'EARTH SHATTERING'

RESEARCH REPORT

Opportunities for Financial Sector Engagement at the Nexus of Modern Slavery and Natural Resources in Africa

UNITED NATIONS UNIVERSITY
Centre for Policy Research

FAST
FINANCE AGAINST SLAVERY & TRAFFICKING

UNITED NATIONS UNIVERSITY
UNU-INRA
Institute for Natural Resources in Africa

Author Biographies

The United Nations University Institute for Natural Resources in Africa (UNU-INRA) and the United Nations University Centre for Policy Research's (UNU-CPR) *Finance Against Slavery and Trafficking (FAST)* initiative prepared this report of the 'Earth Shattering' rapid research project, under the technical leadership of Dr Fatima Denton, Director of UNU-INRA, and Dr David Passarelli, Executive Director of UNU-CPR.

FAST is a multi-stakeholder initiative based at UN University Centre for Policy Research aiming to mobilize the financial sector against modern slavery and human trafficking. FAST is a knowledge partner for Governments, Multilateral Organizations and financial sector actors alike. Through its alliance-building and survivor-informed approach, FAST works with its partners around the world, to end modern slavery and human trafficking in line with the UN Sustainable Development Goals (SDGs), in particular SDG 8.7.

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[1] Interviews of cocoa farmers and labourers gathered by the University of Liverpool and Kwame Nkrumah University of Science and Technology in 2018-19.

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AML	Anti-Money Laundering
ASM	Artisanal Small-Scale Mining
BOG	Bank of Ghana
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CFT	Countering the Financing of Terrorism
COCOBOD	Ghana Cocoa Board
CRC	Convention on the Rights of the Child
CSO	Civil Society Organization
ESG	Environmental, Social and Governance
EITI	Extractive Industries Transparency Initiative
FAST	Finance Against Slavery and Trafficking
FATF	Financial Action Task Force
GDP	Gross Domestic Product
GHC	Ghanaian Cedis
ICCPR	International Covenant on Civil and Political Rights
ILO	International Labour Organization
LBC	Licensed Buying Companies
MSHT	Modern Slavery and Human Trafficking
NGO	Non-Governmental Organization
SDGs	Sustainable Development Goals
UNU-CPR	United Nations University Centre for Policy Research
UNU-INRA	United Nations University Institute for Natural Resources in Africa
USD	United States Dollar
WFCL	Worst Forms of Child Labour

EXECUTIVE SUMMARY

Modern slavery is a term used in this report to include 'forced labour, debt bondage, forced marriage, other slavery and slavery like practices, and human trafficking'. Between 2017 and 2021, the number of people in forced labour and forced marriage globally rose from 40.3 million to 49.6 million – an increase that makes Sustainable Development Goal 8.7 (SDG 8.7) to eradicate modern slavery appear further out of reach.

This increase had been forecasted[i] in the context of the COVID-19[ii] and climate change[iii] megatrends. The Earth Shattering project aims to gain insights into the nexus between modern slavery and natural resources, to identify new evidence, raise awareness, and catalyse new ways in which the financial sector, governments, and multilateral actors can synchronize their actions to tackle risks and abuses.

To do so, it examined the driving forces of modern slavery in the gold mining and cocoa growing areas of the Ashanti and Western Regions of Ghana to identify opportunities for the financial sector to: (1) improve the identification of illicit flows from slavery and trafficking, and (2) increase protection for vulnerable communities.

The financial sector comprises bankers, investors, regulators, insurers, and financial partners of these global billion-dollar value chains. This sector has enormous potential leverage and "unparalleled influence" to identify, address, and prevent modern slavery. The recommendations in this report show how, through working effectively with governments, the private sector, civil society, and multilateral actors, the financial sector can synchronize action to successfully identify illicit flows, support victims to gain access to remedies, and tackle and prevent modern slavery in communities affected by high-risk agricultural and ex-tractive sectors.

The research discovered that not only were the gold and cocoa sectors geographically linked, but they also intersected with environmental issues, pandemic policy responses, and climate change in ways that collectively exacerbated modern slavery vulnerabilities within affected local communities.

The Findings

The study identified environmental, social and governance risks driving vulnerabilities to modern slavery in communities affected by ASM and cocoa farming. These risks are related to three themes: climate change and environmental damage; labour rights and practices; and poverty and financial exclusion

CLIMATE CHANGE.

Climate change had an iterative impact on the risks in cocoa producing and ASM communities. Its negative effect on cocoa yields, meant farmers sought cheaper pesticides, cheap or free labour or turned to ASM which further damaged the land and water. The dangerous effects of climate change and environmental damage on ASM meant that miners either lost earnings and fell deeper into debt bondage with their 'sponsors,' or risked working in more hazardous conditions. Similarly iterative were the risks to children and women when situations of poverty required them to work, even within the family, in hazardous and exploitative conditions.

LABOUR RIGHTS AND PRACTICES.

The study found that the engagement of labourers (cocoa farms) and miners (ASM) always involves an informal employment relationship, and their vulnerability to labour abuse is high. Farmers, labourers, and miners stated that they are not entitled to any insurance scheme or annual salaries. Farmers specifically indicated that they did not qualify for access to social protection payments during the COVID-19 pandemic. Without being a member of a cooperative or being involved in initiatives designed to address traceability and sustainability, farmers experienced lower productivity and more limited access to some financial services from banks. Low literacy levels can also exacerbate workers' vulnerability.

POVERTY AND FINANCIAL EXCLUSION.

Exclusion from financial services by properly regulated, formal financial institutions can force financially struggling miners, farmers, and labourers to rely on informal economic arrangements. This exposes already vulnerable populations to the risks of perpetual debt bondage, loss of land, and/or wage theft. For instance, small-scale miners reported depending on powerful business cartels and owners of mining concessions for credits that are in most cases difficult to redeem, subsequently exposing miners to debt bondage. Farmers reported that they could not access business support from financial institutions because they were considered "thin-file", high-risk clients. This meant that they relied on informal loans, which made them vulnerable to abuse, and they struggled to demonstrate to cocoa buyers the transparency of their employment practices, e.g., wage payments to labourers.

The financial sector - the bankers, investors, insurers, and financial partners of global billion dollar cocoa and gold value chains - has enormous potential leverage and unparalleled influence to respond to these risks in how they identify, address, and prevent modern slavery.

The sector's Environment, Social and Governance (ESG) goals are used to frame the report findings about the increased risk and vulnerability to slavery and trafficking for populations dependent on these sectors:

Environment

- Climate change was described as impacting on both sectors, which are often located in the same geographical areas, in diverse ways. Unseasonable droughts, elevated temperatures, and heavy rainfall were devastating yields for cocoa. For gold, the same climate issues were increasing the dangerous and exploitative circumstances in which the miners worked.
- Farmers noted that they engage in ASM to complement their low income from cocoa, which has negatively impacted cocoa production. ASM activities, at times illegal, have contributed to environmental destruction, which can have dire consequences, both gender- and age-specific, on a community's health and farming activities.
- Land rights are often at risk from activities within these value chains. Because cocoa farming is often not profitable, the sale of cocoa farms for ASM activities poses serious risks to health, human rights, the environment, and a sustainable future for cocoa and other forms of agriculture.
- The high cost of inputs such as fertilizers, pesticides, weedicides, and spraying equipment, and a lack of cash flow, has multiple impacts on farming families, the environment, and crop yields. There is a danger that more affordable, but more damaging chemicals, will be used in place of those more closely regulated.


Photo: Unplash/Etty Fideie

Social/Socioeconomic

- Miners and farmers stated that low levels of income and precarious incomes increased their and their families' vulnerability to exploitation and abuse in multiple ways.
- Domestic and foreign workers are reportedly moving increasingly into illegal ASM activities rather than their initial aim of working on cocoa farms. This means poor and untrained miners vulnerable to exploitation and abuse.
- Labour shortages due to the lure of ASM and COVID-19 have adversely affected land preparation activities, farm maintenance, and cocoa harvesting. This has disproportionately impacted children, older and less able farmers, and women.
- The absence of monthly salaries or income for farmers and miners threatens their livelihoods and the livelihoods of their families. For example, miners discussed circumstances akin to debt bondage, wherein they borrow from "sponsors" to be able to buy equipment for mining, then must repay these sponsors from any gold prospected. These payments continued to be collected during the COVID-19 pandemic, even though mines were closed and the miners were unemployed.
- Some banks provided farmers with access to basic banking services and mobile money wallets during the COVID-19 pandemic. However, these services did not include business support, such as access to working capital. This prevents farmers from building a credit history to access much-needed loans and developing payroll solutions for workers.
- Moreover, farmers given mobile money accounts in the cocoa sector during this period did not always have the literacy or digital literacy skills to understand how to manage their accounts. This left them open to exploitation and abuse by others offering to be "intermediaries".
- Digital exclusion and poor internet coverage were additional challenges preventing farmers in the "last-mile" - remote areas not served by brick-and-mortar banks – from adopting digital payments.
- In May 2022, the Ghanaian Government's e-levy on electronic transactions, including mobile money payments, came into effect. This tax could increase the risk of some already low income farms farmers relying on child labour and/or turning to exploitative migrant labour.
- Accessing credit was a recurring issue for farmers and miners. For those who managed such access, interest rates were said to be too high and the repayment schedules too rigid for such uncertain sectors.

Governance

- There was little evidence of internal structures and processes within the local financial sector to manage issues of modern slavery risks.
- Awareness of modern slavery and human trafficking, and of the financial sector's role in identifying, addressing, and preventing this phenomenon, was described by those working in the country as generally low. The sector could better integrate managing the risks of modern slavery into processes for good governance and due diligence.
- Undertaking due diligence on loans and investments can increase the transparency of transactions and labour practices in both cocoa and gold value chains.
- Gold is a crucial investment commodity for the financial sector and an essential component in the financial reserves of nations. During the COVID-19 pandemic, the Ghanaian Government stated its intention to build up its reserves exclusively from domestically produced gold, and globally, investors promoted it as a stable commodity. Ensuring internal processes for good governance and due diligence in relation to this value chain is therefore especially important.

Photo: Pixabay/Mariusz Prusaczyk

All parts of the financial sector can play an essential role in collaborative efforts to identify, address, reduce, and prevent modern slavery and human trafficking. The sector's role in supporting the environment and human rights due diligence, and identifying illicit flows, especially relating to these value chains where modern slavery risks should be anticipated, is of great importance. Recommendations in this report are made in these 6 key areas:

1. Increasing sensitization among national and international financial actors and institutions on their role in identifying, addressing, and reducing modern slavery relating to cocoa and gold value chains.
2. Increasing the financial sector's participation in collaborative efforts to identify, address and reduce modern slavery
3. Improving national and international financial intelligence and AML activities with respect to modern slavery in value chains
4. Improving access to, and usage of, financial products and services for vulnerable populations
5. Facilitating access to remedy for survivors of modern slavery
6. Reducing and managing environmental and social risks as part of due diligence on agricultural and extractive value chains

1. INTRODUCTION

Illicit financial flows – movements of money and assets across borders that are illegal at source (e.g., human trafficking) or during their transfer and use – are said to drain almost USD 89 billion each year out of the continent of Africa and add to the challenge of achieving the Sustainable Development Goals (SDGs), especially SDG 8.7 to eradicate modern slavery by 2030 (child labour by 2025). Modern slavery is a term used to include "forced labour, debt bondage, forced marriage, other slavery and slavery-like practices, and human trafficking".

