action plan. According to GSOPP staff, the capacity development has improved operations significantly over the years, for example through the adoption of new harvesting and maintenance methods, and a new process for weighing the yields of the plantation. GSOPP is now also in the process of getting certification for good plantation management by the Round Table on Sustainable Palm Oil (RSPO)²⁸.

Apart from regular capacity building, regular benchmarking of farmers performance, mentoring schemes and other initiatives that showcase best practices are used to motivate and incentivise individual plot holders to learn and apply new agricultural skills in their plot. In 2014 for example, the ministry of Food and Agriculture (MOFA) awarded the Golden Star Farmers Association (Bogoso) with the Best Farm-Based Organization in the District and a GSOPP farmer was awarded the ‘Best Oil Plan Farmer’ in the District.

Figure 6: Bogoso GSOPP field site - GSOPP field office (left) / 2016 work programme (right)

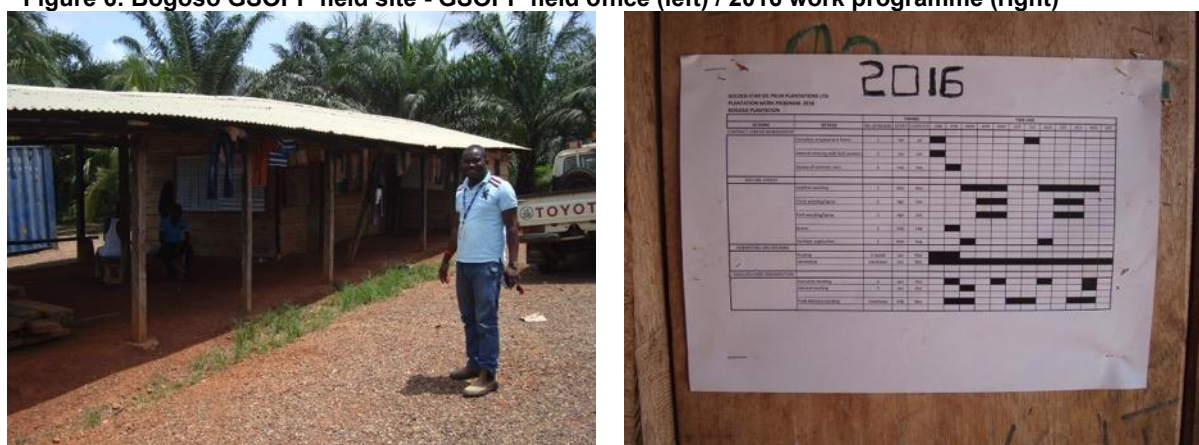
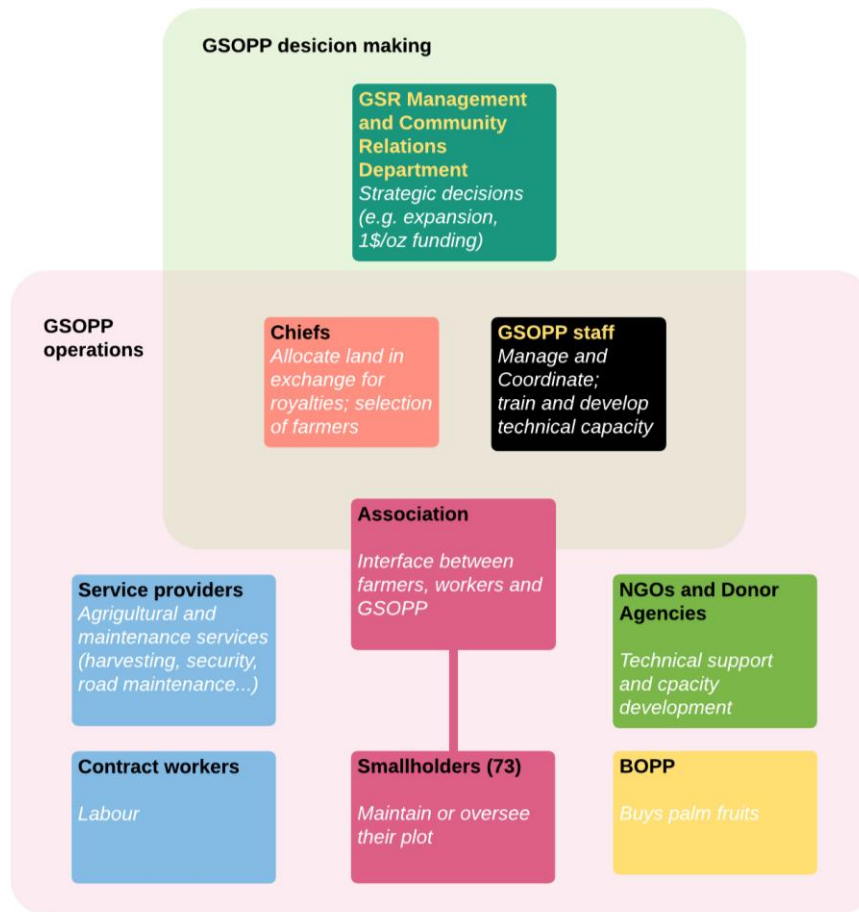


