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Managing Governance Risks in Mining and Minerals Investments

A reflection on national versus subnational governance in Ghana

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1. Executive Summary

Mining companies engage in projects and operations of a global scale that involve long-term investments. These projects and operations involve different forms of agreements, contracts and engagements at international, national and subnational levels. These multiple layers of engagement to secure contracts and mining leases, as well as the social license and acceptance to operate are entangled in complex dynamics of power, politics and governance.

Geopolitical dynamics and governance risks are at the centre of international- and national-level discourse in relation to mining investments. However, subnational dynamics, which are as important as national and international dynamics, are often missed or mischaracterised by state-level authorities in the country as well as by international investors. These parties often seem to overlook subnational-level authorities such as traditional authorities and the relevance of the dynamics of their governance to accessing resources that are found in local communities that are far from the centre of government. Addressing only the 'established' forms of traditional political risk—such as legal and regulatory requirements, national political stability and security of tenure of a mining contract with the state—at the national level, marginalises subnational-level concerns, such as traditional leadership and local power among local communities; land rights of communities in relation to traditional power and governance; and the overall nature of traditional leadership in communities and societies at the subnational level.

This study draws from reflections, discussions and engagements during a June 2018 Executive Program in Extractive Industries and Sustainable Development at the Columbia Center on Sustainable Investment (CCSI), Columbia University, New York. The various course discussions and interactions with course participants, as well as an overall desire to undertake some reflective research as a practitioner in stakeholder management, led to the focus on how mining companies approach subnational political dynamics in their endeavours to manage risk, reputation and maintain social acceptance. The study is also based on experiences encountered in the field and highlights some of the subnational challenges related to mining activities. The context will largely be drawn from Ghana and the mining sector with some references to other countries in Africa.

The purpose of this study is to consider the nature of the political dynamics that operate at the subnational level, where there is more direct operational interaction between extractive companies and political actors; to determine whether assessing subnational political dynamics at the early-stage of investment helps manage political economy dynamics; and to identify opportunities for ensuring sustainable extractive investment through a more strategic approach to subnational political risks. The insights to be addressed come specifically from observations principally within the mining sector, but they are applicable to other extractive companies that operate in a geopolitical context where the dynamics of national and subnational politics tend to have different drivers and potential effects on long-term investments and sustainability.

This study has four main objectives: (1) to analyse the dynamics of subnational political actors and activities; (2) to identify the sources of political action at the subnational level; (3) to examine the effect of subnational politics on sustainable mining investment; and (4) to provide important recommendations related to risk management for mining companies.

This study examines the general character and role of subnational politics in Ghana and some of the key actors. It identifies these key actors; explores their interests; and questions how these interests interact with the political environment and the sustainability of mining investments at the subnational level. The understanding created by this research is expected to support productive dialogue among governments, regulators, traditional authorities, investors and operational-level staff in mining companies about the effects of mining activities on subnational development interests and outcomes. The research also explores the continuing need for multi-stakeholder engagement and a collaborative approach as a major pillar for the type of sustainable investment that is required to secure long-term sustainability and shared value for all stakeholders involved in mining activities.

The study investigates the complex subnational political, social and governance risks that shape the sustainability of extractive industry investments, taking Ghana and the broader African mining sector as the primary contexts. While global and national risk frameworks are frequently established, subnational realities—relating to traditional leaders, local businesses and community groups—are too often undervalued in decision-making and risk management in relation to investment in the extractive sector. However, it is important to understand that these local power structures can both enable and disrupt mining operations, affecting everything from employment and procurement to community relations and social acceptance.

The study recommends an integrated, proactive approach to assessing extractive industry geopolitical risk that involves the following:

- early, inclusive risk assessment and engagement with local stakeholders—including traditional authorities, local government and business leaders—to foster trust and minimise conflict
- ongoing stakeholder mapping and adaptation to capture evolving political dynamics and interests
- strategic alignment of national contracts with local priorities, ensuring issues related to employment, benefit sharing and land rights are addressed to the satisfaction of all stakeholders
- transparent communication frameworks to manage expectations and resolve grievances
- capacity building for local actors to enable equitable participation and governance
- partnerships for shared value in development, leveraging collaboration with educational, civic and business entities
- continuous monitoring and evaluation of social license to enable and ensure operational agility.

By implementing these recommendations, actors in the extractive industry can mitigate operational, reputational and regulatory risks, ultimately achieving more sustainable and mutually beneficial investments for both corporate stakeholders and local communities.

This report is structured as follows. Section 1 presents an executive summary that introduces the study. Section 2 examines the characteristics of subnational politics and activities in the context of mining investment and engagement. This includes exploring different actors and institutions, as well as the specific political risks associated with them. Section 3 provides an analytical focus on a key actors like traditional authorities at the subnational level and the effect of their role in mining industry investments. The section discusses the risks and opportunities associated with the action or inaction of this actor, and the effects of this actor on the sustainability of mining investments at the subnational level. Section 4 reviews the dialogue aspect of stakeholder management at the subnational level. It builds on the discussions in Sections 2 and 3 to provide recommendations for actors in the mining sector.

2. Introduction

Mining plays a pivotal role in the global economy. It often engages in large-scale, long-term projects that require complex and nuanced agreements and engagement at various levels, including the international, national and subnational. While national-level governance and political risks are frequently addressed by corporate entities and governments at the national level, the dynamics of subnational governance, which are equally critical, are often overlooked or mischaracterised. This oversight and lack of understanding can lead to significant challenges in ensuring the sustainability of natural resource investments.

A mixture of economic, political and social factors has led to recent efforts to nationalise multinational mining companies in Africa. Countries such as Tanzania, Zambia and the Democratic Republic of Congo have taken steps to increase state control over their mineral resources. These efforts include revising mining codes, increasing taxes and royalties and in some cases, outright expropriation of foreign-owned assets. Such measures are frequently supported by arguments that they help distribute resource extraction benefits more fairly to local communities and decrease foreign corporate dominance in domestic economies. In West Africa, Ghana has also made attempts to influence mining resource management by implementing policies that ensure local communities receive a fair share of the benefits derived from their natural resources.

Ghana has taken several specific actions to influence mining resource management. The government of Ghana updated its mining codes in 2015 to promote fairer distribution of mining benefits to local communities. The updates included stricter regulations on environmental protection and community engagement. In 2017, Ghana raised taxes and royalties on mining to ensure more of the money earned from mining would go to national and local development projects. The royalty rate doubled from 5% to 10%, and the extra income is now directed towards community development funds. Additionally, Ghana implemented local content legislation in 2018, requiring mining companies to source a certain percentage of their goods and services locally. The purpose of this policy was to support local businesses and spread the economic advantages of mining more widely throughout the country. In addition, mining companies must now sign Community Development Agreements with local communities, detailing their commitment to helping with local development projects. These government efforts in the extractive industry aim to promote fairer wealth distribution by helping build lasting social and economic stability throughout regions and communities engaged with and affected by mining activities.

This study aims to explore the subnational governance risks in the extractive industry, and their influence on sustainable investment in mining. Drawing from reflections, discussions and engagements during the June 2018 Executive Program in Extractive Industry and Sustainable Development at the CCSI, Columbia University, New York, this study delves into the complexities of subnational political dynamics in relation to mining activities. The insights presented are based on academic discourse and practical experience in the field, particularly in the mining sector in Ghana and other parts of Africa.

The study seeks to understand the nature of political dynamics at the subnational level, where direct operational interactions between mining companies and political actors occur. It examines the challenges involved in assessing early-stage subnational political dynamics and identifies opportunities for ensuring sustainable investment through a more strategic approach to managing subnational political risks. By highlighting the importance of engaging with subnational actors and navigating local political dynamics, this study aims to contribute to the dialogue among actors in mining companies, including investors and operational staff; governments; regulators; and traditional authorities.

Ultimately, the goal is to provide actionable recommendations for stakeholders to navigate the complexities of subnational governance, mitigate risks and ensure more sustainable and successful investments in mining.

3. Mining Sector and Subnational Politics

Often stakeholders in the mining sector and politics are more engaged with geopolitical and national issues and place less focus on subnational activities and actors that can be connected to mining projects. In the agreement and licensing phase of mining engagements in countries, companies and investors often interact with actors at the national level, including politicians (e.g. ministers and legislators); government technocrats and diplomats; and regulators. In addition, the legislative documents and agreements that are discussed by parliamentarians and state agencies are generally relevant to and created at the national level.