Research indicates that Africa has a high risk of vulnerability to modern slavery, including all forms of exploitation, such as forced labour, child labour, and human trafficking. The continent is estimated to have 3.8 million people in forced labour and a further 3.1 million in forced marriage. Since 2017, an additional 400,000 adults and children in Africa have been coerced into forced labour.

Vulnerability to exploitation is made further acute in the context of weak governance or where unmet needs exist and social inequality, disenfranchisement, and conflict are present. These structural factors are exacerbated by socially constructed markers such as race, gender, class, and caste, as well as unfavourable market conditions, poverty, and inadequate opportunities to develop marketable skills.

The region referred to as 'Sub Saharan Africa' (SSA) experiences many of these issues and is highly economically dependent on the natural resources sector – specifically, minerals and agriculture. These sectors are two of the five which account for 87 per cent of forced labour globally and are therefore high risk for modern slavery.

Global Slavery Index data from 2017 estimated that in Ghana approximately 133,000 people were living in modern slavery, with 52.16 in every 100 people in the country viewed as vulnerable to enslavement, especially in agriculture, gold-mining, and fishing.

Modern slavery, notably the use of child labour in artisanal and small-scale mining (ASM) and cocoa farming, has been a long-standing challenge for Ghana. The continuing presence of this problem, especially in illegal mining sites, underpins the US State Department's "Trafficking in Persons" report (2021), which asserts that despite significant efforts by the Government of Ghana to eliminate human trafficking, the country remains in the Tier 2 watchlist category[iv].

Ghana has ratified numerous international and regional human rights treaties and its National Constitution states that ''No person shall be held in slavery or servitude" and ''No person shall be required to perform forced labour". The country has set up anti-trafficking institutions and infrastructure, including a Human Trafficking Management Board, all working closely with international bodies. However, modern slavery persists in the cocoa and gold sectors, value chains with high foreign exchange earnings. These sectors, which often inhabit the same land in Ghana, are also known to be affected by climate change and contribute to environmental damage.

The Earth Shattering research project, jointly undertaken by UNU-CPR and UNU-INRA, gives an insight gain an insight into the nexus between modern slavery and natural resources in the con-text of the COVID-19 and climate crisis megatrends. It examined the driving forces of modern slavery in the artisanal

gold mining and cocoa sectors in the Ashanti and Western Regions of Ghana to identify opportunities for the financial sector to improve environment and human rights due diligence, to increase the identification of illicit flows from modern slavery and human trafficking (MSHT), and to contribute to increased protection for vulnerable communities that are most at risk.

This in-depth research report will be accompanied by a briefing note and a series of opinion articles by Knowledge Consortium members.

1.1. Rationale: Why gold and cocoa value chains in Ghana?

In 2020, the highest and the third highest foreign exchange earning commodities for Ghana were gold (USD 5.93 billion) and cocoa (USD 1.28 billion), respectively. Gold production in ASM compared to large-scale mines is small, but it is still responsible for about 20 per cent of the world's gold supply. Gold mining contributes about 7.9 per cent to Ghana's gross domestic product (GDP), with over a million people engaged in ASM[v]. The country's gold export revenues increased from USD 3.21 billion in 2015 to USD 6.8 billion USD in 2020.

Cocoa production has been a major pillar of Ghana's economy since the 1870s (Food and Agriculture Organization, 2018). It dominates the agricultural sector and contributes about 30 per cent of the country's export earnings, as well as generating about USD 2 billion in foreign exchange annually. Ghana is the second largest cocoa producer in the world, second only to Côte d'Ivoire. Around 800,000 farmers are directly engaged in the sector, which also indirectly supports the livelihoods of several thousand others in the agricultural, commerce, service, and industrial sectors of the Ghanaian economy.

These two sectors, cocoa and gold mining, often co-exist in the same rural communities in Ghana, bringing persistent risks of environmental damage and exploitative labour conditions. Of the 30,000 people in modern slavery within the cocoa value chain and the 1.56 million children estimated to be working illegally in cocoa, at least 10 per cent of these populations are believed to be in Ghana[vi].

Table 1 below shows that between 2012 and 2018 the number of children engaged in agricultural activities fell from 2,168,180 to 1,519,659. With regards to those engaged in mining and quarrying activities, the number fell from 12,016 to 6,258.

Table 1: Children engaged in child labour

Economic Activity	2012/2013				2017/2018			
	5-12yrs	13-14yrs	15-17yrs	Total	5-12yrs	13-14yrs	15-17yrs	Total
Agriculture (including forestry and fishing)	1,120,989	441,225	605,967	2,168,180	639,479	345,092	535,087	1,519,659
Mining and Quarrying (including electricity, gas, and water)	4,173	2,308	5,535	12,016	844	2,172	3,242	6,258

Source: Crabbe et al., 2020.[vii]

Nonetheless, inkeeping with the global estimates of modern slavery these downward trends are expected to have risen due to the impacts of COVID-19 (e.g., rising unemployment and children out of school) and climate change (drought specifically).

Gold mining – with its complex global supply chains, multiple stakeholders, and labour-intensive tasks – is highly prone to modern slavery. Child labour and is reportedly wide-spread in ASM. More than one million children are engaged globally in child labour in mines and quarries, with 400 identified in Ghana by a Human Rights Watch study in 2015. The majority (61 per cent) were between the ages of 15 and 17 years, 33 per cent were between the ages of 10 and 14 years, and 6 per cent between the ages of five and nine. Children living with relatives or guardians were more likely to work in mines than those living with their parents. Toxic mercury exposure is a significant concern for child labourers and children living in communities affected by ASM. Similarly, physical and chemical hazards are said to affect a third of children in Ghana's cocoa sector.

1.2. Research methodology

This qualitative rapid research project, undertaken by UNU-CPR in partnership with UNU-INRA, undertook literature reviews and empirical data collection and analysis of both primary and secondary data. Expert interviews and interviews with people in affected communities were undertaken within regions noted for cocoa farming and mining activities in past decades, the Ashanti Region, Western Region, and the capital city, Accra. Table 2 presents a summary of the number of interviews conducted during the study.

Table 2: Number of Interviews conducted.

Groups	Interviews
ASM miners	35
Cocoa farmers	47
Government institutions	3
Financial institutions	6
Cocoa/mining-sector NGOs	4
Civil society organizations	1
International cocoa company	1

Additional activity to gather insights and validate preliminary findings included:

- **Regular consultations with the Knowledge Consortium**, made up of fifteen members from Ghana and West Africa with various areas of expertise, such as finance; natural resource management; activists; researchers on modern slavery, human-trafficking, mineral governance, and extractives; and the representatives of modern slavery organizations. The Knowledge Consortium served as a steering group and contributed to the conceptual framing. As part of its mandate, the Consortium was engaged as 'critical friends' in validating the research findings in June 2022, which was attended by representatives from fifteen stakeholder institutions at national and international levels.
- **A joint roundtable delivered by UNU-INRA and UNU-CPR's FAST initiative and Delta 8.7 project**s, held in Accra in February 2022, engaged national stakeholders on the nexus between modern slavery, COVID-19, environmental degradation, and climate change.

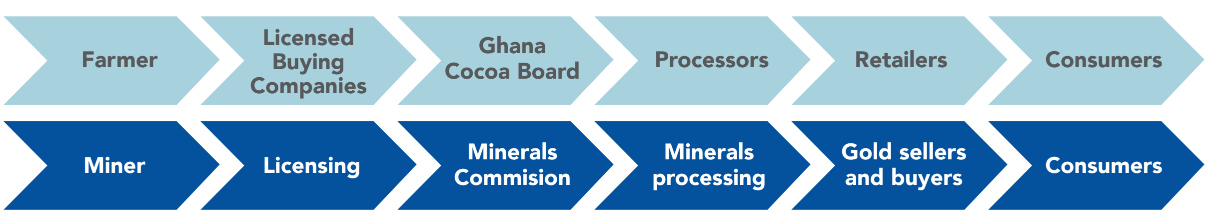
1.3. Research analytical framework

This research project analyses the nexus between the gold and cocoa value chains and modern slavery to identify when and where the financial sector can support improvements for identification and prevention. The assessment covered the value chain of the two natural resources, as presented in Figure 1 below:

In the process of analysing the value chains, the study looks at the gold value chain from the licensing process to the extraction and buying of gold. The value chain in the gold mining sector can be categorized into five main phases: the award of contracts and licenses, exploration and extraction, the collection of taxes and royalties, revenue management and allocation, and development outcomes. Under these broad headings are key activities that constitute the value chain: mining, licensing, mineral processing, gold buying and selling, and the connection with consumers.[2] The Minerals and Mining Act (2006, Act 703), requires that every operation and related small-scale mining activity be licenced by the Minerals Com-mission in its nine district offices. A small-scale gold mining licence for a concession of one to five acres is subject to Government review and approval every three years, while concessions of five to 25 acres must be renewed every five years[viii]. Only Ghanaian nationals aged 18 years or older are eligible to apply for small-scale mining licenses and to undertake mining activities. Small-scale mining operations are carried out over an area of land in accordance with the number of blocks prescribed, which is usually a maximum of 25 acres[ix]. The most common items of equipment used are simple hand tools such as picks, axes, sluice boxes and shovels, water pumps, explosives, and washing plants. The gold extracted is sold to individual gold buyers, and the gold is then used for a variety of products, including jewellery. National Government policy gives the Bank of Ghana (BOG) the right to purchase any amount of gold mined domestically to augment reserves.

The study examines the cocoa value chain from the perspectives of inputs, production, post-harvest processing, and market access. The major players in the cocoa value chain in Ghana are farmers, licensed buying companies (LBCs), and the Ghana Cocoa Board (COCOBOD). Through COCOBOD, the Government remains a key player in the cocoa value chain, selling beans in the central market and regulating the price for producers and buyers. Generally, cocoa is grown and harvested by farmers who ferment and dry the cocoa beans before sale to the LBCs. These companies then store bagged beans for quality checks. According to COCOBOD, there are 46 LBCs in the market, the largest of which has a 31 per cent share of the market and is publicly listed. The two leading private buyers have a combined market share of 25 per cent. Over 80 per cent of the beans purchased by the LBCs are shipped abroad in raw form, meaning that value is added in other markets. There are about nine companies responsible for processing the remaining 20 per cent of cocoa domestically. This processing is largely limited to the production of semi-finished goods, which are then exported or consumed locally. The processing segment is dominated by three multinationals (Cargill, Barry Callebaut, and Olam), which have a combined market share of 71 per cent.