Figure 7 shows the different actors in the GSOPP architecture, making a distinction between those that are involved in decision-making and the operational business of the plantation. **Once the land has been negotiated and allocated by the chiefs, and the lots are assigned to individual smallholders, GSOPP’s staff becomes the main driving force in the plantation’s management.** They coordinate and record all activities and make out the payments to workers, contractors and the farmers. **Farmers themselves can choose to actively engage and maintain their lot and will be recognised and rewarded with increased revenue, but they can also choose to play a more passive role** and let GSOPP’s contract workers maintain their lot for them, for example when they are too old or otherwise engaged. In the latter case the plantation becomes a reliable source of additional income for the smallholder, as the cost of labour is simply deducted from the monthly payments they receive.

²⁷ Interview with Bogoso association executives

²⁸ For more information, see: Round Table on Sustainable Palm Oil. How RSPO Certification Works. <http://www.rspo.org/certification/how-rspo-certification-works>

Figure 7: Different actors and their role in GSOPP



5. Formal agreements and governance structures

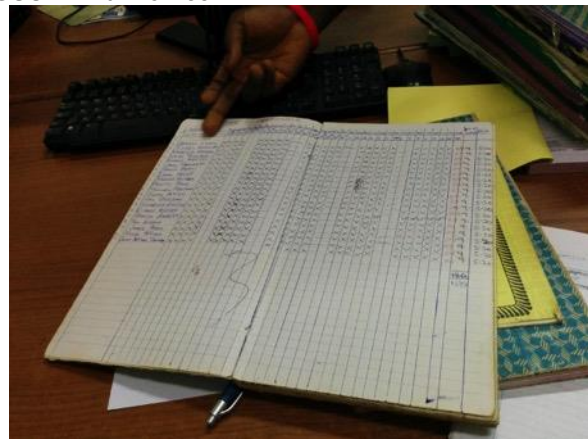
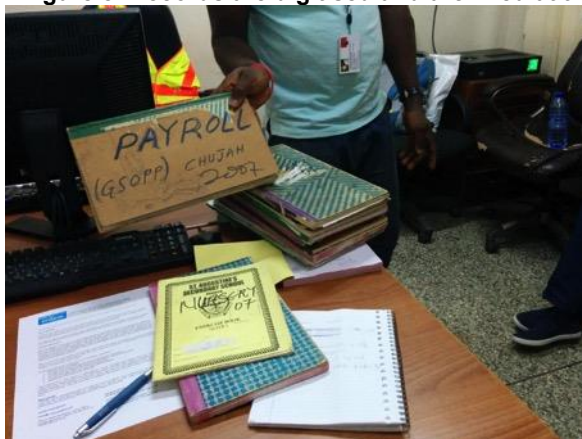
GSR has formal structures and procedures for engaging with its host communities including a Community Mine Consultative Committee (CMCC). Minutes of CMCC meetings are very detailed and shared with the community stakeholders in an effort to increase transparency and reduce ambiguity in community relations. The same logic applies to the management and bookkeeping of GSOPP. There are records for every transaction, as well as procedures for managing the plantation at various stages of the process. Negotiation of stool land takes place with the chiefs and land is assigned to the plantation based on a memorandum of understanding. After signing the MoU, GSR surveyors and GSOPP can move in for setting up plantation lots.

Land is assigned to individual smallholders on the basis of a formal application process, which determines farmers' eligibility with a reference system. An interview panel consisting of a mixed committee reviews applicants, after which an acceptance form is signed, followed by a personal records form and finally an agreement form, which serves as the contract between the different parties for the stake in the plantation. A number of lots are also reserved for the chief and next of kin.

Once the lots are handed over to the individual smallholders, GSOPP keeps records of every transaction, and the yield per lot in the plantation serves as the basis for monthly payments. GSOPP staff and field staff oversee the entire process with the assistance of the association executives.