Very little is seen or heard about the local or subnational context and political dynamics during the preliminary stages of discussing a mining project. The opportunity to engage at the subnational level usually emerges after preliminary national agreements are met and mining companies are directed by national political players to go engage with what is described as ‘local communities’, who often have an equal or greater stake in the eventual outcomes and sustainability of such projects.

The investment narrative in the context of the national political economy is shaped by the government and in some cases the state leader’s desire to promote an agenda based on prosperity aimed at scoring political points, and this narrative may promote exaggerated expectations in relation to mining revenue, jobs and other benefits arising from a mining project. National government and mining company leaders become entirely focused on the national level of discourse to secure national political agreement to develop their investments. However, to ensure that the public narrative associated with mining projects will lead to

sustainable investment in natural resources that will benefit local communities and society at large requires input at the subnational level.

The lack of appreciation of the importance of early engagement at the subnational level where the mining project will be located—and where there will be direct effects on local communities—constitutes an important governance risk. For example, this lack of appreciation can lead to a challenging engagement process when seeking direct social acceptance from local communities, which can lead to significant delays in launching projects and require adjustments to plans, both of which can create significant expense for the company. In the worst cases, the risk created by not ensuring local acceptance can lead to outright rejection of the project and/or significant conflicts that can also lead to expensive delays and changes.

3.1 Context of Subnational Politics

Subnational politics is characterised by multi-level institutions and actors that traverse various power dynamics. These institutions and actors—for example, traditional authorities, prominent families, district-level government structures and non-state actors such as associations—constitute dynamic forces that are linked in tapestry-like form to the overall governance structure of the subnation in most societies. This character of subnational politics is particularly seen in African countries such as Ghana. This multi-layered level of subnational governance often has direct interaction with activities related to mining investments through factors such as social acceptance to engage in mining operations over the entire life cycle of the mining project from exploration through to production and the end of the investment. The success or failure of agreements reached at the national government level usually depend on successful engagement of the mining company and its stakeholders with the subnational actors. An early appreciation and strategic approach towards this level of governance is therefore critical to the success of the mining investment.

Political forces related to mining at the subnational level become particularly evident and develop certain national political characteristics during campaign seasons when there is the need to gain political acceptance at the subnational level. The attention paid to political forces at the local level during the political season demonstrates their relevance to the state. The political relationship between national and subnational politics can become involved in discussions about mining investments when national politicians create expectations of job creation and other benefits at the local level. This demonstrates the need for mining companies to ensure such expectations are managed and fulfilled by negotiating their operational activities at the local level.

Thus, subnational politics is also a force that can be as important as national politics when it comes to the issue of resources of national relevance being used for wealth creation and distribution. These dynamics highlight the need to understand the political context of subnational politics; its relationship to national politics; and appropriate engagement strategies for seeking agreement to investments at the national level while considering the dynamics of acceptance and their importance to successful operations at the subnational level. Thus, it is important for mining companies and national-level stakeholders to engage in discussions about how benefits from mining engagements will be experienced at the subnational level among the various stakeholders. In addition, the greater environmental awareness of recent decades has led to a more acute awareness of local communities of the environmental and social effects of mining activities that can have a direct influence on local lives and livelihoods, thereby bringing into sharp focus the net benefit of the investment at the subnational level.

At the heart of both national and subnational politics and their interface with mining sector investment is the ownership of power. Who has the power? How is it exercised? How does it influence the context of the mining sector investment? The delicate nexus between these different levels of political influence and power can have a major effect on the success of mining investments and their sustainability. An understanding of all the social and political forces at play in mining engagements and the ability of the political and corporate actors to navigate these forces will define the ultimate success of the project and the benefits of the investment experienced by all parties.

3.1.1 Political Risk Assessment

Traditionally, assessment by mining companies of political risks has been at the macrolevel and has had a national and geopolitical focus. The risk assessments conducted by private consultants for mining companies also usually take this broad approach of the national context. Traditional methods of mining companies or their consultants conducting political risk assessment in such contexts are examining the country's profile, including its national political and legislative structures; macroeconomic policies and investment codes; security and conflict risks at the national level; and laws and regulations relevant to the mining industry. The assessment is aimed at understanding the various political triggers of a national character and their potential to enable or undermine long-term investment for mining companies. In some cases, there is the added aspects of scenario planning generally aimed at attempting to gauge political cycles and activities and any actors or actions that could pose a risk to a long-term investment. The concerns focus on factors such as how agreements will be upheld in the event of a change in government after an election; how long is the legislative process for ratifying a mining lease; the nature of the investment and the government's interest or share in the project as required by law; and relevant regulatory processes for gaining permits.

In most cases, this traditional assessment approach does not consider the subnational forces that significantly shape outcomes at the subnational level of governance. As a result, the ability to predict, assess and plan to mitigate political realities and potential conflict that can affect mining projects at the subnational level is often missed. Gaining early understanding of the issues related to subnational politics and the nexus of this level of politics with national politics in the context of the mining industry investment has important benefits in providing a better engagement framework for mining companies. That is, understanding at the stage of the investment agreement the issues that can be costly to the project such as actors that can affect the provision of a license to operate or create damaging conflict is critical to avoiding major costs in the future as projects unfold.

Subnational risk can be subtle and dynamic in nature and so it is important that it considered early in the political risk assessment and is given the due diligence that is required for that level of governance rather than being relegated to what is often described as 'community affairs'. In *Cost of Company–Community Conflict in the Extractive Sector*, Davis and Franks[1] explore extensively the cost associated with what they generally describe as social risks and their impact on business risks. Their landmark study explores how social conflict between extractive companies and local communities can lead to significant and often underestimated costs. The study outlines how conflicts with communities can result in delays, shutdowns, legal battles and reputational damage—costing companies millions. It highlights five key areas that can result in such costs:

- operational: delays in construction or production
- reputational: loss of investor confidence or public trust
- regulatory: increased scrutiny or loss of permits
- security: costs of policing or private security
- human resources: staff stress, turnover and recruitment challenges.

Davies and Franks outline how mining projects are most vulnerable during their early stages—exploration and construction—when community expectations are high and trust is still forming. Their study outlines how companies often overlook the importance of developing and maintaining community trust and legitimacy at the early stages of a project, and why doing so is equally as critical as legal permits. The authors identify several triggers of company–community conflict:

- lack of consultation or transparency
- environmental degradation
- displacement or loss of livelihoods

[1] Davis, R & Franks, D 2014, *Cost of company–community conflict in the extractive sector. Corporate Social Responsibility Initiative Report No. 66*, Harvard Kennedy School, Cambridge, MA.

- unmet expectations around benefits or compensation.

3.1.2 Political Economy Context

In *Getting from Ideas to Reality: Building Political Support to Translate Good Ideas into Actual Practice*,[2] Kazemi uses a political economy lens to argue that political approaches to implementing responsible land-based investments (RLBI) such as mining may underestimate the political dynamics involved in implementing good policies (e.g. appreciating the nexus between political actors and institutions at various levels of governance,) in gaining widespread consent between good practice and political support. Kazemi provides an analytical bridge between the theory of policy implementation and the practical, often turbulent realities of different interest and actors faced in sectors such as mining. Such considerations are of great importance in the mining sector because it is characterised by high capital intensity, long project lifespans and complex sociopolitical issues, and is therefore particularly prone to governance risks arising from shifting power dynamics and institutional vulnerabilities.

Kazemi outlines how people interest and the systems and structures shape the geopolitical landscape and outcomes. The analysis highlights the integrated nature of national and subnational political institutions and actors in the outcomes of investments into land-based resources such as mining. Kazemi's paper emphasises the importance of aligning the positions of all actors to gain support for operational outcomes. The paper echoes Davis and Franks[3] views of how such misaligned priorities and interests can be a source of risk if action is 'stymied by a lack of desire to implement among the powerful'.[4]

Kazemi notes that government officials do not operate in a governance vacuum; they wrestle daily with entrenched interests, shifting alliances and institutional inertia. It is noted that the following are the primary causes of implementation failure rather than resource constraints:

- low levels of commitment from influential actors
- political obstacles rooted in conflicting interests and power structures
- institutional inertia or lack of capacity.