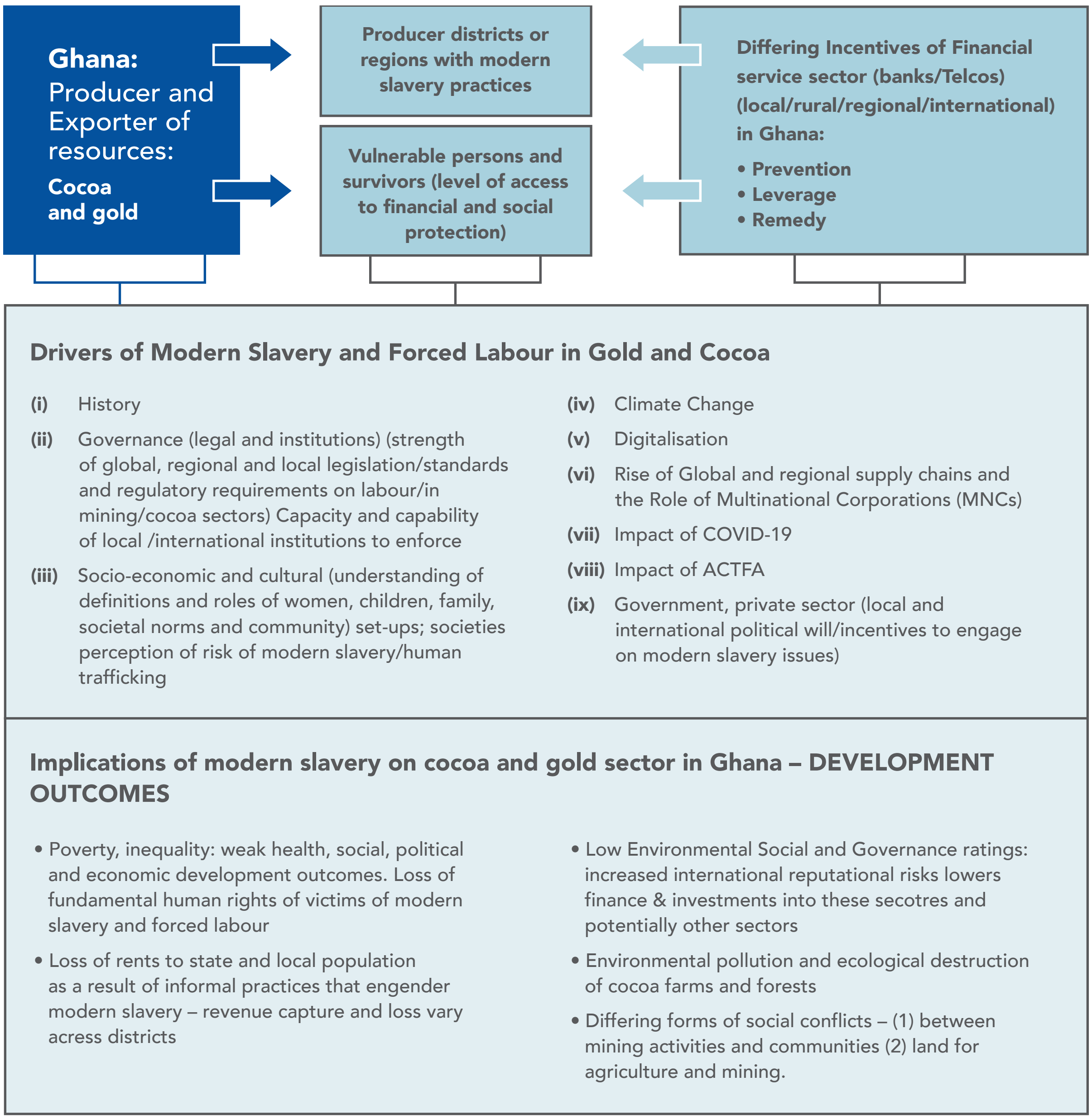
Figure 1: Finance in the cocoa and gold value chains



[2] A detailed description on the stages of the gold value chain is presented in Annex A: Gold value chain

In exploring the role of the financial sector, the study acknowledges four main categories of institutions: (1) capital markets, (2) insurance, (3) pensions, and (4) banks and non-bank financial institutions. However, in this study, the focus will be placed mainly on banks, which are major financiers of, and investors in, the activities of cocoa and gold production in Ghana. Figure 2 below presents the conceptual framework of the study.

Figure 2: Conceptual Framework of the study



Source: Authors' construct (2022).

This rapid study gained access to the rural, national, and international banking sector, as well as the BOG. However, it is acknowledged in this report that non-banking financial institutions are also involved in providing services, especially digitization and mobile money initiatives, within affected communities.

2. ANALYSIS OF THE MODERN SLAVERY REGULATORY AND POLICY FRAMEWORKS

Experts outlined in their interviews several barriers to the enforcement of policies and legislation in Ghana's cocoa and gold sectors, related to perceived bureaucratic processes for regulating ASM activities, limited access to financial resources to address modern slavery, and limited understanding of, and misconceptions about, what modern slavery is.

The analysis below takes into consideration international definitions and concepts around MSHT and shows how they are understood and implemented in the Ghanaian legal, regulatory, and policy frameworks, both those specific to cocoa and gold and those specific to the financial sector.

Definitions and concepts

The study uses the International Labour Organization (ILO) definition of modern slavery as an umbrella term that "covers a set of specific legal concepts including forced labour, debt bondage, forced marriage, other slavery and slavery-like practices, and human trafficking"[x]. It also takes cognizance of the United Kingdom's Modern Slavery Act (2015) in accordance with Article 4 of the Human Rights Convention, which defines modern slavery as "holding a person in slavery or servitude or requiring a person to perform forced or compulsory labour". The UK's Modern Slavery Act is unique, being described as the first national legislation to use the term 'modern slavery' and to explicitly target 'slavery' as opposed to 'human trafficking', 'forced labour', or slavery in other terms.

Modern slavery operates at all levels (local, national, and international) and involves a substantial number of source and transit countries. Empirical evidence suggests a connection between slavery and problems such as corruption, conflict, poverty, discrimination, weak rule of law, poor or declining economic conditions, and adverse environmental change[xi]. Modern slavery most often occurs in industries that are labour-intensive, low skilled, and under-regulated[xii]. It is more prevalent in areas with large numbers of people working in slave-like conditions in sectors such as mining, agriculture, and manufacturing, producing products for local consumption or export to more affluent countries. Slavery activities are major violations of human rights, and many industries or sectors may be oblivious of the potential risks of modern slavery in their supply chains.

Vulnerability to modern slavery is a complex interplay of variables. This includes the existence, or lack of, social protection; respected rights; physical safety and security; and access to basic needs such as food, water, and health care. It is also impactedby patterns of migration, displacement, and conflict[xiii]. However, the main underlying cause of modern slavery is poverty and a lack of money[xiv].

Child labour is defined by the ILO as work that deprives children of their childhood, potential and dignity, is hazardous to their physical and mental development, and interferes with their education. ILO Convention 182 forbids the "worst forms of child labour" for anybody under the age of 18, which means work that is likely to affect children's health, safety, or morality due to its nature or the conditions under which it is carried out.

2.1. Modern slavery regulatory and policy frameworks (International and Ghana)

International guidelines that impact on businesses in Ghana include the UK's Modern Slavery Act (2015); Australia's Commonwealth Modern Slavery Act (2018); the Modern Slavery Acts and the Global Magnitsky Human Rights Accountability Act in the United States (2016); the Netherlands' Child Labour Due Diligence Law (2019), *Wet Zorgplicht Kinderarbeid*; Germany's Supply Chain Due Diligence Act (2021) which comes into force in 2023; and the EU's Draft Mandatory Human Rights and Environmental Due Diligence Directive (2022). These pieces of legislation are applicable to all companies and international operations, including banks and investors, and therefore have relevance to their activities in other countries.

Ghana has ratified, and is a signatory to, the following international human rights and labour rights treaties, conventions, agreements, and protocols: the International Covenant on Economic, Social, and Cultural Rights (ICESC); International Covenant on Civil and Political Rights (ICCPR); Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW); Convention on the Rights of the Child (CRC); Conventions of the International Labour Organization (ILO); the African Charter on the Rights and Welfare of the Child; and the African Charter on Human and Peoples' Rights.

The Ghanaian legal framework for child labour and human rights is derived from provisions enshrined in the 1992 National Constitution. Key labour and human rights that relate to modern slavery in the 1992 Constitution include: the right to life (Article 13); the right to personal liberty (Article 14); human dignity (Article 15); protection from slavery and forced labour (Article 16); economic rights (Article 24); cultural rights (Article 26); and children's rights (Article 28). Additionally, there are provisions for human and labour rights in the legal system through Parliamentary Acts and legislative Instruments, including:

- Children's Act (1998) (Act 560): enacted in accordance with the Constitution's Article 28. It regulates children's rights, maintenance, and adoption. This Act prohibits any-body under the age of 18 from working in cocoa and gold mining.
- Labour Act (2003) (Act 651): covers a broad range of labour issues, most importantly the employment of young persons, the employment of women, protection of remuneration, forced labour, occupational health and safety, and labour inspection.
- Human Trafficking Act (2005) (Act 694).
- Criminal and Other Offences Act (1960) (Act 29).
- Domestic Violence Act (2007) (Act 732).

Government policies and action plans on human rights and labour rights focusing on child labour include: (1) the Child and Family Welfare Policy (2015); (2) National Plan of Action Phase II on the Elimination of the Worst Forms of Child Labour (WFCL) (2017-2020); and (3) the National Plan of Action for the Elimination of Human Trafficking in Ghana (2017-2021). During the period of this study, the National Plan of Action was being updated by the Ministry of Gender, Children, and Social Protection.

The study noted that all stakeholders interviewed cited the ILO Conventions on the WFCL (182), and the minimum age of work (138), which Ghana has ratified. Few stakeholders cited the forced labour convention, except for NGOs working directly on forced labour is-sues. Governmental and finance institutions seemed to be less knowledgeable or familiar with the concept of forced labour or the associated provisions.

2.3 Cocoa sector-specific modern slavery policy and legal framework

The global chocolate market is expected to grow from USD 138.5 billion in 2020 to 200.4 billion by 2028, growing at a compound annual growth rate of 4.8 per cent between 2021 and 2028. However, modern slavery issues, especially child labour, persist. Specific actions have been taken in terms of policy and law over the past two decades to address this:

- The Harkin–Engel Protocol (Cocoa Protocol) was signed in 2001.
- The Ghanaian Ministry of Employment and Social Welfare developed the 'Hazardous Child Labour Activity Framework' for the cocoa sector in 2008. This contains information on issues such as: hazardous activities prohibited for children's participation (below 18 years of age), permissible work in cocoa production and recommendations for various groups of children in Ghana, and general recommendations for children's participation in cocoa farming, taking cognizance of international and national laws that protect children and the perception of communities and national stakeholders in Ghana.

