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Picks and ploughs: revitalising local economic development in rural sub-Saharan Africa

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Paper prepared for presentation at the “Mining, Agriculture And Development: Bread from stones?” A joint conference conducted by the Crawford Fund and the Africa Australia Research Forum, Perth, Western Australia, 26-27 August 2013

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Picks and ploughs: revitalising local economic development in rural sub-Saharan Africa

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Abstract



For decades, the rural development and poverty alleviation agenda in sub-Saharan Africa has emphasised support for smallholder farming and little else. Foreign large-scale miners and other industrial operators have complied, establishing agriculture-support services and programs for communities located near their activities. However, these interventions have yielded mixed results, largely because millions of rural African families have, over the course of the past two decades, diversified their income portfolios away from agriculture. One of the more popular destinations has been artisanal and small-scale mining (ASM) — low-tech, labour intensive mineral extraction and processing. This is a rapidly-growing informal sector of industry that provides a range of job opportunities; it has played an important role in nourishing debilitated smallholder farming activities, economically, over the past decade. In this era of globalisation, subsistence farming and rural non-farm activities such as ASM have taken on very different roles: the latter have become, in most cases, a principal source of income, including in many rural sections of sub-Saharan Africa; increasingly, the former has taken on more of a food security role for the rural household. This paper proposes measures for supporting and formalising ASM in rural sub-Saharan Africa.

Artisanal and small-scale mining, known as ASM, is generally recognised as all ‘low-tech’ labour-intensive mineral processing and extraction activity in the developing world. Its operators are engaged primarily in the extraction of precious minerals and stones.

This paper is about the linkages between ASM and agriculture in sub-Saharan Africa. I suggest that the ASM sector is mainly driven by poverty, that its growth is linked largely to the diminished viability of subsistence agriculture, and that it should be able to play a greater role in the poverty alleviation strategies of sub-Saharan Africa.

There is a general preoccupation with the sector’s negatives — the child labour, the environmental impacts, the health and safety issues — which fails to recognise that these negatives are in fact expressions of the sector’s perpetual informality. If it were formalised, many of these problems would certainly go away. Preoccupation with the negatives overshadows the positives of ASM: the fact that 20–40 million people are employed directly in the sector in the region, and six times that number depend on the sector’s existence for their livelihoods;

and that the sector makes important contributions to national mineral outputs. Why, then, is the policy space so small for this sector?

This paper critically reappraises a 'farm first' approach to rural development in sub-Saharan Africa, and in that context it explores the potential for a more integrated approach with special emphasis on an expanded role for ASM in the region. Against that background, it identifies ways in which to formalise ASM in sub-Saharan Africa.

Does a policy focus on agriculture help reduce poverty?

Countries in sub-Saharan Africa are in desperate need of innovative solutions to pressing poverty problems, particularly in rural areas. For short-term solutions to poverty I suggest there is much to be learnt from studying the informal sector, rather than condemning it, because in many respects it has formed as a reflection of prevailing economic conditions.

Globalisation has brought powerful global forces that have had marked impacts on trade, industrialisation and lifestyles in every corner of the globe. Yet, rather surprisingly, development policies and poverty alleviation strategies in sub-Saharan Africa, and in many other parts of the developing world, have not changed or responded very dynamically to these impacts.

Study of the dynamics of the informality that exists in rural sub-Saharan Africa can demonstrate how best to alleviate hardship.

In this region there is a flourishing ASM sector, which in fact is now the most important rural non-farm activity in Africa. This industry is not understood, nor do researchers care to study its dynamics. Mining companies hate it because ASM operators encroach onto their concessions. Governments hate it because it interferes with development plans, and NGOs hate it because they only seem to see the negative sides of the sector.

However, actually studying its existence reveals that its growth is simply a product of prevailing economic conditions: more specifically, a deteriorating farming sector. Hundreds of thousands of rural farm families have moved into ASM because fertilisers are no longer subsidised and farm-support structures have been dismantled. There are large companies which now control the agricultural market, and people producing devalued cash crops cannot compete with these large enterprises.

Initially ASM became popular as a seasonal vocation, but it has since become more permanent, to the point where it is now the more important source of income in a great number of rural households in the region, for example in Ghana, Sierra Leone, Liberia, Tanzania and Malawi. Agriculture now has more of a household food-security role, instead.

These two activities — ASM and agriculture — are now inseparable, with capital and labour flowing between the two over time, but governments cannot adopt a more integrated holistic approach which fosters support for both activities because of limitations in the 'machinery' of development policy. The world's poverty alleviation strategies for the region are nearly entirely farm-focused. The term 'policy machinery' in the case of sub-Saharan Africa refers to high-profile

donor-driven regional development initiatives and programs. Examples include the New Partnership for Africa's Development (NEPAD), Poverty Reduction Strategy Papers (PRSP), and the Millennium Development Goals.

Employment is the problem, because it is the rationale, in most cases, for intensifying support for farming as a solution to world poverty in sub-Saharan Africa despite the obvious limitations of such a strategy. Here are some examples. Ghana's first Poverty Reduction Strategy Paper, *An agenda for growth and prosperity, 2003* (IMF 2003) notes (p. 37) that 'Ghana is predominantly an agricultural country' with over 40% of the population employed in agriculture, and that (p. 36):

The change of the archaic, near-subsistence agricultural economy into a progressive, dynamic, entrepreneurial and profitable business will bring about structural change and change to the spatial organization of the rural environment.