Thus, policy implementation, particularly in contentious land-based investments such as the extractive industries, is deeply embedded within the political economy – a reality that frequently leads to uptake gaps (e.g. policy ideas never enacted); implementation gaps (e.g. policy ideas enacted policies not enforced); or impact gaps (e.g. reforms diluted or subverted in practice).

Kazemi's proposed approach of deploying a political economic analysis (PEA) diagnosis to overcome such obstacles and risks is an interesting perspective to be integrated into overall geopolitical risk assessments that usually support investment decisions, negotiations and agreements. It is important to highlight that Kazemi's PEA approach provides for the integration of subnational governance perspectives into early-stage assessments.

The PEA approach provides for using traditional stakeholder mapping as a tool but with a strategic geopolitical focus on the dynamics. This summary of Kazemi's[5] prompt questions reveal the depth of mapping which can unveil the subnational if covered early

- Who do we need to do what?
- Who are the key players?

[2] Kazemi, L 2021, *Getting from ideas to reality: Building political support to translate good ideas into actual practice*, report, CCSI, New York, NY.

[3] Rachel Davies and Daniel Franks 2014 *Costs of Company-Community Conflict in the Extractive Sector*, *Corporate Social Responsibility Initiative Report No. 66. Cambridge, MA: Harvard Kennedy School.*

[4] Kazemi, L 2021, p. 3 para 1, *Getting from ideas to reality: Building political support to translate good ideas into actual practice*, report, CCSI, New York, NY.

[5] [5] Kazemi, L 2021, p. 4 *Getting from ideas to reality: Building political support to translate good ideas into actual practice*, report, CCSI, New York, NY.

- Who has power? (formal and informal)
- What are the powers and interests?
- How and where do power interest and priorities align (winners v. losers)?
- What are the institutional context and systems that influence actions and outcomes?
- Who has to do what for change to occur?

Examining governance risks in mining demands a nuanced appreciation of the shifting power relations, vulnerabilities and locus of influence that surface and evolve across a mining project's life cycle. The CCSI report by Mitro, *Who Influences Oil Sector Governance Outcomes? It Depends on When You Ask*[6] provides a rigorously developed framework for understanding these dynamics in the oil sector— Mitro's[7] table of power and influence resonates directly with patterns in mining.

Table 1 Summary of Mitro power and influence

Sources of IOC power and influence	Sources of government power and influence
Pre-Award Phase	
• More choices around the world • Financial resources and technical expertise • Better knowledge of resource potential	• Size and certainty of potential resource • Control of award process • Due diligence and establishment of strong anti-corruption requirements
Post-Award Pre-Discovery Phase	
• Financial resources and technical expertise • Have been granted an exclusive right • Influence with international contractors	• Limited approvals • Few local firms with expertise in exploration
Post-Discovery Pre-Development Approval	
• Financial resources and technical expertise	• Strong approval authority with impacts NPV
During Production	
• Limited options	• IOCs have "sunk" costs not yet recovered; need to produce without interruption to recover investments
New Discoveries made in existing concessions	
• Technical knowledge and financial resources to develop • Rights under the concession	• New development plan approvals • Represents opportunity for IOC to develop relying on existing infrastructure
Prior to decommissioning	
• Walking away or selling interests avoids high costs	• PSA requirement re pre-funding, right of approval of asset sales

Both sectors progress through tightly sequenced phases—license award, exploration, development, production and decommissioning—each marked by distinctive configurations of power, risk and institutional exposure. Adapting this life cycle lens to mining elucidates how governance risks are not static but emerge, recede and transform as authority and capabilities migrate among companies, host governments and communities. This dynamic, in turn, requires that risk mitigation be equally adaptive and phase specific. Mitro analyses some of the dynamics at the various stages of the project life cycle in oil and gas, and the analysis has relevance for mining.

[6] Mitro, T 2021, *Who influences oil sector governance outcomes? It depends on when you ask. Understanding the shifting power dynamics across companies, communities and host governments over project life cycles and their implications*, report, CCSI, New York, NY.
[7] Ibid p.10

License award phase. Governments hold significant control over project governance, setting legal, fiscal and environmental baselines for long-term project governance, but lack of transparency in awarding licenses often leads to corruption and elite capture. Mining frequently mirrors the oil sector, with non-competitive allocations and selective access benefiting politically connected entities. Technical and information gaps empower insiders, particularly when resource value is unclear. To reduce risk, transparent and competitive tendering; prequalification; and public disclosure—particularly of beneficial ownership—are crucial.

Exploration phase. Given that mineral rights are granted and financial investments begin to flow, the balance of power often shifts away from the government and towards mining companies. Companies gain monopoly rights over the project area and an information advantage derived from technical surveys, drilling and feasibility assessments. This monopoly and information advantage can lead companies to push for favourable terms, exploiting weak oversight and regulatory agencies. Host governments' oversight is often limited at this stage, particularly where sectoral regulatory agencies are under-resourced or where work obligations and local content requirements are weakly enforced. The result is a potential devaluation of future community interests, environmental safeguards and fiscal returns. Moreover, mining companies may selectively engage with elite intermediaries, including local chiefs or business leaders, to secure social license without genuine community participation. Without strong enforcement, community interests and environmental protections can be undermined, and using elite intermediaries may bypass gaining genuine broader participation.

Development phase. The development phase introduces a new phase of institutional crossroads for the mining company needing to accelerate the development of its infrastructure on schedule and budget to start operations. As the mining project transitions from prospecting to formalised planning, permitting and significant capital investment community expectations for jobs also rise while, the host government asserts several strands of authority—through environmental and social impact assessments; development plan approvals; and negotiation of project-specific agreements (including local content, employment and community benefit provisions). However, institutional vulnerabilities abound. Government's vulnerability is that they may lack the cross-departmental coordination required for effective evaluation of complex mining proposals, and regulatory agencies can be vulnerable to capture or undue influence by corporate interests with the potential to override environmental or social priorities; it is precisely during this phase that negotiated special arrangements—often outside standard legal and regulatory frameworks—have generated some of the most significant and intractable governance risks in mining, such as the dilution of environmental standards, inadequate provision for land restoration and the marginalisation of non-elite community voices.

Production: a further shift. As a mine becomes operational and a broader array of stakeholders assert influence. Revenue flows intensify scrutiny from national and subnational governments, parliamentarians and civil society, while communities often organise more effective interventions to advance their interests or address emerging grievances relating to benefit sharing and environmental harm. Unlike earlier phases, this phase is typically characterised by the interplay of three core groups: companies, who focus on securing operational continuity and economic returns; governments, who prioritise tax and royalty collection and compliance; and communities, who become more organised in demanding environmental restoration, fair compensation and direct benefits. The three groups have a balancing act to manage stakeholder expectation with the weight of expectation management on the companies; production revenue can become a potential flashpoint of conflict when high commodity prices create an impression of super profits and the reverse also similar tension; this is the need to maintain commitments while balancing cost. Transparent dialogue and prior robust risk assessment by companies, can help manage these dynamics.

Decommissioning or closure phase and unique governance vulnerabilities. When resource extraction winds down; company presence and investment dwindle; and government attention recedes, affected communities often face the risk of environmental neglect; unresolved compensation issues; and ill-defined responsibilities for post-mine land use and rehabilitation. Weak legal frameworks, insufficient financial assurance for closure, and poor community involvement in transition planning can lead to the abandonment of environmental liabilities, orphaned infrastructure and social dislocation during this phase.

Decommissioning in the oil sector has highlighted the dangers of insufficiently specified liability provisions and security requirements, risks that are directly comparable—and observable—in global mining practice.

A critical insight from Mitro's oil sector framework is the is, the recognition that the relative power and interests of companies, governments and communities are fluid Mitro states that *'Despite perceptions of one or another actor dominating these processes, power dynamics can shift considerably over the lifetime of a project, with relative influence moving from one actor to another at different points along the way'*[8]; that moments of leverage and vulnerability are fleeting; and that effective interventions must be both anticipatory and adaptive. Timing—knowing when to push for fiscal reform, transparency or community engagement—can shape the outcome of governance efforts as much as their content. Moreover, interventions must be attuned to local realities, legal pluralism and the social embeddedness of power, particularly in jurisdictions where informal and customary authorities continue to mediate land access and benefit sharing. Failure to account for such hybrid and evolving structures risks regulatory bypass, exclusion of marginalised stakeholders, and ultimately, project-level conflict or policy backsliding.

