



**For Publishing**

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## **OUR GOLD AND THE GOLDBOD**

Yɛ te sika so ensu ɛkom di yɛn (*We are sitting on money and yet we are hungry*), is a popular phrase that summarizes the Ghanaian condition and even more so, the African story. How a people blessed with so much gold, oil, water, arable land and other natural resources continue to stay hungry and third-worldish is the irony, tragedy and pity of the 20<sup>th</sup> and 21<sup>st</sup> centuries. Funny enough, our educated middle-class revel not in the quality of education we have but rather, their ability to school their kids in foreign lands. I do not wish to rant this path else it will be an endless speak.

As a student of economics and an entrepreneur, I think at the margins and as a social scientist, I think at the mean. There is no doubt that we must exploit our resources to advance our social and economic progress as a people. This must nonetheless be foremostly responsible and then legal. Exploiting, responsibility and legality are not mutually exclusive. They are mutually inclusive for the sustainable advancement of society. No one eats gold but responsible gold can facilitate eating and drinking for today and generations to come. To achieve this, we must responsibly optimise the value chain, optimise the receipts from the value chain and deploy the receipts to good and sustainable use for the advancement of society.

According to the United Nations COMTRADE, the United Arab Emirate imported USD7.1bn worth of gold from Ghana in 2022 and 2023. Ghana on the other hand has its official data at USD4.8bn of gold exports to the UAE for the same period. This tells us one thing: our gold is smuggled and ill accounted for. We lost over USD2.3bn, almost 80% of the USD3bn we requested from the IMF as bailout funds under our current debt crisis. In 2022 when our currency depreciated steeply by over 53%, our trade deficit reduced by USD1.5bn to USD0.58bn from USD2.07bn in 2021. In 2024, we even experienced trade surpluses. Typically, under such circumstances, we should experience relative stability and strengthening of our cedi. This did not happen. Why? Amongst a plethora of reasons, including debt servicing, was also the fact that our trade surplus did not optimally flow into our net reserves used to pay our import bills.

For the most parts, we have through various mining concessions and oil contracts allowed investors to retain portions of their income outside of Ghana. This means we do not get the full foreign currency cash to protect our sickly cedi. Interestingly, small scale mining is supposed to be reserved for indigenous companies, with foreign participation prohibited. So, for what reason should Ghana not realise the full benefits of the foreign currency receipts from small scale mining? I do not see any. If it is equipment, they are sold here, if you wish to import, why don't they do so just like any importer?

Small scale mining is reportedly supposed to account for over 40% of our gold production. If through concession contracts we lose full monetary policy benefits of mainstream mining, we should not lose same with our small-scale mining. It is for this reason that I find the proposition of the GoldBod as part of Ghana's strategy to regulate and optimise the country's benefit from the trade in gold and other precious minerals, a conceptually potent proposition. We are informed that the GoldBod will be responsible for the trade of 100% of all small-scale mining and will secure for us, our full forex receipts. I support it.

The centralisation of the trade presents international buyers with strong options for quality assurance and an opening for the marking and unique branding of Ghana's Gold. I do not see the GoldBod becoming a failure like COCOBOD, if the fundamental governance, transparency and accountability structures are competently woven in its implementation. Its regulatory and operating framework must flow from existing structures to make market adaptability easy.

At the heart of its success will be its commercial sanctity. The trade today doles out discounts of 5 to 15% subject to prefinance terms. If GoldBod buys within same market provisions and absorbs the gold export tax of 1.5%, it will not just run a government monopoly but will prove to be the most optimal commercial partner for small scale miners and aggregators. GoldBod must use its scale and influence to not just make smuggling illegal but also senseless.

The sweetness of the African Star Apple, popularly called 'Alasa' in Ghana, is in the sucking. We should focus efforts on how the GoldBod is structured to win. For it fills a begging gap.

In my next article, I will discuss the considerations of equipment pooling by the GoldBod and Galamsey.

**Senyo K. Hosi**

15<sup>th</sup> March 2025