2.4. Gold sector-specific modern slavery policy and legal framework

International legislation, guidelines, and laws have been put forward by various international organizations, corporations, and governments in developed economies targeting human rights and modern slavery issues, as well as focusing on achieving sustainability and environment, social, and governance (ESG) goals across the gold value chain. These include:

- The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas[xv] and its specific supplement on gold.
- In 2019, the World Gold Council developed the Responsible Gold Mining Principles (RGMPs) which highlight standards that gold mining companies are expected to comply with towards the realization of the SDGs. The RGMPs provide a framework for ESG principles, which sets out "clear expectations for consumers, investors, and the downstream gold supply chain as to what constitutes responsible gold mining".
- The OECD Due Diligence Guidance for Responsible Business Conduct, and the Extractive Industries Transparency Initiative (EITI). The EITI has been at the forefront of ensuring that companies operating in all member countries, of which Ghana is one, are made to publicly disclose their 'beneficial ownership' by specifically providing information relating to their names, dates of birth, nationalities, countries of residence, national identity numbers, and residential or service addresses, etc.
- The International Council on Mining and Metals defines principles and standards to ensure responsible gold mining and the achievement of ESG goals.

2.5. Financial sector-specific modern slavery policy and legal framework

Some of the key international frameworks and policies which apply to the financial sector in relation to business and human rights are:

- The 2011 United Nations guiding principles on business and human rights.
- The UN Global Compact.
- The Financial Conduct Authority.

In Ghana, the BOG is the overall supervisory and regulatory authority in all matters relating to banking and non-banking financial business within the economy as a whole. There are few specific national policies that relate to the financial sector's role in promoting business and human rights, although the country is in the process of developing a National Action Plan on Business and Human Rights. Generally, related policies include a beneficial ownership provision that was reformed and inserted as part of company registration processes under the Companies Act (2019) (Act 992). The implementation of the Anti-Money Laundering (Amendment) Act, (2014) (Act 874) is supported by the national Financial Intelligence Centre. The Inter-Governmental Action Group against Money Laundering is a specialized institution of the Economic Community of West African States and acts as a Financial Action Task Force (FATF) Regional Body that promotes policies to protect West African member States' financial systems against money-laundering, terrorist-financing, and financing the proliferation of weapons of mass destruction. The 2016 FATF National Risk Assessment on Money Laundering and Terrorist Financing for Ghana identified *galamsey* (illegal small-scale) gold mining and farming as high-risk sectors.

The Sustainable Banking Principles developed by the BOG exist to govern social issues in the financial sector, including modern slavery in the mining and agricultural sectors, and this was confirmed by expert interviews. These principles are there to assist banks in responding to emerging global trends such as human security, anti-money laundering, socially responsible stewardship, information communication transparency and disclosure, corporate integrity, and environmental and climate change. However, experts said that modern slavery policies at international bank headquarters and Group level have "not yet socialized" throughout the national system. One bank estimated that they would expect to receive directives on modern slavery issues from their continental head office by the end of 2022.

Photo: Unsplash / Emmanuel Offei

3. RESEARCH FINDINGS

This section highlights two key drivers of modern slavery practices in the cocoa and arti-sanal small-scale gold mining sectors: labour rights and practices and financial exclusion. Further to this, the section presents evidence on the nexus between the finance, cocoa, and artisanal small-scale gold mining value chains, as well as a critical analysis of the nexus between the cocoa, gold, and financial sectors, and their intersections across ESG goals.

3.1. Key risks driving vulnerabilities to modern slavery

The research identified key risks that may increase the prevalence of modern slavery in these value chains. The first is related climate change and environmental damage. Climate change had an iterative impact on the risks in cocoa producing and ASM communities. Its negative effect on cocoa yields, meant farmers sought cheaper pesticides, cheap or free labour or turned to ASM which further damaged the land and water. The dangerous effects of climate change and environmental damage on ASM meant that miners either lost earnings and fell deeper into debt bondage with their 'sponsors,' or risked working in more hazardous conditions. Similarly iterative were the risks to children and women when situations of poverty required them to work, even within the family, in hazardous and exploitative conditions.

The second risk is related to labour rights and practices. The study noted that the engagement of labourers (on cocoa farms) and miners (ASM) always involves an informal employment relationship, which increases their vulnerability to labour abuse. Farmers, labourers, and miners all stated that they are not entitled to any form of insurance scheme, compensation, or salaries. Farmers stated that they did not qualify for access to social protection payments during the COVID-19 pandemic, and that not being part of the cooperatives or initiatives that are designed to address traceability and sustainability means lower pay and limited access to some financial services provided by banks. Reported low literacy levels in these populations exacerbate workers' vulnerability. Stakeholders have therefore highlighted the need for the inclusion of such farmers into Livelihood Empowerment Against Poverty programme designed to help impoverished and vulnerable households.

The third key risk area is poverty and financial exclusion. Exclusion from financial services by properly regulated, formal financial institutions forces miners, farmers, and labourers to rely on informal financial arrangements. This exposes already vulnerable and impoverished populations to the risks of perpetual debt bondage, loss of land, and/or wage theft. For instance, small-scale miners reported depending on powerful business cartels and owners of mining concessions for credits that are in most cases difficult to redeem, subsequently exposing miners to debt bondage. Farmers reported that they could not access business support from financial institutions because they were considered "thin-file", high-risk clients. This meant that they relied on informal loans, which made them vulnerable to abuse, and they struggled to demonstrate to cocoa buyers the transparency of their employment practices e.g., wage payments to labourers.

These risks for increased vulnerabilities appear in different ways and at different levels for different populations within the affected communities.

3.1.1. Cocoa farmers

According to reports from Fairtrade, farmers and cocoa producers only receive on average 6 per cent of the price consumers pay for the final chocolate bar. In Ghana, farmers who are members of cooperatives and participate in initiatives like Fairtrade, FairAfric, or the Rainforest Alliance benefit from the traceability and sustainability these programmes offer and the opportunity to receive higher prices for their crops. For example, FairAfric asserts that the cocoa farmers they work with in Ghana, who meet their standards, receive an organic premium of USD 600 per ton of the cocoa they produce, USD 200 higher than the government-fixed cocoa price of USD 400. The findings of this study suggest that within the cocoa farmer/producer group there are different levels of vulnerability relating to different roles.

> "Chocolate is a USD 100 billion industry, and we who produce 65 per cent of the raw material make less than USD 6 billion from the sweat and toil of our farmers."
>
> – Nana Akufo-Addo, President of Ghana[xvi]

Farmers are perceived by the study participants to be the poorest in the cocoa value chain. Many farmers interviewed were not part of the traceability/sustainability programmes and as "unsalaried" workers were negatively impacted by COVID-19 since they could not access social protection payments.

Seasonally employed cocoa labourers, often from northern Ghana and neighbouring countries such as Togo, are acknowledged by interview participants to be poorly paid. This study had limited access to the labourer group, and there is evidence to suggest that the vulnerabilities of this group are often invisible due to their transiency (see 3.1.3).


Photo: Unsplash / Kojo Kwarteng

3.1.2. Miners

Miners were described as "sponsored" rather than employed by mining sites. The main source of income comes from the sales of gold that the miners receive after processing the gold ore they have been able to collect. Informal arrangements between the site managers and other leaders of the sites, whom the miners call sponsors, decide how much the miners get. The sponsors are individuals who are not necessarily engaged in mining but provide financial assistance to the miners to support their livelihoods in return for a percentage of the ore the miners gather. This situation increases their vulnerability to abuse and exploitation. Miners described sometimes working for more than 24 hours in a pit prospecting for gold, with Sundays being the only day they do not work, such as in these interviews:

> We have people (sponsors) who provide financial support or loans to the miners. They cater for some expenses of the miners in return for a percentage of the ore gathered or gold recovered. So, after obtaining the ore, we take them to the grinding machines, grind it, then we wash. After recovering the gold, you then take it to whoever was helping you (sponsor) when you needed financial assistance. If the amount of gold is enough to pay for your debt, then that is fine. If not, you would have to plead and borrow money from this same person and come back to work with the hope of getting more gold to be able to settle your debt. So, this is what we go through. We have to work very hard and pray to get more gold, so that after pay-ing off your debts, you can have enough to support yourself and your family.

> There is a concession owner, who has a percentage in your output. It is not much; for every 10 sacks, you have to give him two. We have those who do the chiselling and others we refer to as sponsors; they also receive their percentage. Once your sponsor has invested in you and you know you have a debt to pay, I don't think you should even wait to be pressured by him before working. You should be eager to work hard and pay accordingly. Besides, you also have a share in whatever you ob-tain, so you need to work hard to earn enough, at least for yourself too.

The absence of formal employment relations between the miners and the management of the mining sites described also highlights that miners are not entitled to any form of salary, compensation, or insurance scheme. The study observed, and was informed of, a lack of safety equipment and emergency support systems; miners specifically described the absence of personal protective equipment and being prone to workplace hazards and injuries. The closest medical centres, located in neighbouring towns, needed renovation and improved medical facilities. The poor working environment and the absence of formal working arrangements meant that miners were at great physical risk and vulnerable to modern slavery, specifically debt bondage.

3.1.3. Migrants

The sporadic nature of ASM activities makes it difficult to know the specific number of en-gaged persons, the actual work done, or the output per person or group, even at a single location[xvii]. New mining sites were reported to appear regularly. They may not be regulated or even known by authorities, leaving room for all forms of labour exploitation and modern slavery. Information of new discoveries of gold deposits draws hundreds of people from various parts of the country, and even from neighbouring countries. This has reportedly led to conflict within communities[xviii] and also exposes largely unskilled labourers to hazardous and potentially exploitative work. Foreign nationals from Burkina Faso, Niger, and Togo were said to work at some illegal mining sites.

Farmers commented that migrants who originally worked on cocoa farms were subsequently enticed by the possibility of higher earnings in the *galamsey* mining sector. Cocoa farmers stated that, given the costs of farming, they could only afford to pay low wages, especially to migrants, or else resort to using their children to help on their farms.

3.1.4. Women

Women tend to be largely labourers on cocoa farms and are less likely to own farms due to outdated sociocultural barriers, despite the law prescribing equal rights to land ownership and inheritance. Efforts to support farmers were reported in the study as not being targeted at nor reaching women. The study revealed that women are often seen as "helpers", not workers in farming families and are further constrained by being primary carers. During the COVID-19 pandemic school closures, women said they either could not attend to the farm because they were taking care of their children or had to allow the children to work with them on the farm. Even in pre-pandemic times, farming families said they could not always afford to pay for their children to attend school and so allowed their children to work with them. According to stakeholders, female-headed households are the most prone to child labour, as the child represents an additional helper who can earn much needed income for the family.

Similarly, in small-scale mining settings, a recent study of women in ASM in northern Ghana demonstrated that women often occupy the most menial jobs[xix]. Despite more roles in the production chain, women contribute minimal value, as they are prone to exploitation from buyers, mainly due to a lack of basic geological knowledge and limited financial re-sources to make a greater profit. There is a perceived or real lack of knowledge about effective mining techniques, which also leads to low earnings and lost earnings[xx]. Additionally, women are involved in indirect mining sector activities such as sex work and selling food and drink to mine workers.