3.2 Institutions, Structures and Actors

In explaining the power structure and relations in this section, I rely on my experience in Ghana working for a multinational mining company located in a local community where I interacted mainly with local political actors such as traditional leaders, local politicians, local government officials, prominent social groups and actors, as well as local government agencies.

The key subnational institutions and actors pertaining to mining governance in Ghana consist of several key actors and institutions with sometimes overlapping roles/authority and mixed sources of power; some are formally empowered by the Constitution of the Republic of Ghana (hereafter, the Constitution of Ghana or simply, the Constitution) and others more informally through traditional governance systems or their leadership role in a key aspect of the local economy.

Formal political actors and institutions. An important subnational political institution in Ghana are District Assemblies and the District Chief Executives appointed to head them.[9] The power of these assemblies is devolved from the central government. Through this quasi-decentralised system, the District Assemblies are the local government bodies at the district level mainly responsible for the development of the district in alignment with central government policy. The District Chief Executive is the head of the institution. Their mandate covers local functions for the major public service institutions such as education; healthcare; law and order; and other key public sector activities. One District Chief Executive emphasised that he was 'the President's representative at the district level', a statement intended to elicit absolute clarity about the importance and high statues of his role. However, I also noted that at the core of district politics, the influence of the District Chief Executive was often challenged by traditional leaders, who saw themselves as the lords of the land.

Traditional authorities, economic leaders and the youth. Alongside this district-level government structure are the traditional authorities, who are the custodians of customary law, culture and norms, managed by a chieftaincy structure of traditional leaders who derive their power from families and clans with historical establishment in local communities and villages. Such leaders have lifelong tenure of power derived from blood lines. The Constitution of Ghana[10] provides traditional leaders recognition and despite their non-partisan role, the Constitution establishes national, regional, and traditional houses of chiefs to

[8] [8] Mitro, T 2021, p.2 Who *influences oil sector governance outcomes? It depends on when you ask. Understanding the shifting power dynamics across companies, communities and host governments over project life cycles and their implications*, report, CCSI, New York, NY.

[9] There has been growing momentum in Ghana for a call to elect officials who lead district assemblies. President John Mahama announced that there would be direct elections for Metropolitan, Municipal, and District Chief Executives. Currently, District Chief Executives in Ghana are appointed, not elected. According to Article 243 of the Constitution of Ghana (1992), the President of Ghana appoints District Chief Executives with the approval of at least two-thirds of the members of the District Assembly present and voting.

[10] Article 270 of the Constitution of Ghana (1992).

formalise their governance structure and provide a platform for the development of customary law of traditional authorities.

The chief- who is the leader of the traditional authority, will have his leadership team and his power, depending on the source of his kingdom's wealth. His subjects will include those in the village and others far off in the city and elsewhere who are members of that traditional group. Traditional authorities play an active role in land administration as custodians of stool lands[11] and often oversee land allocation and lease agreements. They mediate disputes—particularly those involving marriage, inheritance and land—using customary law and uphold Indigenous customs. Traditional leaders and their councils are often involved in the initiation or approval of local projects such as schools, roads and sanitation efforts. There is a common saying in Ghana that 'no development project starts without consulting the chief'.

Even at this subnational level, traditional relationships between the various kingdoms have nuances that need to be understood and managed by companies in order to acknowledge the power dynamics within the traditional systems of power. In my time in the Brong-Ahafo region, the mining operation covered five traditional kingdoms. Although all five were from the same tribal heritage, the kingdom division of land ownership and leadership was different for all five, and the hierarchy of power among them was not even or equal. In addition, the five kingdoms were held in allegiance to the overlord the Asantehene, who resided in Kumasi in the Ashanti region. These power dynamics alone needed understanding to manage relationships in the mining area.

The role of traditional leaders becomes even more interesting if members of their community hold political offices such as the district chief executive or a cabinet minister; even when they have positions of formal power, such individuals remain subjects of the kingdom and therefore 'answerable' to the chief. These different aspects of the level of power are managed with delicate political finesse depending on the situation. The traditional leader will dominate during a formal traditional event, and the political appointee will lead in a formal government setting, but the political son or daughter of a kingdom does not fail to acknowledge the power of the traditional leader even in formal government settings. For example, at a District Assembly meeting, there are sub-chiefs who represent the traditional leaders at such gatherings. This creates a very delicate balance for the political actors at the District Assembly meetings where district officials must balance their authority while also adequately acknowledging that of the chiefs and their traditional power and role as custodians of heritage that dominates local life and cultural values. Thus, Ghana operates a hybrid system in which elected officials (e.g. members of parliament, municipal chief executives and assembly members) coexist with traditional authorities. While chiefs do not hold legislative power, their influence—particularly in rural areas—is profound.

I recall being invited to a meeting at the local assembly where I was expected to provide an update on the mining company's activities in the district, to the leadership of the District Assembly which comprised of the District Chief Executive and his assembly men and women. Despite the formal nature of the meeting, it was important that I held a similar meeting with the traditional leaders to provide them with a similar update even before that of the District Assembly. This was because the traditional leaders insist that they are the owners of the land and as such, anything relevant to the company's mining activities would require a separate 'cabinet' briefing with them before being taken to the District Assembly. The District Chief Executive recognises the balance between his/her office and that of the traditional authority and has to manage this dynamic with tack, diplomacy and cultural understanding.

Alongside the traditional leaders is another group of informal but powerful actors: leaders of dominant local economic activities. Because these individuals (e.g. the chief farmer, chief fisherman and the leading market woman) have power over some economic structures and activities, they can be influential in some of the

[11] In Ghana, stool lands are lands that are customarily owned by traditional authorities, specifically the stool or skin, which symbolises the office of a chief or traditional ruler. These lands are held in trust by the chief for the benefit of the community. Article 267 of the Constitution of Ghana (1992) governs stool lands. It establishes the Office of the Administration of Stool Lands to manage revenue from these lands. Revenue from stool lands is distributed as follows: 10% to the Office of the Administration of Stool Lands (administrative fee); 25% to the stool (chief); 20% to the traditional authority; and 55% to the District Assembly for local development.

local economic factors such as labour and financial resources and may have direct access to leaders at both local and national levels. They derive their power from the influence they have over their area of activity, and this is usually based on their economic and productive capacities. Sometimes traditional leaders, known families and key opinion leaders have these roles. Encountering a subnational political dynamic where the influential farmer or fisherman is also a traditional leader represents dual influence at the local and community level. Managing stakeholder engagement in this dynamic of dual and multiple influences can be challenging; its sometimes difficult to ascertain which of the influences are driving the issue being discussed and where to lean to shift the power dynamic, even for formal political actors, such as members of parliament or national politicians, particularly during election campaigns when they need local influence.

An emerging influential block are the youth who play multiple roles as political operatives for local and national political actors as well as economic agents on their own as job seekers. For example, they are often political foot soldiers for national- and local-level political operatives, members of political parties at the local level, or direct servants in the court of the traditional authorities, playing cultural roles like carrying stools, royals staff, linguist and guards. Beyond their service to other formal and informal actors, the youth also assert themselves separately around issues that directly concern them such as economics, employment and development. They continue to challenge corporate actors to engage them directly, and this causes some tensions, particularly with traditional authorities who do not see the youth as relevant or legitimate actors in determining the overall relationship with corporate entities. On several occasions, I was confronted by traditional leaders who expressed the view that our engagement with the youth was promoting their power and will undermine the authority of traditional power. In turn, the youth viewed our engagement with traditional leaders as a bid to buy the power of traditional authorities and often accused us of trying to influence traditional leaders with benefits such as employment and business which further goes to direct relatives of these leaders and not wider society. Such tensions can lead to disrupting mining operations if not managed carefully.