In Tanzania it is much the same. The second PRSP Progress Report (IMF & URT 2000, p. 6) says: 'the poor are concentrated in subsistence agriculture...', leading policy-makers to subsequently note, in that country's third (PRSP) Progress Report (IMF & URT 2004, p. 6), that:

Constraints facing agriculture require expeditious actions with regard to financing mechanisms, investment and provision of support services.

In Mozambique, the initial PRSP (RoM 2001), *Action plan for the reduction of absolute poverty*, cites (p. 2): 'low productivity in the family agriculture sector' as a principal cause of poverty in the country. It outlines ambitious plans to expand activities through (p. 4):

the support of rural extension programs based on specific crops and technologies, as well as improvement in the financial system,...

Much like Tanzania, in Mozambique it is said that at least 50% of the population is employed in agriculture.

Are these actual *employment* percentages, as is believed? A friend of mine in Ghana once said to me, 'Gavin, everyone in Africa is a farmer'. The implication is that vast sections of the world's population engage in farming to produce food but not necessarily to generate income, and it is likely that the same could be said of a number of areas in rural sub-Saharan Africa today. Employment is something which is misdiagnosed, leading to sweeping generalisations, such as this statement in the World Bank's World Development Report in 2008, *Agriculture for development* (TWB 2007, p. xiii):

In much of sub-Saharan Africa, agriculture is a strong option for spurring growth, overcoming poverty, and enhancing food security. Agricultural productivity growth is vital for stimulating growth in other parts of the economy. But accelerated growth requires a sharp productivity increase in smallholder farming combined with more effective support to the millions coping as subsistence farmers, many of them in remote areas.

This misdiagnosis has huge implications for corporate social responsibility. Companies are forced to be creative and go beyond what is being said in policy to ensure that effective interventions are made. In, for example, Ghana, Tanzania and the Democratic Republic of Congo, such a misdiagnosis has caused

community-level frictions which have made expanding operations elsewhere difficult because communities have become sceptical.

When development policy says ‘farm first’ is a solution, then mining companies implement local economic development projects to promote agricultural activity, because in that way they are following the policy ‘guidelines’. Yet many of the activities they are promoting are the very activities that individuals in the area are abandoning in favour of ASM. There are a million small-scale gold miners in Ghana, over a million small-scale miners in Tanzania, and in Mozambique over 500,000 small-scale miners, the vast majority of whom are rural inhabitants who have branched out of farming. These dynamics are not captured anywhere in policy, and ASM is barely even mentioned in Poverty Reduction Strategy Papers. If ASM were to be mentioned, how receptive is policy to promoting ASM as a vehicle for development in rural sub-Saharan Africa? Not very.

About 15 years ago the International Labour Organization (ILO) published its landmark report *Social and labour issues in small-scale mines* (ILO 1999), which effectively explains how we are creating informality in the sector, and all the problems identified at the beginning of this paper. It says:

Small-scale mining is bedevilled with too many regulations that are mostly designed to constrain it... There is therefore little incentive for small-scale mines to conform, particularly if the risks of being caught and of sanctions being applied are minimal. If small-scale mining is to be encouraged to operate legally, legislation must be (at least) even-handed in allowing small-scale miners access to suitable land for prospecting and mining activities. It must be ‘user friendly’ as far as the issuing of permits and the granting of licences are concerned — permits that provide clear security of tenure for a reasonable period so that small-scale mining can become established.

The problem is that there is not much of a policy space for ASM anywhere. There are formalisation frameworks, but regulations are difficult to comply with, and are designed by people who are not in tune with the realities on the ground. Licences are costly for these people. Governments recognise that artisanal and small-scale miners are driven by poverty, and then it charges them large fees to get licences. There is a bias towards prioritising the development of large-scale mining, in mining policy. Governments tend to turn to ASM only after the requirements for large-scale mining have been sorted out. Competing local-level actors, such as chiefs, make things very difficult, demanding miscellaneous payments in the informal economy, but because ASM is disconnected from the regulatory frameworks these things cannot be readily rectified by the authorities. There are delays with licences and decisions on licences, and in the end people simply forget about getting a licence and decide to take their chances in the informal economy. These situations ultimately *create* informality, and it is baffling to see how governments in Africa fail to recognise or address it.

Can the situation be improved using existing formalisation frameworks? The following measures are proposed for supporting and formalising ASM in rural sub-Saharan Africa.

- (i) Be more proactive in demarcations of areas where ASM can be formalised, such as the alluvial areas that mining companies are not interested in using.

- (ii) Rather than waiting for the mining companies to release land, pressure them to free up areas of their concessions that they are not using. Africa has 21st Century mining legislation, and most African countries have transferrable mineral titles, so land release is a possibility.
- (iii) Simplify the licensing system for the small-scale miners. Although these people are labelled 'poverty driven', the complex systems involved in licensing suggest that governments really do not recognise that poverty.
- (iv) At the same time, relax the focus on agriculture. Agriculture is part of the solution, but not the whole solution to poverty.
- (v) Look at agriculture as a path to food security for subsistence farmers, and less as a way of earning an income to alleviate poverty.
- (vi) Study the synergies between ASM and food production so they can be developed, as the most effective way forward.

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