3.1.5. Children

Addressing the practice of children working on cocoa farms is complex and requires a deep understanding of root causes. Child labour is most prevalent when poverty is high among farmers and they do not have enough income to pay labourers and sustain their families throughout the year. Additional major challenges are the lack of schools, pandemic school closures, and the long distances children must often travel to attend school. When school is on vacation, children sometimes work on farms as support labour. If the family cannot afford to hire help and seasonal labour they also use children, and children may travel to work with their parents if they are unwell. In some situations, interviewees highlighted "grey areas". One example given included children aged 16 or 17 who were from orphaned house-holds with several siblings and needed to work when income was not sufficient. Someone stressed that this was rare, a situation they refer to as "household carers" or "babies looking after babies". Interviewees highlighted the conditions that enable child labour to persist in both the gold and cocoa sectors, which included cultural or institutional denial of its existence or problematic nature. Many spoke of the reality of child-headed households or of children from poor households with many children being compelled to work.

Despite reported cases of child labour being prevalent at mining sites, no children were observed at the mining sites visited.[3] Similarly, no women were observed engaged in mining activities other than as food vendors based some distance away, who were not allowed to bring food to the areas where mining was being undertaken. This development was attributed to new community mining regulations, which prohibit any form of child labour and abuse of women at the mining sites. The Community Mining Scheme prohibits anyone below the age of 18 years from entering the mining sites.

The miners interviewed described being sensitized and cautioned against child labour prior to the commencement of mining activities at the site. They stated that their work involved a lot of physical risks, uncertainties, and working conditions that were not suitable for children or women. The recent reduction in child labour was often perceived to be correlated with reduced cases of *galamsey*, a policy action of the Government as noted in this interview:

> Well, there are children who go to *galamsey* sites to earn something for themselves, but I can say these issues are not prevalent like in the past years. I also believe the reduction in the number of available *galamsey* sites is also a contributing factor.

The participants largely felt that child labour had been successfully reduced in these specific sectors, but their comments raised two important tangential issues. Firstly, that the impacts of the pandemic were likely to reverse this progress in the immediate future. Secondly, that while targeted action may have removed children from these specific sectors, cocoa and gold, they had not removed the risk of exploitation of children in poor communities in general.

[3] The Government of Ghana is clamping down on illegal *galamsey*, so the researchers in this study formally visited organized sites because of security concerns.

3.2. Modern slavery nexus between the financial sector, cocoa and ASM value chains

There are multiple points of connection between the finance, cocoa, and gold sectors in relation to modern slavery. In acknowledgement of the modern slavery risks identifiable in the financial flows from the cocoa sector, the National Risk Assessment now explicitly mentions them, according to the *National Anti-Money Laundering and Countering the Financing of Terrorism and Proliferation (AML/CFT&P) Policy* (2019-2022)[xxi]. All expert interviews mentioned the problematic aspects of child labour, in both the cocoa and gold sectors. However, this was not spoken of in relation to wider modern slavery and human trafficking issues, nor where the problems were referred to by AML/CFT&P. One expert said that while they suspect there could be an illicit aspect to fast money transactions in both sectors, especially ASM, the problem is that due diligence is only triggered by specific threshold amounts. This suggests there is limited awareness of the correlation between modern slavery and AML/CFT&P risks in these sectors. The following section outlines where connections can be made between the sectors and modern slavery risks.

3.2.1. Connections between the finance and cocoa sectors

The cocoa sector is financed with loans from both international and local banks. A consortium of between 24 to 28 local and international banks, including Standard Chartered and other "lead arranger" banks, was mentioned during interviews. Further desk research uncovered the involvement of other banks, including the Bank of Tokyo-Mitsubishi UFJ, Ltd (Japan); Rand Merchant Bank and Nedbank (South Africa); Société General and Crédit Agricole Corporate & Investment Banking (France); and Ghana International Bank Plc UK (GIB). All of these banks were found to have modern slavery statements, based on their institutional obligations and requirements, which outline how they are managing the risks of modern slavery. The exception is GIB which was fined by the UK Financial Conduct Authority (FCA) in 2022 for failing to impose AML controls and undertaking only limited risk-profiling. An expert from the FCA highlighted the need for banks doing business in Ghana to strengthen ESG risk-mitigation mechanisms:

> "Firms are gatekeepers of the financial system and have vital obligations to ensure they are not used to facilitate or perpetrate financial crime. These failings meant that GIB was unable to identify and assess the risks posed by its correspondent bank customers and properly scrutinize transactions worth £9.5 billion processed on their behalf during the relevant period. Ensuring firms strengthen their anti-money laundering controls and enforcing failures to comply remain high priorities for the FCA"

Interviewees mentioned key donors that support social and anti-modern slavery issues in the cocoa sector financially, such as the ILO and the United States Agency for International Development (USAID), with donor support from France and the Netherlands especially noteworthy as top cocoa-importing countries. However, simultaneously, irregular funding campaigns for modern slavery issues from corporates in the sector were outlined as a challenge. This funding was described as not interconnected or streamlined, leading to programmes being contradictory and struggling to succeed. For example, interviewees stressed that many cocoa companies have different interventions in the same community, yet all address child labour issues in different ways, with "different strategies for the same child". There were even examples of how child labour elimination interventions by a cocoa company led to children moving into illegal small-scale mining in the same community.

3.2.3. Connections between the financial sector and ASM

During the pandemic, the Government of Ghana decided to build its reserves exclusively with domestically-produced gold. Although efforts to formalize the sector are reported to have the potential to eradicate modern slavery, the prevalence of informalization in ASM heightens modern slavery risks. It was difficult to determine who was investing in the ASM sector. Expert interviews relayed that they are hopeful that the new Community Mining Scheme, one of three related government programmes, will address several worrying trends in the sector, including illegal mining, environmental degradation, water pollution, and other human health and safety issues[xxii].

3.2.4. Challenges of financial service provision to workers in the value chains

Workers in both value chains described being unbanked and underbanked and having unmet financial needs. In this setting of cyclical poverty at work, financial institutions fail to provide much needed financial assistance to workers. A cocoa farmer noted:

> We need a bank solely for farmers, where we can go for loans in times of distress. They should also be considerate with the interest and the collection of money. Enough time should be given for repayment.

Farmers who were supported in accessing financial services during the pandemic ("on-banked") were only given basic banking, not business services. This poses a challenge when proving incomes, especially when accessing loans or investments. It is also a challenge for farmers when managing their farm finances and being transparent in their labour practices, such as paying labourers. It also creates difficulties for cocoa buyers and complicates the process of securing certification.

Farmers reported that they do not always have adequate literacy or digital literacy skills to understand how to manage digitized payments or mobile money. This left them open to exploitation and abuse by "intermediaries". Digital inclusion and coverage were also mentioned as issues preventing remote farmers, often not served by physical banks, from taking up digital payments and mobile money.

Many miners describe not having bank accounts, which limits their access to financial assistance or services and forces them to seek loans from colleagues or "sponsors" that have to be repaid from their earnings. In situations where cocoa farmers and small-scale miners were able to secure loans, primarily from rural banks, the interest rates on these loans were said to be too high, with rigid repayment schedules. As a result, most miners are not able to pay back these loans within the stipulated periods and are threatened with lawsuits from these institutions. Farmers and miners expressed apathy in seeking assistance from financial institutions as a result, and instead resort to informal loan schemes which make them vulnerable to exploitation and modern slavery.

Financial institutions were described as needing to rethink their strategies in providing loan schemes for farmers and miners. Farmers wanted their unique challenges related to banking to be acknowledged. Farmers highlighted the problem of monthly repayment plans, given that farmers do not earn a monthly income and only get paid when their crop is sold:

> ...recently a rural bank came here with such news, but their terms and conditions were not favourable. Their loans are given for six months, and you begin repayment in the second month. We do not like it.

…We don’t earn daily incomes, so we will not be able to pay back the loans.

…if the bank wants to help us, they should extend the time to at least a year; six months is not favourable.

Let me explain further, this bank is a private business, it does not belong to the government. A loan of 1,000 cedis amounts to about 17 per cent to 20 per cent interest for six months. In these six months, how do you repay if your cocoa trees are unable to yield.

Until I have sold cocoa beans, I do not get paid. We are paid yearly, that is the nature of our work.

This year we have taken loans to invest in our cocoa cultivation, yet we do not have the yields this season. Now we are concerned about how we can repay them.

The purchasing clerks are like banks to us. In times of need, for instance, a farmer may need about 500 cedis of loan, and he will receive the loan from a purchasing clerk.

We are to pay in three months, which was last October, this November, and the in-coming December. We are wondering where we will get the money to pay. They are also strict with their date of repayment, I must say. If they would extend their dates for repayment, knowing our current condition, we will be delighted. We might start harvesting after Christmas.

…when the time is up, they will come for their money. You could be taken to court if you fail to pay. Even when you have made payments but left with a little, for in-stance 100 cedis, this amount could accrue further interest of about 4 per cent. This year especially no cocoa farmer is at peace because our cocoa trees have not yielded.

Photo: Unsplash / Seyiram Kweku

Interviewees also spoke about the role of financial services in supporting a sustainable cocoa sector, especially in making it more attractive to youth. Supporting financial capital and investment can help remove the perception of unprofitability for future farmers as outlined in these interviews:

Nowadays it has become difficult to get labourers to work on your farm. They usually come from Togo, and they are very few in numbers, not able to meet the required amount of labour needed for our farmlands. So, in this case, when I hire one person and because they are few in numbers, my fellow colleague has to wait for him to finish working on my farm before attending to theirs. You should also know that the more they (farmers) wait, their cocoa trees are gradually deteriorating, because of the growing competition in nutrients between the weeds and the tree. …their attention has switched to *galamsey*. If anyone considers the kind of conditions farmers are facing and the price of a cocoa bag, he or she would prefer to indulge in *galamsey* rather than farming.

Because it becomes difficult to get labourers to work for you, you are left with no option but to rely on your wards and other young guys who are willing to work for a fee. These are not children, but they have all completed Senior High School. The one you are seeing is not yet 18. But I have two other children who are 18 years old, an-other is in Junior High School, writing his final exams, and the rest have all completed Senior High School. So occasionally they come in to help me work on my farm. I have catered for them, so they are also doing their own bit to help me. They do not complain.

Farming is labour-intensive, in old age it becomes more difficult. Furthermore, cocoa farming or farming in general has been seen as an occupation for the less educated, nevertheless the few of us committed are also not helped. When they con-sider the salaries of the educated, for example, the District Chief Executive, Members of Parliament, President, they become reluctant to take up farming as an occupation.

The youth today are reluctant to engage in cocoa farming, especially due to the various challenges they see us face. They rather prefer engaging in mining. We are challenged financially; if the Government could provide us with some loans that would be helpful.