The various political actors play different roles depending on what political, social, economic or cultural issue is being addressed. The power dynamics of these various actors and institutions come into sharp focus when there are major benefits that can be offered in the form of development via investments such as the multi-million-dollar development of natural resources tied to the heritage of such communities in the form of land. Each institution or actor sees an important role for itself in determining the various decisions of such investments at the local and operational level with potential ramifications for what has generally been agreed at the national level. In such circumstances, the results can range from collaboration to conflict because of the dynamic that exists between the different institutions and actors. The only way to anticipate and plan accordingly is to create early understanding of the local institutional and structural dynamics even while formally negotiating at the national level.

3.3 Nexus between Mining Investment and Subnational Politics

To explore the nexus between mining and its related investments at the subnational level in relation to interests, impacts and benefits in Ghana, this section focuses on one of the key actors outlined earlier: traditional leaders. The powers of the traditional leader often come into conflict with those of the politically appointed District Chief Executive and other public officials because of the grey areas relating to constitutional and customary functions of governance at the community level. In Ghana most natural resources are often available in local communities on lands that come under local stools and other traditional areas. This creates a sharp power nexus between the state's interests (in relation to its rights over such resources for the wider country); the subnational government (in relation to the land rights of traditional communities); and the mining sector (in relation to their investments).

The Constitution of Ghana, specifically Article 257(6) and Article 269,[12] establishes a definitive structure relating to mineral rights within the country. Under this constitutional framework, ownership of minerals is

[12] A central constitutional reference to mineral rights in Ghana is found in Article 257(6) of the Constitution of Ghana (1992).

centralised. This means that minerals found within the territory of Ghana are not the property of private individuals or local communities, even when these resources are discovered on their land.

Mineral resources are vested in the state under the Constitution, ensuring that the authority to manage and exploit these assets is held by the central government. The Constitution thus provides a clear legal basis for the centralised administration of mineral wealth, setting out the responsibilities and powers of relevant state institutions in overseeing and regulating mineral resources at the national level. This arrangement underpins the broader relationship between central government policies and subnational interests, particularly in the context of mining investments and their effects on local communities.

The President of Ghana holds mineral rights in trust for all Ghanaians. Local landowners and traditional authorities do not have legal ownership of the minerals beneath their land. While the Constitution centralises mineral ownership, other laws and policies—such as the *Minerals and Mining Amendment Act 2015 (Act 900)* - introduce mechanisms to balance state control with community interests. Traditional authorities play a critical role in this governance architecture: as custodians of the land, they hold surface rights and companies are required to negotiate with them for access to their government granted concession. Traditional authorities are entitled to a share of ground rent and royalty payments from mining operations on their lands. Traditional leaders must be notified before mineral rights are granted on stool lands and these leaders play a central role during negotiations relating to permitting during public hearings, compensation for land required for mining activities by participating in representative committees of the resettlement process. In addition, traditional authorities also have responsibilities for local development on their lands in partnership with the state.

Local communities in Ghana have the right to receive compensation when their land is used, their crops are lost or they are displaced. Mining companies must engage with affected communities before operations begin. Many companies are encouraged, though not always required, to support local development projects, such as building schools, clinics and roads. Large-scale mining requires an environmental and social impact assessment and community input before starting. However, generally, the implications of mining projects are that the state controls the resources, and local communities bear the environmental and social costs. The distribution of benefits—such as royalties, employment opportunities and infrastructure—is not equal.

Alongside the formal legislative structures for investment agreements at the national level, which are often captured from the perspective of political risk assessment activities of large mining companies, there is also the real consequences of actions at the subnational level that have effects that are largely overlooked. The role of traditional leaders in mining negotiations can be far reaching and disruptive if they do not feel their interests are adequately served and their authority is not recognised through engagement from the early stages of the investment review and agreement at the national level. National-level politics and decisions often ignore this reality and therefore leave mining companies exposed to risk at the subnational level with no support.

There are indeed national-level sets of agreements that should be negotiated in the licensing and agreement phases of mining investments such as taxes, royalties and local content legislation. However, it is necessary to consider how agreements can affect subnational interests and local communities by evaluating the interests of subnational actors and communities and engaging with them early when national agreements are being considered. This approach can help address issues at an early stage. Understanding the influence and interests of traditional authorities provides useful information for national politicians and managers of mining companies in relation to engagement requirements and considerations at the subnational level, which may assist in identifying opportunities and reducing risks.

3.3.1 Nexus between Traditional Authorities and Mining

There are several subnational issues related to traditional leaders of local communities that can have major consequences of a national character to which multinational companies are exposed and that can affect the sustainability of a mining investment. Traditional leaders of local communities are usually classified in multinational companies' description as public officials or politically connected persons, although the actors

themselves do not classify themselves as such. This classification of traditional leaders as public officials by multinational company defines any fees due then for related expenses as that of politicians and requires several approval levels within the companies. This classification and required levels of approvals is seen by traditional authorities as disrespectful; they insist they are not public officials and any arrangements in relation to their relationships with companies particularly in the area of fees and benefits shouldn't be classified as such. Internal to the companies also the threshold for approvals can also be disruptive to business since most traditional activities that require disbursement of funds are varied and depends on the occasion and as such needs expediency and flexibility for internal governance purposes compared with that of public officials. Delays in approval processes when required has potential consequences for managing the expectations and risks that these key stakeholders could pose to the investment at the subnational level.

In one example, for the purposes of compliance, I had to lead an exercise to explain to the traditional leaders that certain requests, even those of a traditional nature—such as providing drinks for libation for the opening of meetings and other traditional ceremonies—will need early communication with the company because of various levels of approvals required internally. This is because, internally, compliance had defined the role of traditional leaders as akin to the role of politicians or public officials and therefore, our dealings with the traditional leaders required certain internal approvals. The exercise was meant to help us address the requests of traditional leaders in a timelier manner while managing the compliance approval process, which in some cases went beyond the site level to the regional office or in some cases to headquarters. The traditional authorities viewed this process—which was similar to how we would treat requests from politicians—as an insult given that they had lifelong power over their kingdom. The traditional leaders decided to boycott our meetings over the issue, and it took a series of meetings and some internal realignment to resolve this issue. In this example, the company's procedures and processes did not reflect an understanding of local and traditional customs, which saw the corporate culture of compliance clash with traditional norms. Given that not all traditional norms are documented, local consultation is required to understand how corporate compliance matters can be better assimilated in the local context.

The disbursement of royalites to traditional authorities in Ghana is often delayed despite regular quarterly contributions to government by multinational mining companies. This delay does create frustration amongst the traditional authorities. In one example, traditional authorities directed their frustration at the mining company for which I was working by threatening to stop of the mine from operating if they did not receive their payment from central government. Traditional leaders have also demanded that the mining company for which I work facilitate conversations at the highest level of government to ensure the timely disbursement of these funds and even a change in the law, so that they are paid directly. Such issues can be disruptive to mining operations and therefore pose risks to the success of a project. These examples demonstrate traditional authorities using their leverage as custodians and their ability to enforce their power over the land that is being mined to draw attention to a matter that was controlled at the national level. In the view of leverage in this case every hour of delayed operation as a result of their direct action has cost implications for state revenue. In this case mining activities become a proxy for getting the attention of the state.

In Ghana the nexus between multinational mining companies and traditional leaders comes into sharp focus during the establishment of operations on the lands of a kingdom. Despite the presence of the District Chief Executive, the nature mining investments being tied to land that is usually customarily owned by traditional authorities and families draws traditional authorities directly into the discussion of impacts, expectations and benefits. A mining company's failure to identify these issues and the importance of obtaining the support of the right traditional leaders at the right time in relation to a mining investment decision can lead to delays, stoppages and even community/company conflict.

3.3.2 Traditional Authority and Power Displacement

One of the primary effects of operationalising multinational investments in mining resources at the subnational level is the dynamic shift in the power and centres of production from traditional leaders to the multinational corporation and its investment in the area. The generally huge scope and scale of mining investments absorb land and create a new economic paradigm, and by sheer size and presence wield

power. This effect poses a direct challenge to the authority and influence of existing subnational traditional authorities and by implication the chief. The almost sudden shift of the balance of power based on the allocation of new economic resources via the multinational investors will inevitably dilute if not displace the influence and political power of the traditional leader. In some informal conversations with traditional leaders, they note that before company entry into their communities, they had authority over their subjects in relation to issues such as employment, allocation of land and provision of development activities. The presence of the mining company can suddenly displace this longstanding traditional authority, with subjects no longer needing traditional leaders to obtain their livelihoods through activities such as farming because they can now become wage earners through obtaining employment with the mining company. The economic opportunities created by the local mining activity can overturn the economic and power structures of the community. For example, through local content procurement, local entrepreneurs can gain contracts related to mining operations and become wealthier and more prominent than the traditional leaders, thereby eroding the perceived power of these leaders among their subjects.

