

The Economic Analysis of Retrenchment in Mining Communities and its Effects on Local Area Economies and Poverty

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Throughout Africa, and in particular Ghana, Mine Workers Union, management and policymakers are seeking successful strategies to mitigate the effects of retrenchment of mining workers on local economics and diversify the sources of income of the retrenched workers. This study is designed to illuminate central questions regarding the resizing of AngloGold Ashanti's operation in Ghana and its effect on the local economies. In particular, the project seeks to evaluate the impact of financial literacy on the retrenched workers investment decisions.

This project takes advantage of the financial and investment education program, that the Ghana Mine Workers Union has implemented to sensitize workers of AngloGold Ashanti Ghana on how to prudently manage their severance packages, and studies the impact of financial literacy on investment decisions. In this project original surveys in gold mining communities in Ghana and other selected African countries will be conducted to collect detailed information on households in these communities.

Research Questions:

- If we find a negative effect of the resizing on the local area economics, how do we use mining to catalyze development and improve the local economies when the Obuasi Mine bounces back.
- If we find important effects of severance packages on investment choices, what are the constraints to saving and borrowing that inhibit these investments?
- If we find a negative effect of the resizing on the local area economics, how does the effect influence poverty?

Project Beginning Year: 2014