There are 144 rural banks largely operating in the cocoa and mining sectors throughout Ghana. Experts interviewed highlighted how, unlike the cocoa sector, many ASMs run individual personal bank accounts, while farmers tend to use savings accounts. ASM workers are therefore viewed as apparently harder to track with respect to details of their operations. Banks believed this is because many ASM workers are not licensed. It was noted that cocoa farmers are easier to do due diligence on because the families and operations are better known in small communities.

It was also stressed that interventions to bring down the cost of lending to farmers are critical if farmers are to access loans to invest in their operations and improve productivity, as well as address their obligations to pay school fees for their children. Interviewees high-lighted a programme similar to the Rural Enterprise Programme under the Ministry of Trade, which is designed for entrepreneurs with small businesses providing goods and services in rural areas. This includes a rate of 10 per cent, to which banks add 5 per cent, rather than current lending facilities, which cost as much as 25 per cent. Unfortunately, there are currently no similar programmes for farmers.

Rural banks have introduced several schemes to open up financial services targeting poor rural communities and cocoa farmers. It was reported that a financial inclusion and literacy initiative enabled 15,000 women to open a bank account in 2012. It was also reported that there are now financial service options where customers require a minimum of only 10 Ghanaian Cedis (GHC) to open an account.

One expert interview stated that rural and community banks in Ghana had presented a proposal to BOG in 2021 for an initiative they called Know Your Customer (KYC) "lite" which would enable greater financial inclusion. This initiative, which is waiting to be approved, would be similar to a World Bank financial inclusion project that is said to have been in the pipeline for the past four years, and would require just an identification card, a name and a mobile phone to access an account.

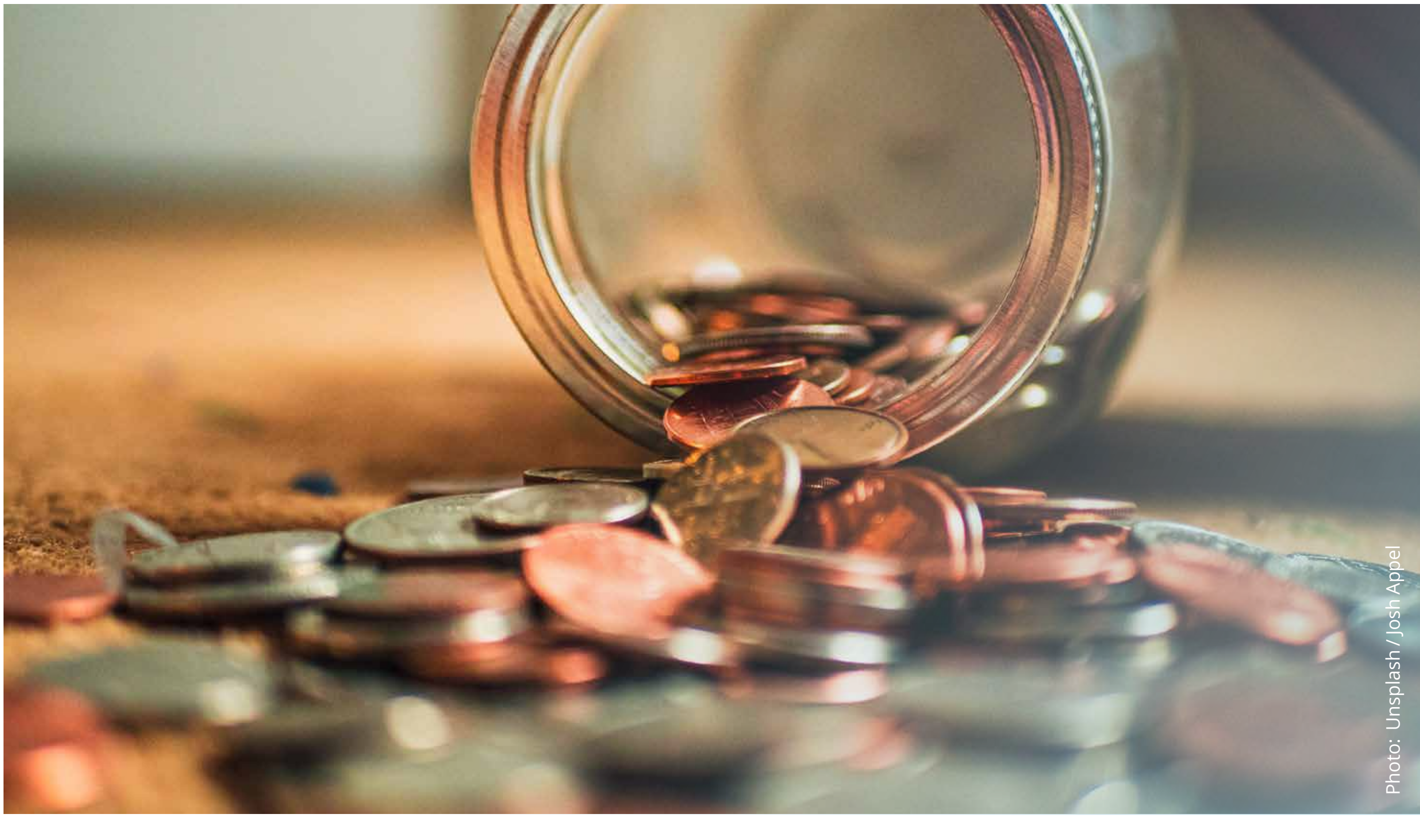


Photo: Unsplash / Josh Appel

Digitalization of the sector is felt to have played a positive role in the sector by providing farmers with greater stability. A study published by the World Cocoa Foundation and Better than Cash Alliance reported that cash transactions in the cocoa sector come with many challenges for farmers. They expose them to delays between cocoa delivery and payment; they result in very low transparency across the entire cocoa value chain; they increase the risks faced by value chain actors, particularly purchasing clerks (PCs), who have become the targets of theft and even victims of murder; and finally, they prevent farmers from developing a digital footprint that they can use to access digital credit, savings and other financial services available through their mobile phone. According to expert interviews, the increased digitization of the cocoa sector has led to a rise in documentation among farmers. This was believed to positively impact farmers in the medium to long term by allowing them to access financial services and begin to develop a financial footprint. However, due to the low literacy rate among some farmers outlined earlier, additional safeguards are needed.

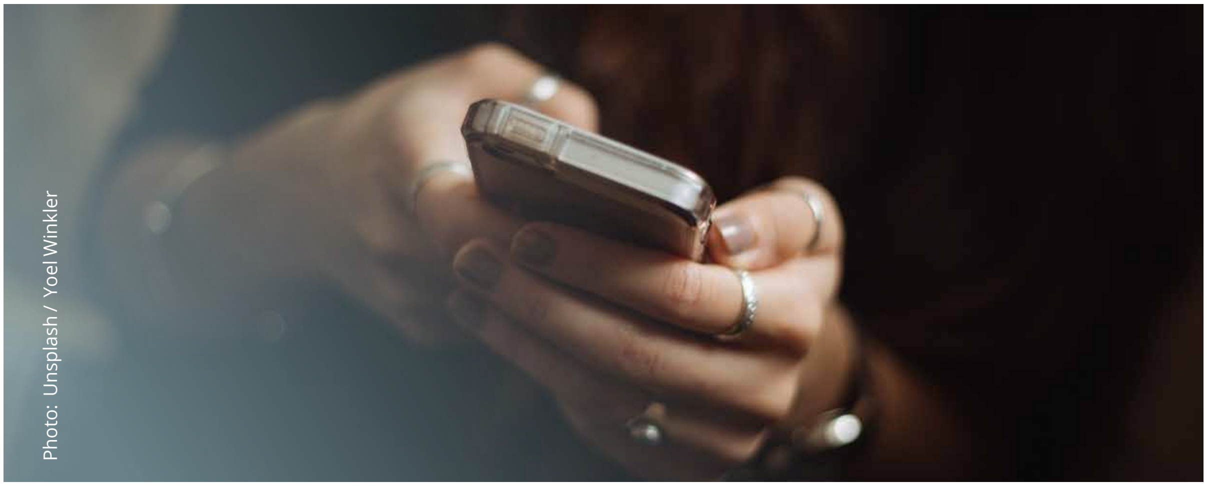
In May 2022, the Government's e-levy on electronic transaction, including mobile money came into effect but even before this transactions dropped dramatically[xxiii].

This levy was perceived as a tax on the already low incomes of farmers which could increase the risk of them relying again on familial labour (especially of children) and/or exploitative migrant labour.

The impact of the new proposed e-levy is under review.

On 17 November 2021, Ghana's Finance Minister announced a government plan to introduce an electronic transaction levy (E-levy) during his 2022 budget statement reading. This is a major part of government efforts to "widen the tax net". Despite the proposal being met with a lot of disapproval by the opposition party, the proposed levy came into effect in May 2022. Opponents to the new levy believe that this has the potential to reverse decades of progress in financial inclusion in Ghana and drive vulnerable populations away from e-financial transactions. Early signs suggest this is the case, although a comprehensive analysis has not yet been done. Reports from the Bank of Ghana highlighted that even ahead of the coming into force of the e-levy, the value of mobile money transactions dropped substantially by GHC 3 billion in December 2021, just after the government announced its intentions.

Source: Ghanaweb (2022) Value of MoMo transactions drop by GH¢3 billion ahead of E-Levy passage.



3.3. Environmental, social, and governance (ESG) risks connected to cocoa and gold value chains

Reflecting the ESG framework utilized by the financial sector, especially in relation to due diligence on investments and relationships with companies and customers, the following section draws out findings relating to factors that contribute to the risk and prevalence of exploitative labour practices in cocoa and gold value chains.

3.3.1. Environmental-related risks

In Ghana, both cocoa and illegal mining contribute to deforestation. There are reports that, despite leading international cocoa companies and governments, including in Ghana and Côte d'Ivoire, signing the Cocoa & Forests Initiative less than five years ago, both countries are estimated to have lost 80 per cent to 90 per cent of their forested area over the last few decades, in large part to make way for cocoa farms. Cocoa-growing areas are also locations of significant gold ore deposits (Boateng et al., 2004). Some farmers engage in ASM to supplement their incomes, but their activities end up negatively affecting cocoa production. Illegal mining activities contribute significantly to the destruction of arable farmlands, including cocoa farms, and cause environmental damage. This is reported as having dire consequences on farming activities in the country:

> We have to carry or buy water from our homes to the farms. The reason being that all the water bodies in the nearby communities have been contaminated/polluted by galamsey activities...some young cocoa farmers have been engaging in mining activities to get money to support their farming activities.

> Yes, the climate has changed, and human beings are the agents of this change. Formerly we had the forest, which could provide shade while working, and sunshine was only able to settle on the farms at midday. But now we have destroyed our immediate forest cover due to galamsey activities, and the available forest is far from us. Now whenever the sun comes out, you begin to feel the heat.

In view of this, collaborative efforts from the Government, the Ghana Chamber of Miners, Women in Mining Ghana, and NGOs like Solidaridad and the Centre for Social Impact Studies have initiated initiatives and programmes to streamline the operations of artisanal and small-scale miners. International organizations like the World Bank have rolled out programmes that seek to formalize the ASM sector's activities, including the Ghana Landscape Restoration and Small-Scale Mining Project, which seeks to strengthen integrated natural resource management and increase the benefits to communities in targeted savannah and cocoa landscapes.