Social control is crucial on a day-to-day basis and farmers and GSOPP field staff work together to maintain the smooth running of the plantation. Conflict and problems are first dealt with internally and informally (e.g. illegal sale of palm fruits outside GSOPP); authorities are only called in when necessary.

Figure 8: Records are digitised and archived at the GSOPP main office



6. The type of partnership: strategic

The *raison d'être* as well as the functioning of the GSOPP construction can only be understood as part of a very particular territorial and sectorial context. The GSOPP project is an integral part of GSR's community relations strategy and a key component of a wider territorial strategy. GSR is under constant pressure, often from competing groups to provide income and access to mineral rents to the communities. GSOPP is a response to that pressure that also addresses some of the risks to land access (Galamsey). As such, GSOPP and its expansion in the near future is highly strategic, and brings together the interests of a variety of groups in society in a very particular alliance.

The two main elements in GSOPP are (1) land use and (2) employment and income generation. As mentioned above, the stool acts as the custodian of the land. This means that he is responsible for the allocation of land for residential and economic purposes (e.g. agribusiness but also Galamsey). Mining concessions are issued at the central level in Accra, and mine development is subject to oversight from the minerals commission and the EPA; the question of surface access is therefore no longer the sole responsibility of the stool, since a concession gives companies the right to operate in a

given area. Traditional authorities are under strong pressure to provide economic opportunities for the communities and when they are unable to create employment opportunities this leads to tensions and opposition from the chiefs against the mine. Delays in releasing formerly mined stool land to the communities (for bureaucratic or environmental reasons) further fuels discontent²⁹.

The plantation is designed to be able to respond to these types of tensions and provide employment and income, while building a mutually beneficial relationship with the stools. In fact, GSOPP seems to be very appreciated by traditional authorities, and some parties would wish for more rapid expansion. Table 2 outlines some of the interests that underpin the different stakeholders' engagement in GSOPP, and to some extent in other Golden Star Community relations initiatives:

²⁹ One chief, for example, resents that they *"have not benefited in any way"*, and that previously used land is not being re-released to the stool soon enough.

Table 2: Short and long-term interests (drivers) of GSOPP stakeholders

Stakeholder	Short-term interests	Long-term interests	Risks and wildcards
Golden Star Resources	- Maintain mutually respectful relationships that allow operational continuity - Provide alternative livelihood and employment in the affected communities - Normalise and strengthen relations with communities and community leaders through CSR initiatives including GSOPP	- Secure social license to operate for current and future mining operations in the region - Maintain land access - Build a strong relationship with local traditional leaders to limit potential for disagreements to escalate to conflict - Reduce reliance of communities on <i>illegal</i> mining on the GSR concessions	- Gold price fluctuations - Lack of investment in the project - New sources of conflict due to unclear expectations
Traditional authority (chiefs)	Supplement stool income with royalties and participation in GSOPP or local content schemes (e.g. LOCOMS)	- Provide employment opportunities for communities - Secure infrastructure or other development project through mining company CSR programs - Secure long-term access to mineral income (be it royalties, share-cropping or other forms of income) - Regain access to reclaimed mined land	- No clear view on the plans of the mine - Regulation evolution that limits their say over stool land under concession - New succession conflicts and challenge to the legitimacy of their position - Failure by Government to appropriately allocate the stool proportion of royalties and land rents
Farmers	Secure source of income and access to land	Increased income through professionalization, plantation maturation, and future GSOPP expansion into the oil palm value chain	- Overdependence on GSOPP (GSR), which manages most of the agricultural operations - Limited participation in decision-making and the future strategy of the plantation (e.g. expansion, milling plant, etc.)
Workers and service providers	- Employment and reliable source of income - Access to new sources of employment and income representing a greater portion of the total value		- Demand depends on successful expansion - Protocols designed to privilege access to genuine local citizens over settlers can cause tension
BOPP	Satisfy regional demand and run its milling plant at full capacity		GSOPP acquiring its own milling plant would be bad for business.
NGOs and International Organisations	- Support public private partnerships - Invest in promising and profitable multi-stakeholder initiatives - Adoption of operational best practices - Demonstrate successful achievement of targets in political context under which funding is provided		Declining budgets in MICs

For GSR, GSOPP is an integral part of their CSR and community relations and therefore a key element that helps secure the stability and continuity of GSR's core business activities. The investment of US\$1 per ounce of gold produced is first and foremost a way to build a strong relationship with the communities in order to acquire their social license to operate. With the maturation of the plantation, this CSR contribution now primarily pays for the management structure of the plantation and its growth, with the main operational costs now carried by the plantation's revenue from the sale of fresh palm fruit to BOPP. For the traditional authorities (chiefs) oil palm is presently a lucrative cash-crop that provides an improved share-crop tribute over that which would result from mixed and seasonal cropping. GSOPP gives them easy access to tributary income facilitated by GSR, and requiring minimal effort from their part.