Thus, as company financial commitments begin to translate into physical infrastructure, such as roads, educational and health facilities, the company presence and its investments create a new political dynamic in the area because of the sudden boost of a new economic activity with its new managers. Instead of turning to the traditional authorities for opportunities and access to economic benefits, the mining company *becomes* the access to opportunities such as employment and subcontracting directly or indirectly through company supply chains. Residents can now turn to the better-resourced mining companies for their livelihood rather than the limited and even eroding opportunities that were once available through traditional leaders.

The new economic dynamic creates an inevitable shift of power and a significant displacement of the powers of the traditional authorities and their leaders. There is a shift of economic power from traditional leaders, who, until the mining activities began, were the established economic actors. The new investor and its emerging operations now control the local economic activities of employment, and related services so that local citizens who historically relied on the benevolence of traditional leaders for economic prosperity now look to a new benefactor. This shift in economic and power dynamics creates tensions as traditional leaders grapple with maintaining power and relevance in the new local context.

Mining companies also displace the power of traditional authorities and inadvertently create opposition to their project by conducting consultation processes that deemphasise the primacy of the traditional leaders. As companies seek broad-based social acceptance for their operations, they tend to increasingly favour more transparent and inclusive community engagement strategies to win over the greatest variety of local stakeholders as possible. However, these inclusive consultations can dilute the voice of traditional leaders and empower other actors who may question the authority of the traditional leaders in other realms of action. For example, in Ghana creating a forum in which women can be equally heard in some local communities and providing them with direct opportunities of making a livelihood provides a certain formalisation of their role in decision-making, which may be at variance with custom and lead to traditional leaders resisting the project.

In the establishment of a consultative forum of traditional leaders in one community where I worked, we advocated for the queen mothers to be part of the decision-making process with the men, and the men rejected this as an afront to their traditional authority despite the traditional role of queen mothers in local governance. The men argued that the role of the women was more ceremonial than formal. Traditional leaders who would usually dictate the development paradigm for the community and thereby lead and even disproportionately gain from such investments can now find themselves competing with other forces they deem as less powerful and legitimate in the traditional hierarchy. In another example, a female entrepreneur who had secured a business opportunity with the company through a competitive process requested that the mining company seek the approval of the traditional leader as part of the process because of her fears that her success could be seen as a threat to the authority of the traditional leaders, and therefore needed to be managed with the support of the company. Furthermore, when the mining company introduced direct opportunities to women to become haul truck drivers in the mine, it challenged traditional perception of women's role in what was seen by men and some traditional leaders, as a male-dominated environment and

created some challenges for the authority of men despite giving the local women more direct control over their livelihoods and economic choices and opportunities.

The power shifts that can emerge from a mining company's presence in a territory previously dominated by traditional leaders has the potential to upset the existing order in ways that can then affect the mining company. For example, youth groups through organized forum who gain direct access to engage with mining companies are seen as diminishing power of traditional leaders who would normally have that dialogue on behalf of the entire community. In the new social context created by the presence of mining activities in the local area traditional leaders often consider non-governmental organisations as a threat to their power because they represent a broadened power base in the local community as they seek to engage and represent the community and its rights in a way that often competes with the power of traditional leaders.

A further example of when local traditional authority can clash with the corporate authority of the mine was when I laid off a worker in my team who was the son of a queen mother, leading to a direct threat to my position. The queen mother responded to me making her son redundant by arguing that I was not from her community—where the resources we were mining were located—and therefore had no right to have the audacity to make redundant "a son of the soil", who was her child. She asked that I return to my own community (which is not a mining town). Her point was that because she is a custodian of the land and her son is an inheritor of that land, company action should not affect him negatively. The company's metrics for redundancy were different from her heritage perspective. The queen mother took my action as a sign that her power had been directly displaced. However, the decision that I made stood, and through the intervention of some of the other traditional authorities, my employment continued, but the queen mother was greatly dissatisfied.

Thus, traditional power and corporate culture can quite easily and often clash. It is important that the local cultural context is appreciated to the extent that it becomes an advantage for the company rather than a challenge to manage. This requires experience and knowledge in subnational dynamics and cultural values.

3.3.3 Employment

The benefit of employment and income is one that is of major interests of mining activities for local communities and traditional leaders. During the pre-operational phase of mining projects, when agreements are being made between mining companies and the state, if the company visits or consults with communities (which is rare), it can create great expectations for local community benefits, particularly employment. When mining operations are about to begin, and employment opportunities emerge, subnational actors such as the local youth population, who often have high expectations and have supported the presence of companies in the community, will seek support from traditional authorities to influence companies on the number of employment opportunities to be made available to members of the local community. However, traditional leaders often have no major influence over employment opportunities, and this realisation in the local community, can erode their power. In one example where the mining company needed to employ local community members, traditional leaders expressed their need to be involved in the process, which led to an immediate challenging nexus between the company's activities and traditional authority. After many negotiations, we had to come to an agreement to create a ballot system for casual labour; the traditional authorities insisted on a format that allowed them to personally select an individual for every three employment opportunities that was balloted.

The transparent hiring processes of companies can 'rob' the traditional leaders of the ability to distribute job opportunities to favoured subjects. This situation can motivate the youth population to engage directly with the new powers (the company), which can then shift their respect and reverence away from the traditional leaders to the company, where they can negotiate more directly for themselves. Traditional leaders also begin to engage the companies to seek more direct benefits of employment opportunities they can offer to others of their choice. This is usually more common when unskilled labour is required, which is particularly the case in the construction phase.

The inability to satisfy the personal demands of traditional authorities to support their perceived power among their communities creates a sense of frustration for the traditional authorities and for some members of the youth population, who rely on them to access such opportunities. This creates tensions and can trigger two potential sources of conflict: the youth population taking direct action against the company and/or against traditional leaders for failing to protect their interests. The third outcome is aggrieved traditional leaders who use this issue to attempt to withdraw or withhold consent for the mining activities when the permitting process requires community engagement.

The inability of the company to help maintain the power and relevance of traditional authorities by ensuring they have some power to provide employment opportunities risks losing the confidence of traditional leaders and the youth population, which in turn can become a serious risk in sustaining mining operations. The influence and presence of the national government and even the District Chief Executive to manage such a risk is often low. This means that the mining company itself should ensure clear local community engagement and consultation to avoid diluting local power structures and should seek innovative ways to enhance the reputation of traditional leaders in the changing political economy to avoid creating a risk for mining operations.

3.3.4 Local Business Opportunities

Procurement opportunities at the community level are one of the key benefits of mining projects that can stimulate local economic development. This is crucial in instances where the mining company cannot provide direct employment to everyone. Through its supply chains and local content legislation, the company can provide local business opportunities in mining communities. Local procurement benefits are often exaggerated by both companies and politicians in the agreement phase of license agreements. This becomes one of the key aspects of positive benefits that is amplified in meetings between government and traditional leaders as well as companies in their engagement in local communities. The subtext of this is the signals of impending erosion of the influence of local authorities in the new mining economy as well as the high expectations it raises for communities as a whole. Some traditional leaders establish themselves as entrepreneurs with the expectation of winning contracts directly but find themselves in a competitive tender with their subjects, where their role as leaders has no bearing. These leaders dislike having to compete with their subjects because this is seen as an erosion of their authority. In one example, a traditional leader told me that the entrepreneurial opportunities given to some of his subjects meant that these subjects now wore prestigious Kente clothes, which used to be the preserve of the royalty. In some cases, traditional leaders attempt to ensure that entrepreneurial opportunities are reserved exclusively for them and their family members, arguing that this is in keeping with their authority as leaders and custodians of their people. They consider mining projects in their local community area an opportunity to enhance their reputation in the local community and amongst other traditional areas who have no such natural resources , economic influence and financial standing in the new economic dynamic, which they aim to secure through retaining the level of privilege, power and influence they wielded before the mining project in their community. Sometimes, community entrepreneurs who secure contracts are pressured by traditional leaders to contribute to cultural events or activities to protect their contracts (some believe traditional authorities have the power to get their contracts cancelled). These dynamics can lead to entrepreneurs not participating in certain tenders in deference to their traditional leaders. Even among traditional leaders, there have been cases where senior chiefs are displeased that chiefs who are lower in the hierarchy were accessing business opportunities instead of them, seeing this as a threat to their power.