A further link between the gold and cocoa sectors is the competition for land and labour. However, the cocoa sector is reportedly always on the losing end of this competition. With the gold sector recognized as more lucrative than the cocoa sector, owning a mining concession or farmland that is rich in gold ore deposits is viewed as a huge opportunity to break out of the poverty cycle. As a result, many farmers are ready to sell their cocoa farm-lands in return for a lump sum which they deem relatively profitable, compared to the in-come they receive from cocoa production.

Land is a powerful resource in both the cocoa and gold sectors. Farmers raised that there have also been situations where some smallholder cocoa farmlands have been negotiated, confiscated, and destroyed for mining activities without any form of compensation, often highly influenced by powerful local and international actors[xxiv].

> We have people here with parcels of land who are willing to farm. However, when they consider all the [financial] challenges, they become hesitant and willing to sell for mining activities because they believe the money they will get is higher and more sustainable than what they get after selling cocoa annually.

> The Chinese have bought most of our lands. Personally, I will not sell my farmland to any Chinese. I have been approached several times as well

> Because of the increase in mining activities, some farmers I know have lost some portions of their farms without any compensation from the chiefs or Government. After several complaints, nothing has been done about it

Climate change was described as impacting on both sectors in diverse ways. For cocoa, unseasonable droughts, elevated temperatures, strong winds, and heavy rainfall were described as devastating yields. For gold, the same climate issues were increasing the dangerous circumstances within which miners were operating. During heavy rains, the open shafts leading to gold-bearing rocks underground get filled with rainwater, causing danger to the miners due to the risk of drowning and the risk of the mines caving in. Miners described having to spend more money to pump large volumes of rainwater out of the mine before embarking on their operations. Strong winds were also outlined as bringing down electricity poles and disrupting the electricity supply for their operations:

> We encounter several problems because of climate conditions. Its impact is felt more than any other variable, including COVID-19. Whenever the wind is severe, it disrupts our main electrical connection, rendering all machines powerless and affecting the miners underground. Furthermore, whenever it rains, it adds up to the amount of water we must draw from our pits/mining holes… Our work does not require water, but in the dry season later, we get unexpected rains which have been a worry to us. Regarding measures put in place, we have none. We do not have ma-chines that detect weather conditions, so whatever happens is taken in good faith.

In the same manner, erratic rainfall results in stunted growth and fungal infestations of cocoa trees, resulting in low quality and yields:

The interruptions in mining operations and low crop yields translate into low incomes or a lack of income for workers, increasing their vulnerability to modern slavery.

> If you had planted cocoa seeds 15 years ago without even caring for them, they would still survive because of good weather then.

3.3.2. Social and economic risks

Financial sector experts felt that the COVID-19 pandemic has led to increased poverty nationally and, therefore, the increased threat of more vulnerable parts of the population being exposed to the risks of exploitation. The low level of income and the uncertainty surrounding their incomes increased the vulnerability of workers and their families to exploitation and abuse in multiple ways. While farmers based their hopes on a good harvest, miners hope for the discovery and extraction of rich ore deposits at both formal and informal mining sites. Yet farmers and miners describe continuing to struggle to earn an income that could lift them out of extreme poverty.

The absence of monthly salaries or incomes for miners is a threat to their livelihoods and the economic security of their families. Miners discussed circumstances akin to debt bond-age, in which they lend from sponsors to be able to buy equipment for mining and are then forced to repay them out of each amount of gold prospected. These payments continued to be collected during the COVID-19 pandemic, even when the mines were closed and miners were effectively unemployed.

Some cocoa farmers were also engaged in small-scale mining to try and supplement their farming incomes and support the purchase of farming inputs for their cocoa production. A major challenge facing cocoa farmers has been the high cost of inputs such as fertilizers, pesticides, weed killers, and spraying equipment. Most of these farmers do not have enough funds to purchase these. The inability of farmers to secure these inputs has been a contributing factor to the declining yields of cocoa among many smallholders in the country.

The labour shortages, especially during the pandemic and because of the competition with gold mining, was reportedly leading to adverse effects on land preparation activities, farm maintenance, and cocoa harvesting. It has also increased child labour. Older farmers who stated they were unable to engage in strenuous work claimed that they were left with no choice but to engage their own children or familial adolescents who were willing to work for a fee. However, there is a growing interest of young people in illegal mining activities and declining interest in cocoa production. This makes young people vulnerable to modern slavery and has profound consequences for the sustainability of cocoa production and the sector's contribution to Ghana's export earnings and Gross Domestic Product.

Child labour is noted to be most prevalent among poor rural families, where children are sometimes engaged to work on cocoa farms during school vacations. The study revealed that children in communities with limited proximity to schools were likely to work on cocoa farms or mining sites instead of travelling long distances to attend school. Additionally, interviewees highlighted "grey areas" where children become ''household caretakers". For instance, a 17-year-old child from an orphaned household needed to work to support several siblings. It is important to note that at the time of the study no child was found to be en-gaged in mining-related activities, despite reports that child labour was prevalent at mining sites. The closure of schools due to the COVID-19 pandemic compelled some cocoa farmers to let the children they were responsible for work on farms due to a lack of childcare alter-natives.

Participants felt that the current role of the financial sector is limited to supporting agricultural productivity, rather than helping to address social and environmental challenges that jeopardize the sustainability of the sector and the livelihoods of farmers. Social protection mechanisms for farmers were described as lacking.

By providing specific input-support schemes for cocoa farmers, financial institutions could play a key role in reducing the number of farmers engaged in illegal mining activities. Participants indicated that financial institutions are supporting companies by investing or providing loans at the upper end of the cocoa and gold value chains, but such financial support is largely missing in the lower tiers of the chain where modern slavery mostly exists.

3.3.3. Risks related to governance

The study reveals the existence of a good multi-stakeholder institutional governance mechanism for action on modern slavery at the national level, including key institutions such as the Ministry of Gender, Children, and Social Protection, a Human Trafficking Secretariat, the police, and immigration authorities. However, the financial sector is not explicitly integrated and there were perceived barriers to the enforcement (implementation and inspection) of modern slavery policies and legislation in both the gold and cocoa sectors due to: (1) poorly resourced national institutions, (2) the bureaucratic process regulating ASM activities, and (3) limited understanding and misconceptions about modern slavery among local communities and stakeholders. It was observed that most modern slavery policies were not felt to be gender-specific in how they addressed the differing needs of women and men.


Photo: Unsplash / Virgyl Sowah

4. CONCLUSIONS

This research has found that not only are the cocoa and gold sectors geographically linked, they also intersect with regards to environmental issues, pandemic policy responses, and climate change in ways that collectively exacerbated modern slavery vulnerabilities within affected local communities. Therefore, risks of environmental and human rights abuses in these high-risk value chains should be proactively anticipated and addressed.

Furthermore, given that 'illicit flows' from Africa are said to drain USD 89 billion each year from the continent, it is important that the financial sector take greater responsibility to support environment and human rights due diligence and identify the proceeds of modern slavery derived from exploitation and abuse in these value chains.

Although the financial sector is rarely described as an active partner in the modern slavery governance system, it has the potential to undertake good governance in relation to the environment and human rights due diligence. Their active engagement would also help the sector to more effectively identify and seize assets related to modern slavery in global high-value cocoa and gold sectors.

Gold is an especially important investment commodity for the financial sector and an essential component of national financial reserves worldwide. Since the start of the pandemic, gold investments have been encouraged as a stable commodity across international financial institutions, including, for example, pension funds.

Improving the governance of investments in both cocoa and gold value chains, with their high risks of modern slavery and environmental damage, will be necessary to secure a low-carbon future and achieve the Sustainable Development Goals. There is a clear need to raise visibility and labour practice standards in these value chains. This can happen by re-quiring, through the terms of investments, that farmers and miners are given decent work. In the extractive sectors, removing the reliance on 'sponsors' would avoid miners being in debt bondage situations. In the cocoa sector, this could also prevent children from farming families being required to work. For both sectors, this may have a positive impact on limiting further damage to the environment.

5. RECOMMENDATIONS

The financial sector has a role to play in collaborative efforts to identify, address, reduce, and prevent modern slavery and human trafficking, and can do so by collectively leveraging work across all three ESG goals in tandem.

Recommendations for each part of the financial sector banks and financial service providers; financial authorities, investors and stock exchanges are presented below:

Recommendation 1.

Increase sensitization among national and international financial actors and institutions on their role in identifying, addressing, and reducing modern slavery relating to cocoa and gold value chains.

Banks and financial service providers (commercial banks, investment banks, central banks, digital finance, and insurance)	**Financial Authorities** (regulators, financial intelligence units)	**Investors** (e.g., individuals, stock exchanges, and pension and wealth funds)
Improve knowledge and increase awareness of the role of banks and financial service providers in identifying and preventing modern slavery through financial inclusion, applying environment and human rights due diligence to investments, and increasing effective monitoring and reporting of suspicious transactions. Form partnerships with knowledge ex-perts such as public entities and NGOs. Actively support public/private partnership (PPP) modern slavery preventative programmes.	Increase awareness of the important role financial regulatory authorities and financial intelligence units (FIUs) play in identifying illicit financial flows from slavery and trafficking, especially from the agricultural and extractive sectors. Increase assessors' and risk analysts' knowledge of modern slavery and financial exclusion and provide guidance on how this knowledge can be applied in risk-based approaches to AML/CFT, e.g., FATF country assessors and FIU/government anti-money laundering/counter-terrorism financing (AML/CTF) National Risk Assessors.	Improve knowledge and increase understanding of the role and influence of investors in relation to environment and human rights due diligence in cocoa and gold value chains. Form partnerships with knowledge expert public entities and NGOs, such as Walk Free and investor coalitions such as Investors Against Slavery and Trafficking.

Recommendation 2.

Increase the finance sector's participation in collaborative efforts to identify, address and reduce modern slavery

Banks and financial service providers (commercial banks, investment banks, central banks, digital finance, and insurance)	**Financial Authorities** (regulators, financial intelligence units)	**Investors** (e.g., individuals, stock exchanges, and pension and wealth funds)
Incorporate modern slavery risks in environmental and human rights due diligence on value chains and ask companies to map their whole value chain to identify red flags and investigate, verify, and manage the identified risks. Increase finance sector participation in partnerships with other private-sector actors, governments and NGOs/CSOs. This includes PPPs. Improve the collection and quality of relevant financial information for authorities.	Increase participation or seek to establish PPPs. An example of a PPP in Africa is the South African Money Laundering Integrated Taskforce's trafficking working group.	Incorporate modern slavery risks into environmental and human rights due diligence processes and collaborate with other investors to increase leverage on portfolio companies. Require companies to map their whole value chains to identify red flags and investigate, verify, and manage the identified risks. Seek opportunities to engage with partners working to identify, reduce, and prevent modern slavery in cocoa and gold value chains.