7. The degree of engagement

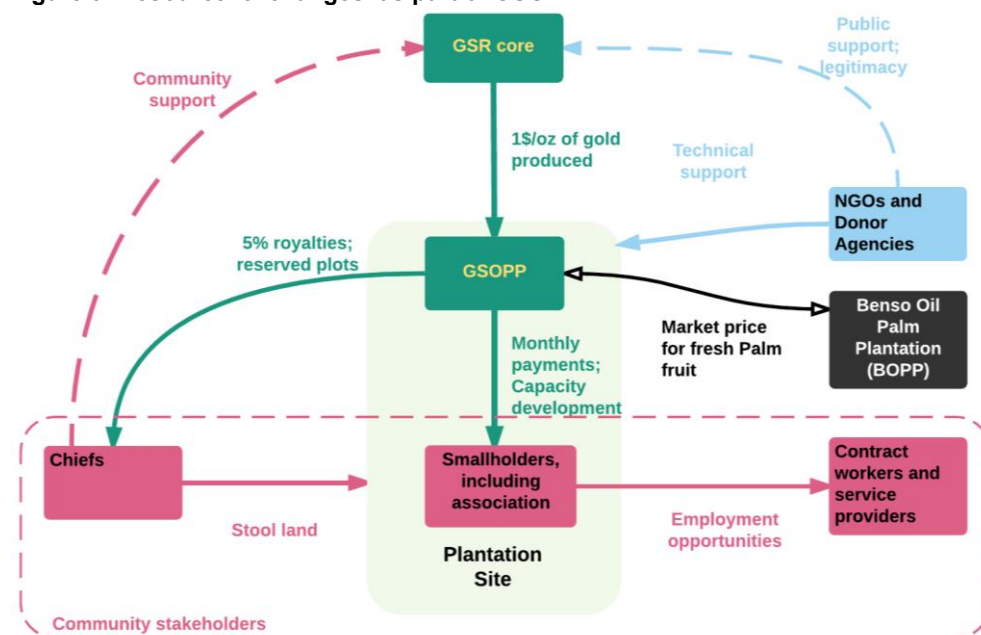
Bogoso and Prestea are relatively small towns and GSR locally employs 2,486 people (2014), of whom 60.5% originate from the Western Region. GSR is therefore not only the biggest economic operator in the area, interaction takes place constantly and at all levels. This situation, which is very common with mining companies, has created tensions and unclear expectations in the past, which sparked a review of the way the company engages in the community.

Between 2006 and 2016, the company invested in a strong community relations architecture. In the early days, this was spearheaded by GSOPP and the CRD, both operating under the company's management. Today, the Community Relations Department plays an even stronger role, particularly since 2012, when new CSR agreements were signed with the communities. The Community relations manager and his staff interact directly and on a different level with the communities than before³⁰. The current manager has an NGO background, is versed in participatory approaches, which helps facilitate negotiations with the communities. The CRD is the main interface between the company and the communities, and GSR has created the Community Mining Consultative Committees (CMCCs) a formal structure to facilitate dialogue with the different stakeholders in the communities.

GSOPP enjoys a high degree of autonomy from the CRD since it is a separate subsidiary company. At operational level, interaction with the smallholders takes place on a daily basis with the GSOPP field staff, and GSOPP HQ is present during weekly and monthly meetings, or when the need arises. In order to facilitate interaction with the smallholders, the association is the main interface with GSOPP management for all operational and capacity development matters. Strategic decisions, such as negotiations with the chiefs, BOPP, or potential funders are dealt with by GSOPP management and staff, which associate the association where relevant.

A variety of resources are exchanged as part of the GSOPP operations. Figure 9 illustrates the main exchanges in the partnership, both material and not, showing that the GSOPP construction is a transactional partnership for development value creation. The partners each have their own interest for investing (land, resources, knowledge, time) in GSOPP and to make the project succeed.

Figure 9: Resource 'exchanges' as part of GSOPP



³⁰ One interviewee in the community mentioned that the Community Relations Department is now much more present in the communities and engages on a more down-to-earth level with the CMCCs than before.