This issue puts companies in a very difficult situation because they do not want to risk non-compliance in their procurement processes by being seen as ‘buying’ the approval of traditional leadership through providing procurement opportunities, but they also face consequences from the local community if they ensure transparent procurement processes that do not benefit traditional leaders. Managing such issues can be time consuming for executives and can risk disruption to business operations.

3.3.5 Development

The development needs in a local or regional area also become a focus of multi-million-dollar mining investment projects. The responsibility for community development and support that are usually reserved for national governments are often transferred to the mining company. This situation often arises when the central and local governments are either not present or are weak and have a history and reputation of non-delivery. Development expectation is matched by the perceived wealth of the multinational company deploys in the area to establish its operations by investing in infrastructure such as roads, power, telecom networks and water systems that are necessary to support their operations. These significant investments often trigger discussion and expectation amongst both national and local stakeholders about sharing resources among communities. In such cases, different actors at the subnational level often seek to ensure the infrastructure will benefit their area. Decisions about which corridor services should pass through can become contentious among competing traditional leaders in the same community or district. The ability to influence where development benefits are directed is a source of power and influence for traditional authorities and can therefore lead to competition between these authorities. Traditional leaders see this ability to influence development decision in favour of their communities as a reflection of their 'waning' authority, as changes in the social development of their communities occur. This dynamic can also occur when governments are implementing projects to develop communities. This has the potential to create conflict among local actors who are seeking to benefit from development in their area and maintain their power.

The dynamics described here can also disrupt business establishment and operations. For example, if a mining project needs to bring electricity to a community that did not have any as part of its support infrastructure, this social investment initiative will be expected to benefit the chiefs before the wider community. Thus, if the capacity to share power is limited, the chief might expect their local palace to be the first structure that receives an electricity connection, even ahead of a clinic or school. Seeking direct benefits of such infrastructure and services can become a negotiation tool that traditional authorities use for the social acceptance of a mining investment in their local community. The absence of an agreement or solution that satisfies the traditional authorities can lead to them withholding or withdrawing consent for permits; delays in public hearings; mobilisation of the community against the mining company; and in extreme, cases outright rejection of the company. The risks associated with shared-use infrastructure or social amenities in local communities can therefore hinge on how traditional leaders benefit from these investments.

Even in instances where communities can share infrastructure, the competitiveness that can exist among traditional leaders can become significant. For example, in one district in Ghana where the mining company I was working for operated, there was an opportunity to build a nursing college that would serve several communities. While there was agreement among traditional authorities that there was a need for a nursing college, the communities could not agree about where it should be built. A central location that could best serve all communities was rejected by several chiefs because each traditional authority wanted the college to be located in their community because it was a symbol of prestige to the community where the college would be located. The project to build the nursing college depended on all surrounding communities contributing a share to the mine's development foundation fund, but the disagreement on the location meant that even though the nursing college would be able to provide nursing education to members of all areas surrounding the mine, the communities in the catchment area withdrew their contribution because the project was not located directly in their community. The community which had the advantage of location went ahead and put all their allocation of the development fund in the project,

3.3.6 Royalties

Ghana's *Minerals and Mining Amendment Act 2015 (Act 900)* stipulates mining royalty arrangements that benefit traditional authorities. The current Act which came into force in 2015 is as follows; 'Royalties Section 25. A holder of a mining lease, restricted mining lease for small scale mining lease shall, in respect of minerals obtained from its mining operations, pay royalty to the Republic at the rate and in the manner that may be prescribed'. The amendment from a fixed rate to a prescribed rate provides for a negotiated royalty rate between a mining company and the Government and as such Traditional leaders could have a say. A

recent test of this is a call by traditional leaders in the Ewoyaa, Krampakrom community in the central region of Ghana on Nov 27, 2005, opposing a government decision to reduce a negotiated 10% royalty rate for lithium from their lands to 5%. The matter has triggered a parliamentary discussion on the issue and highlights the relevance of subnational politics in mining.

The portion of the royalties is for the stool lands and Traditional Councils are supposed to contribute to the development agenda of their kingdoms. However, this is not always the case. In a conversation I held with traditional leaders to obtain better understanding of how the royalties funds are used, one remarked that the money is used to 'paint their royal sandals', meaning that the money is spent on adornments that come with their roles as traditional leaders, such as high-quality cloth and regal footwear. Thus, sometimes, the opportunity to enhance the image and reputation of traditional leaders in their community and perhaps to be envied by individuals and leaders who are not 'mining' communities means that traditional leaders will spend money that comes from mining royalties to enhance their own status at the expense of wider benefits that could be directed to their own people.

Thus, the nexus between traditional powers and mining companies involves many complicated dynamics that require consideration to ensure that potential risks are managed and safeguard the investment.

4. The Power Nexus

In Ghana, the strategies applied to manage political leaders and power structures to secure investments at the national level are very similar to those applied to manage traditional leaders and their institutions at the local level. For example, during the election periods, national politicians may seek the support of traditional leaders. Although in the constitution traditional leaders are expected to remain neutral in national politics, sometimes they are convinced by national political actors to influence their community for support. There are cases where national politicians bribe traditional leaders by giving gifts and promises to support their kingdom with development projects when elected or even to enhance the status of the traditional leader. National political actors derive some of their power from traditional authorities because members of parliament represent constituencies that are local communities. These national actors recognise the importance of offering promises to bolster the political prestige and authority of the traditional leaders when seeking support for re-election. There have been instances where political actors who have been nominated for cabinet positions attend their vetting in parliament with traditional leaders from the constituency in recognition of the support they received from the traditional leader when seeking their political office. The primary objective of their actions during elections periods is to show respect to the kingdom and its leaders to seek the political support from the citizenry. Sometimes, traditional leaders, who by law are required to be politically neutral, pronounce public support for a party or candidate depending on whether the national politician has shown or promised support for the kingdom or status of the traditional leader.

For a mining company aiming to conduct its activities in a local community, it is also important to identity this power nexus at the subnational level by understanding how the presence of the company will alter the traditional authority structure and ensuring that this is managed with the traditional leaders. Building respect and trust with leaders serves is a valuable foundation for managing the emerging displacement of power. However, there may also be the need to take measures to enhance the reputation and power of traditional leaders. Engaging these leaders at the national level at an early stage so that they understand the underlying national agreements and how aspects of those will affect their local communities and economies enables traditional leaders to maintain their relevance in their community, which will in turn enhance trust and respect of the leaders towards the mining company. Ensuring the involvement of traditional leaders at the early stages of a project will require the company to persuade national political actors to enable and allow the engagement of traditional leaders.

Mining companies should also understand the effect of the new economic structure in local communities and how this can displace the authority of traditional leaders. This understanding may change the way that dialogue with such leaders and their subjects is initiated and conducted. For example, in trying to shape a participatory approach for a community investment initiative, the hierarchy of the dialogue should operate in

alignment with the hierarchy of traditional decision-makers. Showing respect for traditional hierarchies and systems can create productive dialogue that can lead to consensus between the company and the kingdom as represented by the traditional leader. When traditional leaders perceive they that are losing power, they can become resistant to the presence of the mining company and cause disruptions to the project that can be costly.

4.1 Benefit Capture

Maintaining the economic power of the traditional leader in the rapidly changing economic structure, in which the traditional leader no longer controls the factors of production and has no direct power over factors such as employment and business opportunities can be a major challenge for a mining company. An additional consideration in this dynamic is that traditional leaders do not necessarily gain direct benefits from the profits and outcomes of the investment in natural resources in the kingdom. However, traditional authorities seek such benefits because they want to maintain their economic power and avoid situations where their subjects can be elevated to having a far higher economic status and thereby undermine the influence of the traditional leader in the community.

This creates difficulties for companies because they are not supposed to offer special benefits for traditional leaders because doing so conflicts with anti-corruption and other compliance and ethical issues This challenge creates the potential for risks and conflict that can negatively affect the project. The important point is that the risk as well as the concerns of the traditional leaders should be understood, rather than seeing their attempts to maintain their economic power and status as being greedy.