Recommendation 3.
Improve national and international financial intelligence and AML activities with respect to modern slavery in value chains

Banks and financial service providers (commercial banks, investment banks, central banks, digital finance, and insurance)	**Financial Authorities** (regulators, financial intelligence units)	**Investors** (e.g., individuals, stock exchanges, and pension and wealth funds)
Increase the finance sector's knowledge of modern slavery risks within the gold and cocoa value chains and the indicators of money laundering related to them.	Increase knowledge of modern slavery risks and indicators of money-laundering related to them. Work to improve the quality and quantity of modern slavery-related suspicious transaction monitoring and reports. AML/CTF policy and regulations should be better explained to increase staff awareness of the roles of the finance sector locally (in affected mining and farming communities). This will increase the identification of modern slavery-related transactions and ensure that barriers to financial inclusion do not exist for vulnerable populations. Support the work of FATF-style regional bodies to ensure consistency.	Increase knowledge of modern slavery risks and the indicators of money laundering related to them to address the relevant AML regulations that are applied.

Recommendation 4.

Improve access to and usage of financial products and services for vulnerable populations

Banks and financial service providers (commercial banks, investment banks, central banks, digital finance, and insurance)	**Financial Authorities** (regulators, financial intelligence units)	**Investors** (e.g., individuals, stock exchanges, and pension and wealth funds)
Use leverage and influence to support initiatives for vulnerable farmers and miners to have both decent work *and* access to financial services. This reduces the vulnerability of communities to debt bondage, child labour, and environmental damage. Increase financial inclusion for affected communities that are vulnerable to slavery and trafficking in appropriate needs-led ways. Specifically address issues of age, gender, and disability; literacy levels; digital inclusion; financial education; economic empowerment; and the needs of small businesses/ entrepreneurs by tailoring human-centred design products, including access to capital and support services. Financial literacy programmes, including digital finance, especially for those with no or low literacy levels, need to be undertaken alongside financial inclusion drives to on-bank rural communities. Financial inclusion for vulnerable workers and communities should also be accompanied by improved safeguarding practices and procedures within banks and financial institutions, to guard against exploitation and abuse. Design insurance products to support small rural businesses to improve climate resilience and reduce vulnerability to modern slavery risks. Engage with technology providers who can employ alternative data such as mobile behaviour and social media data to provide credit scores to those traditionally considered 'thin-file,' high-risk clients by banks.	Support the financial inclusion of vulnerable communities. Explore simplified due diligence/tiered KYC which provides flexibility in a customers' due diligence requirements and mitigates risk by restricting account features e.g. Nigeria's risk assessment on Financial Inclusion. Explore alternative identity systems, including digital identity, which can widen financial inclusion to vulnerable low-income populations.	Estimate the market gap that exists because vulnerable populations are excluded in bank segments. Use evidence like the financial inclusion database (FINDEX) regional financial access surveys to identify investment opportunities to serve underserved populations e.g. migrants and agricultural workers. Use leverage to ensure that workers in cocoa and gold value chains have access to financial services to e.g. receive wages. Make payments more transparent and hold suppliers accountable by using information/data to responsibly invest in and work with technology service providers.

Recommendation 5.
Facilitate access to remedy for survivors of modern slavery

Banks and financial service providers (commercial banks, investment banks, central banks, digital finance, and insurance)	**Financial Authorities** (regulators, financial intelligence units)	**Investors** (e.g., individuals, stock exchanges, and pension and wealth funds)
Develop remediation policies for when modern slavery is found in value chains: useful resources are the International Organization for Migration's (IOM) Guidelines for Remediation for Victims of Exploitation in Extended Mineral Value chains. Work with companies in the value chain to ensure they provide decent work, including respect for freedom of association and collective bargaining, and insurance. Worker-driven social responsibility programmes are examples of worker-led initiatives that can ensure decent work and also provide remedy for survivors. Leverage influence on value chain actors to play a catalytic role in remedial measures e.g. through terms of investment and insurance provision. Develop grievance or complaints mechanisms for when communities, including migrant workers, want to raise modern slavery concerns about the practices of companies being lent to.	Work collaboratively with law enforcement and customs, domestically and internationally, to support prosecutions and take actions to remediate survivors of modern slavery in cocoa and gold sectors (e.g., through asset seizures).	Undertake environmental and human rights due diligence on portfolios, before and during investment, which engages community/survivor knowledge partners, e.g. Sierra Leone's mining law. Work with companies in value chains to ensure decent work is promoted and upheld. Identify, address, and remediate those experiencing modern slavery by working with worker-led initiatives, such as trade unions and worker-driven social responsibility programmes. Remediation should include supporting financial literacy, financial inclusion, and economic empowerment.

Recommendation 6.
Reduce and manage environmental and social risks as part of due diligence on agricultural and extractive value chains

Banks and financial service providers (commercial banks, investment banks, central banks, digital finance, and insurance)	**Financial Authorities** (regulators, financial intelligence units)	**Investors** (e.g., individuals, stock exchanges, and pension and wealth funds)
Improve transparency for environmental and labour practices in value chains through the provision of appropriate financial products and services. Explore ways to support the scaling up of microfinance initiatives (MFIs) while managing associated risks e.g. debt-driven land sales and modern slavery. Support work to improve governance and traceability that also address environmental damage and climate crisis threats.	Engage community knowledge experts, especially from vulnerable populations such as youth, migrants, women, disabled people and older people, on the sectoral environmental and social risks to be considered in the AML/CFT National Risk Assessments. Build the capacity of country assessors to work with this risk knowledge.	Effectively apply environmental and human rights due diligence and traceability programmes at all stages of the value chain, considering and mitigating risks to the environment and people. Develop and support the use of modern slavery guidance for publicly listed companies. Ensure labour rights and environmental protection are upheld through expectations in the terms of investments, environmental and human rights due diligence and remedy. Build ESG reporting requirements, including modern slavery reporting, into investments and investment loans for responsible financing of these value chains. Support and direct investments that focus on improving sustainable agricultural and ASM practices which do not exacerbate risks of modern slavery, climate change or environmental damage.

ANNEX A:
GOLD VALUE CHAIN

ANNEX A

Miners

Approximately two-thirds of Ghana's small-scale miners are engaged in the extraction of gold, primarily rural residents[xxv]. As in many ASM countries, core activities in this sector are male-dominated, with women known to play supporting roles. Evidence suggests that poverty and the search to improve living standards are instrumental in attracting people to the sector[xxvi]. Also, miners in this sector are confronted with various challenges, like obtaining licences or legal recognition of land rights, access to credit or loans, and access to basic infrastructure, such as health facilities, proper housing, and sanitation. Although exploration for, and the extraction of gold in, the ASM sector is strictly reserved for Ghanaians, there is an influx of foreigners using heavily mechanized tools and equipment (mostly Chinese nationals) operating illegally in the sector. In 2014, for example, the Ghanaian Government deported about 5,000 foreign nationals, mainly Chinese, who were allegedly engaged in illicit small-scale mining.

Licensing

The Minerals and Mining Act (2006) (Act 703) requires that every operation and related small-scale mining activity be licensed by the Minerals Commission through one of nine district offices. A small-scale gold mining licence for a concession of one to five acres is subject to Government review and approval every three years, while concessions of five to 25 acres must be renewed every five years[xxvii]. Only Ghanaian nationals aged 18 years or older are eligible to apply for small-scale mining licenses and to undertake mining activities. Ac-cording to the Minerals and Mining Act (2006) (Act 703, Section 5 [4]), Members of Parliament are responsible for the ratification of contracts. It is argued that the proliferation of illegal mining activities stems from the bureaucratic process involved in the awarding of mining contracts. This underpins the excess of labour activities and consequently the incidence of modern slavery. The issue of finance comes into play here too. Most artisanal and small-scale miners are unable to pay for the fees associated with the acquisition of mining licences. They, therefore, resort to illegal mining that breeds the further exploitation of children intent on earning an income for their families, especially in rural areas.

Mineral Extraction and Processing

Small-scale mining operations are carried out over an area of land in accordance with the number of blocks prescribed, which is usually a maximum of 25 acres[xxviii]. The most common pieces of equipment used are simple hand tools such as picks, axes, sluice boxes, and shovels, while water pumps, explosives, and washing plants are sometimes encountered within mining areas. Sites with the most advanced machinery are for the most part unsophisticated in design[xxix]. A common technique of gold recovery in this sector is the use of mercury, which poses serious threats to human health and ecological systems.

Although ASM is a legal activity, it is frequently linked to the informal economy and is often considered to be an illegal activity. This creates an environment susceptible to all forms of activities and mining practices that contravene mining legislations, hence the high prevalence of human rights violations and modern slavery practices in the ASM sector.

Selling and Buying Gold

Operating typically in an open market, gold trading is one of the primary avenues where human rights violations and modern slavery practices take place. In a competitive gold trading market, and with the London Bullion Market Association (LBMA) price as a guide, gold from these operations may be sold to a trader or agent or directly to an exporter. In some cases, the concession owner may have an export licence and will thus export directly to a foreign entity or refinery[xxx].

The gold trading industry used to be dominated by Ghanaians. Currently, however, Indians control about 80 to 90 per cent of the gold trade and act as major traders (aggregators), as well as exporters.

Unlike the Ghanaians, who occupy and focus on specific nodes along the value chain, the Indian companies in the gold business are purposely structured to control the entire chain of the gold trade[xxxi]. With access to cheaper credit abroad, they invest heavily in the chain by prefinancing mining and trading activities, including setting up trading shops in major gold-producing areas.

Any entity or person that wishes to buy and sell minerals in Ghana is required to operate with a licence. As a result, gold may only be exported from Ghana under the supervision of a licensed organization. The activity of buying and selling minerals is strongly regulated by the Minerals and Mining Act (2006) (Act 703). This states, among other things, that the Minister, in collaboration with the Commission, may issue written licences to anyone whom the Minister deems appropriate to acquire and trade in the types and forms of minerals mentioned in the Act[xxxii]. There are about 60 Licensed Gold Export (LGECs) companies in Ghana. The Chamber of Bullion Traders serves as a recognized representative of these LGEs.

The Precious Minerals Marketing Company (PMMC) is another important organization in this category. This is a State-owned enterprise that is traditionally engaged in purchasing gold and diamonds from small-scale miners for export. Its additional tasks include assisting in the growth of the Ghanaian jewellery industry in order to increase its in-country value. In recent years, the PMMC's role in the gold mining sector has shifted from purchasing minerals from small-scale miners to assaying minerals before exporting them[xxxiii]. Recently the BOG has become keenly involved in the purchasing of gold after the launch of its domestic gold purchase programme[xxxiv]. Ghana exports almost all its gold in a raw state, making the international market a major consumer of its gold. Countries in this list include Switzerland, United Arab Emirates, India, and China[xxxv]. Although local consumption is very low, the Ghanaian jewellery industry is known to be heavily dependent on the country's gold for its products. There are also records of unaccounted foreign purchases of Ghana's gold from foreign countries[xxxv]

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Legon Campus, Accra, Ghana.