8. Conclusions and key lessons

8.1. Main findings

GSR community relations

Golden Star Resources' community relations strategy has evolved significantly since the company's arrival in Bogoso/Prestea. The company's shared value framework (i.e. "a management strategy focused on companies creating measurable business value by identifying and addressing social problems that intersect with their business") has allowed GSR to broaden its CSR approach considerably, creating value and income and revenue in the communities through local content and alternative livelihood programmes.

GSR's approach shows a high degree of creativity and a willingness of the company to learn from past experiences and work with the grain in the mining communities, based on a thorough analysis of needs, demands, and power relations between the different interest groups in the communities. In doing so, GSR gradually developed a new model for engaging the communities through local traditional elites and interest groups that are identified through extensive consultation and mediation processes. Initiatives such as GSOPP and LOCOMS use formal protocols to provide local citizens and key influential leadership figures in the communities with access to income from company activities through direct mining services, as part of a subsidiary company, or as the beneficiary of tributary income.

As one of the company's flagship sustainability projects, GSOPP, for example transfers a steady 5% of all proceeds to the 'stool' and a percentage of the stakes in the plantation are reserved for the chiefs and next of kin. Other projects such as the recently established LOCOMS consortium are also designed around providing access to increased participation by select community representatives in the supply chain, in a way that tries to satisfy different interest groups in the communities whilst building local capacity to expand local procurement in the future.

As is often the case in the sector, conflict and opposition (partly inherited from previous operators) was a key driver for the company to review and "reinvent" its CSR and community relations. GSR has made a strong effort to intensify but also formalise its relations with the communities. Traditional leaders, interests groups, elected and opinion leaders play a central role in how they engage today. CSR agreements with the communities are detailed and seek to strengthen accountability and transparency for all parties around a balanced allocation of resources and opportunities.

GSR's community relations show a degree of sophistication that is uncommon in mining operations in countries with a less mature extractive sector, and show the ability of the company to bridge its CSR and core business operations. LOCOMS for example illustrates that CSR initiatives can even be good for business. Less clear, however is the knock-on effect of the community operations of many of the 'elite beneficiaries' of GSR's initiatives (traditional authorities, opinion leaders and interest groups), which are expected to create opportunities in the communities.

GSOPP

With GSOPP, the company has ventured outside its core business and is creating value and employment opportunities in a completely different value chain to its core business. Given the demand for palm oil and the growth potential of the project, GSOPP could be profitable even without the US\$1 per ounce of gold produced support. The choice of value chain was therefore very relevant one for the area.

GSR maintains tight control over GSOPP operations. It has formed an alliance with local leaders and applies protocols to ensure that genuine local residents are selected as those that have access to participate in the benefits of the plantation. The GSOPP management team runs every aspect as a large business while providing capacity development to workers and farmers. Protocols are in place to benchmark farmer performance and assist and incentivise and motivate participating farmers to learn and apply advanced skills. The business model however does not appear to incentivise active

participation of smallholders or community leaders in the management and expansion of the project. Farmers can also choose to play a passive role and simply collect the rents from their assigned lot in the plantation every month. The same is true for the traditional authorities that once land is put into production, receive their portion of the revenue as a share-cropping tribute.

While GSOPP is centrally managed –its offices are based at a GSR operational area– there are potential opportunities to empower the smallholders in their role as plantation ‘owners’. The plantation associations already play an interface role between GSOPP and smallholders and have some say in contracting local workers for maintenance and harvesting services. As GSOPP moves into processing, there may be opportunities to gradually move towards a new governance structure of GSOPP and strengthen local communities’ agency in the production of palm oil. As the project further expands and grows (perhaps even with the acquisition of a milling plant) there may also be opportunities to revisit GSR’s leading role in the everyday management of the plantation/value chain.

That said, since GSOPP is still a key component of the company’s community relations, the ‘Golden Star’ banner is key to maintain the project’s flagship status. GSR has a strong interest in ensuring that GSOPP remains a successful and viable business entity – should GSOPP fail, despite any independence or autonomy from the main GSR business, the ‘fall-out’ of that failure would impact GSR. A more hands-off approach prior to full maturation of the project would therefore entail some risk for the company. GSOPP also seems to be a key bargaining chip for the company when negotiating with community leaders, and in particular with the chiefs over land access and land use. A more hands-off approach could also lower the political value of the project for GSR.