To manage the dynamic between ensuring traditional authorities can accept the changes that will arise from the presence of the mining company in their community and ensuring no corruption, compliance or ethical requirements are violated, it is important to engage in dialogue with traditional leaders at the early stages of the project and discuss these issues and agree on a process that accommodates the status and needs of traditional leaders and meets all requirements of good and legal business conduct. Most traditional leaders have the capacity to undertake business opportunities and other benefits in the new economic paradigm created by the natural resource investment, so this must be recognised and accommodated by companies and national politicians, when discussion policy and compliance initiatives, Transparent engagement with subnational stakeholders helps manage the risks associated with benefit capture at the subnational level. The company will also need to gain support from national government to help establish an appropriate framework that can accommodate the needs of all subnational actors as well as those of the company.

4.1.1 Development Imperative

The overall imperative for development is one that is important at both the national and the local level. The ability for a mining company to contribute effectively to a development agenda is key and needs to be shaped in the context of the discussions at the national and subnational levels in relation to how social investment funds will be directed to development needs. Some of the areas where collaboration should occur are capacity building at the national and district levels in the context of development issues. To achieve such collaboration, members of parliament can partner with subnational political actors such as traditional authorities and District Chief Executives. The Sustainable Development Goals also provides a productive context for the development imperative of a mining investment to direct the investment towards being effective and positive at the community and national levels. There might be a need for the mining sector to contribute to promoting the establishment and reinforcement of governance structures relating to royalties and taxes to support a development agenda.

4.1.2 Balancing the Nexus Risks

The art of managing the dynamic nexus of subnational politics and mining requires a reform in governance frameworks and risks assessment to provide for an effective balance between conflicting issues within the nexus.

Kazemi outlines an important path to impact approach that is worthwhile for political actors. The following four strategic steps and/or options are not mutually exclusive:

- maximise the paths of least resistance
- bolster the power of supportive actors
- change the interests and incentives of powerful actors
- avoid or work around political obstacles.

Kazemi's[13] 4 step approach to build political support is illustrated in the table below as a sample to match the mining context. Kazemi notes that these steps are not mutually exclusive but can be used in various combinations depending on the challenge or obstacles to overcome for positive impact

Table 2 Kazemi 4 Steps for building political support

Kazemi's Strategic Approach	Mining Governance Application	Expected Outcomes
Paths of Least Resistance	Align policy reforms with influential actors' interests during 'windows of opportunity'	Incremental, politically feasible reforms, rapid wins
Bolster Supportive Actors	Coalition-building: regulators, civil society organisation, donors, companies with environmental, social, and governance focus	Enhanced capacity for reform, greater resilience
Change Interests/Incentives	Leverage media, incentives / disincentives, strategic narratives	Reframe reforms as self-interest for elite buy-in
Avoid/Work Around Obstacles	Independent oversight, multi-stakeholder platforms, legal innovation	Innovation in governance arrangements, bypassing deadlocks

This strategic mapping can transform risk diagnosis to a proactive governance roadmap.

5. Conclusions and Recommendations

Balancing the interests of the company and communities requires new forms of collaboration to maximise mutual benefits. To ensure the sustainability of natural resource investments, stakeholders should consider the actionable steps outlined in the following sections.

5.1 Implications for Practice

5.1.1 Companies

Conduct comprehensive risk assessments. Before initiating any extractive industry investment, it is crucial to conduct thorough risk assessments that consider both national and subnational factors. Kazemi's PEA diagnostic approach provides a worthwhile framework for undertaking this exercise. Discussions with national-level actors when entering a country should include subnational political actors. The nexus between the two levels of government should be assessed from both a risk and opportunities perspective. National-level politicians should gain insight into subnational dynamics to understand the exposure of national government and the mining company to the potential positive and negative effects that the actions of the state and the investor can have on subnational actors. This risk assessment includes evaluating political stability, regulatory environments and potential social and environmental impacts. Companies' framing of the risks and its implications can provide all stakeholders with a more transparent understanding of the dynamics

[13] Kazemi, L 2021, Section 2 (Strategising a path to maximum impact) *Getting from ideas to reality: Building political support to translate good ideas into actual practice*, report, CCSI, New York, NY

that affect decision-making and the operational focus of the activities on the ground, thereby providing a more realistic view of the benefits of the investment throughout the life cycle of the project.

Engage with local communities. Building strong relationships with local communities is essential for creating the foundation to manage the dynamics of the nexus of subnational politics and mining activities. This involves engaging in transparent communication; understanding local needs and concerns; and ensuring that investments bring tangible benefits to the community. Engaging local stakeholders early in the process can help mitigate potential conflicts and foster a supportive environment for the investment. Davis and Franks 'Interviewees observed that effective management of community expectations requires "front loading" the company's investment in community relations'[14].this highlight proactive early engagement through meaningful dialogue with communities as key to preventing conflict and reducing long-term costs. These authors also advocate treating social risks with the same rigor with which financial or operational risks are treated. From a cost perspective, this approach is helpful in measuring the effect of different conflicts that can manifest at the subnational level and reinforces the case for upfront risk assessment in the early stages of an investment that must include an assessment of the risks related to dynamic forces at the subnational level.

Company engagement approaches and procedures at the operational levels should factor the risks and mitigation measures identified at the preliminary stages into how engagement is conducted at the local level to address issues such as the displacement of power, management of benefits and framing of the development imperative in a more collaborative context that ensure understanding of the power dynamics. The political stakeholder mapping framework in such a context will provide a fit-for-purpose approach for an effective engagement strategy that is designed to avoid risk and maximise benefits for all.

Develop adaptive strategies. Given the dynamic nature of subnational structures, it is important to develop adaptive strategies that can respond to changing mining life-cycle and dynamic local conditions (power and interest changes) The dynamic nature of the various actors at the subnational level and the prospect for evolving influences means the process of risk assessment and management of subnational actors must also be dynamic and able to continually evolve as subtle changes occur that can have a negative impact if they are not recognised in time. This dynamism includes having contingency plans in place and being prepared to adjust operations as needed to address emerging risks.

Implement robust monitoring and evaluation systems. Establishing robust monitoring and evaluation systems is critical for tracking the progress and effect of investments. This includes regularly collecting data and using the findings to inform decision-making and improve practices.

5.1.2 National and Subnational Government

The links between national and subnational politics also has implications for the design of the development agenda for all actors. An understanding of the needs expectations challenges and capacity of each stakeholder in a shared experience creates a safe context and framework. Through that shared vision and with the help of the Sustainable Development Goals, or similar national and local goals stakeholders can better shape their views and objectives with the benefits that the mining investment brings, Subnational actors also need a better understanding of what is required to invest long term in the resource industries in their communities and the implication of the new partnership for their own power and development evolution. The following proposals are designed to strengthen the relationship of both levels of governance to enhance better resource management.

Invest in capacity building. Strengthening the capacity of local institutions and stakeholders can enhance the sustainability of mining investment and community development, The issues of transparency among subnational political actors are a major challenge in the context of major investment and benefits in small communities. It is important for all actors to understand their political challenges to better manage their

[14] Rachel Davies and Daniel Franks 2014 p.10 *Costs of Company-Community Conflict in the Extractive Sector*, *Corporate Social Responsibility Initiative Report No. 66. Cambridge, MA: Harvard Kennedy School*

internal dynamics. It may be important to provide better multi-stakeholder dialogue frameworks for subnational political actors to better understand each other's context. This involves providing training, resources and support to local governments, organisations and communities to help them effectively manage and benefit from natural resource investments.

Foster collaboration and partnerships. Collaborating with various stakeholders, including government agencies, non-governmental organisations and private sector partners, can enhance the effectiveness and sustainability of investments. All stakeholders must establish a collaborative framework to improve engagement and negotiation, fostering positive and beneficial relationships for managing natural resources. Partnerships can provide additional resources, expertise and support to address complex challenges.

Managing governance risks in mining cannot be static. The distribution of power among stakeholders, regulatory agencies and external actors constantly evolves as the project moves from exploration through exploitation and eventually to closure. It is essential to build a governance framework that adapts to evolving phases and interests, particularly at the often-overlooked subnational level.


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