However, even under the banner of GSR, GSOPP and its community partners (farmers’ associations, chiefs) have an interest in exploring the sustainability potential of the plantation. Expansion will lower the importance of the 1\$/oz subsidy, and moving further downstream in the value chain with (a) local processing plants will require even greater management capacity for GSOPP, making it potentially less desirable to manage GSOPP directly as a GSR subsidized subsidiary.

Local elites actively seek to access income from mining as they have done since long before the liberalisation of the sector. With GSOPP they receive tributary income, which can potentially increase with the development and expansion of the project. They therefore have a vested interest in the success of these operations in the long run. In the short term, however pressure from the communities is very high, which can fuel disagreements over other issues, such as the release of previously mined land, or more acute issues such as resettlement of communities.

While GSOPP tries to provide benefits to community members in an equitable way, a potential missing link may be the absence of (independent) citizen oversight over the process. Western Ghana has a strong tradition of civil society advocacy in the gold mining sector that records and denounces misconduct, and even litigates on behalf of mining communities. CSOs and NGOs however do not play a significant role in the facilitation of community relations. CSOs generally act either as implementers of CSR projects, as part of PPPs (often for basic service delivery), or they operate as more activist watchdog organisations. GSR’s pragmatic way of working in the communities shows that there are opportunities and even a strong case to be made for organised citizens to play a more active role in company-community relations. Independent civil society facilitation of more sophisticated initiatives such as GSOPP or LOCOMS (whether implemented by a private company such as GSR, or part of a PPP or NGO funded program) can help ensure that the access to income and revenue from these operations is fair, transparent and most of all sustainable.

8.2. Implications for policy makers and civil society organisations

Middle-income countries are a testing ground for new forms of cooperation. In Ghana, donor agencies show a clear interest in moving beyond aid and engaging in PPPs and other partnerships, especially with capital-intensive industries such as gold mining. GIZ for example recently established a Business development unit in Accra, specifically to facilitate this type of cooperation, and is working with several mining companies and other industries to facilitate for-profit partnerships involving European companies. GSR presents a good business case for this type of cooperation, and is currently working

with the Ghana Health Service (GHS), Ghana National Health Insurance Scheme (NHIS), GIZ, and a variety of other companies and NGOs to pilot a range of preventative health care initiatives.

Projects like GSOPP illustrate that agencies that wish to work in the area have every interest to look beyond the 'business case' at what drives interaction between the different partners in a specific context, and how companies, civil society and local leadership interact in a context where traditional authority intersects with local elected governance and mining operations.

The relative isolation of many mining areas is often a defining factor for multi-stakeholder partnerships. In the absence of a strong and representative local government, or for that matter, any form of external (independent) facilitation, communities and companies will develop their own engagement strategies and/or coping mechanisms. The example of Bogoso and Prestea shows a particularly sophisticated approach to community relations. The company invested significant resources in mediation, communication and its relation with local leadership and opinion leaders in the communities. In doing so, GSR responds to tensions that were introduced with the criminalisation of small-scale and artisanal mining, but it also plays into a specific local governance situation by facilitating access to income and resources in coordination with a variety of local elites, effectively strengthening existing patronage networks in the communities.

Local governance in Ghana is very much elite-driven, and both elected and traditional authorities, as well as local elites are expected to promote development and create opportunities in the communities. The pressures on the chieftaincy to provide employment and benefits for local communities, for example is not too dissimilar to that to which elected officials are exposed. While the chieftaincy in Ghana is deeply entrenched in the politics of the country, working with traditional leaders alone is not a magic solution for engagement or development, but part of the contextual reality in which companies, civil society and development agencies operate.

This also shows that multi-stakeholder partnerships, even if they are successful, are not simply a neutral investment opportunity. The state of local governance in rural Ghana further reveals a constant tension between customary and common-law structures. Investing in community partnerships in Ghana's gold mining sector therefore requires first and foremost a solid territorial analysis, a thorough knowledge of the competing claims to resources and income and a clear view on the political economy of local governance that surrounds a partnership.

Donor agencies have more than technical skills and money, and when working with community partnerships in the extractive sector they can play an important role in facilitating an equitable and inclusive access to the benefits of mining-related income such as CSR initiatives for business development, while addressing the sensitive topic of local governance and citizen oversight on these operations. Companies also have a strong interest in deeper cooperation as it allows them to upscale their community relations and CSR, which benefits their social license in the long run. A key requirement however is that these multi-stakeholder partnerships are no longer confined to the 'private sector engagement' or 'PPP' silo and connected with existing and future local governance and civil society initiatives.

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