



Pass the Legislative Instrument to the Minerals and Mining Act, 2015 (Act 900) Now!



Background

The Government of Ghana, acting through the Ministry of Trade and Industries (MoTI), the Ghana Export Promotion Authority (GEPA) and the Ghana Investment Promotion Centre (GIPC) has put in place a number of promotional activities with the aim of boosting investment and productivity in the jewelry sector. These activities among others have led to some marginal rise in the domestic production and sales of jewelry in the country. Unfortunately the Federation of Ghana Jewelers Association (FGJA) believes that the legal regime in the mining sector needs to be strengthened in order to provide the local jewelry industry to grow and develop. Most jewelry consumers locally and internationally are interested in knowing if the production process was ethical and environmentally friendly. This is to ensure that the jewelry they buy was not from

areas with human rights abuses, mined illegally or mined in a manner that destroys the environment. Jewelry consumers want to be sure that they are not contributing to the destruction of livelihoods and the environment by purchasing those minerals or jewelry. There is therefore the need to sanitize the mining industry and make it a viable business that addresses environmental concerns.

To address these challenges which are endemic in the small scale mining sector, Ghana passed the Minerals and Mining Act, 2015 (Act 900), an amendment to the initial mining law. This new law spells out the measures aimed at governing mining operations in Ghana. The new law provides for addressing the concerns of the industry by prescribing strong punishments to those who operate illegally.

The current dilemma is the Legislative Instrument (L.I.) which is needed to make this new law operational is yet to be drafted. The failure to develop the required L.I to the Minerals and Mining (Amendment) Act, 2015 (Act 900) remains the major impediment to the growth and development of the mining industry in Ghana.

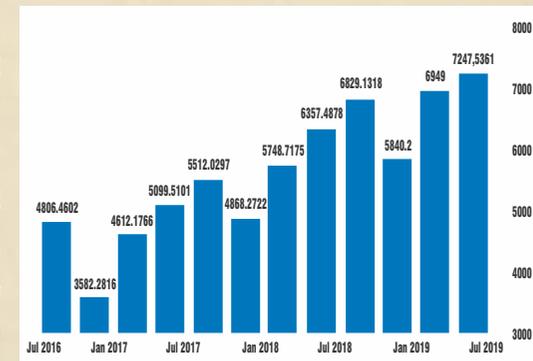
Small Scale Mining Sector Facts!

- The small-scale mining sector is estimated to contribute to about 32 per cent of gold production. The minerals and mining industry continues to be a significant contributor to the development of the country. Ghana maintained its position as the 10th largest producer of gold, accounting for 3 per cent of global gold output, in 2015.
- In specific terms, whereas the production by the large-scale producers declined by 1 per cent to 2.55 million ounces (According to the Minerals Commission), the purchases of gold from small-scale miners increased by 20% to 1.23 million ounces in 2016. In 2015, the output of the small-scale sector was 1 million ounces while that of the large-scale sector was 2.5 million ounces.
- According to the Ghana Revenue Authority (GRA), the mining and quarrying sector in 2016 is the leading source of direct domestic revenue after being supplanted by the financial and insurance sector in 2015. Total fiscal receipts attributable to the mining and quarrying sector increased by 22 per cent from about US\$320 million in 2015 to US\$392 million in 2016.
- The contribution of the mining sector constitutes about 16 per cent of direct domestic revenue. It is worth noting that the 2016 mining fiscal revenue outturn represents approximately 16 per cent of direct domestic revenue mobilized by the GRA and 5% of total government revenue

(including grants). As well, the fiscal revenue performance of the mining and quarrying sector, which excludes payments of ground rent and dividends to the State, compares favorably with the oil and gas sector's contribution of 972.5 million cedi reported in the 2016 Budget Statement and Economic Policy.

- The Bank of Ghana has indicated that the minerals sector continues to be the export earner and improved upon its share in gross merchandise exports from 32.2 per cent in 2015 to 45.5 per cent in 2016, whereas cocoa and crude oil contributed 22.3 per cent and 12.5 percent respectively. This implies clearly that the proceeds from mineral exports was twice the proceeds of cocoa and more than three times that of crude oil for 2016.
- According to the Ghana Statistical Service, GDP from Mining in Ghana increased to Ghs 7,247.54 million in the second quarter of 2019 from 6,949 Ghs million in the first quarter of same year.
- GDP from Mining in Ghana was averaged GHS 3,938.75 million in 2006. It reached an all-time high of Ghs 7,247.54 million in the second quarter of 2019 and a record low of Ghs 497.40 million in the fourth quarter of 2006.

Contribution of the Mining Industry to Ghana's GDP



Source: Ghana Statistical Service

Constraints in the Small Scale Mining Industry in the Absence of the L.I

- Absence of functional policies, legislations and guidelines that drives the operation of the mining industry.
- The destruction of public properties, water sources and land degradation and the loss of the quality of the soil are all the results of excessive extraction of gold illegally.
- This has resulted in effects as noise, dust, air pollution, heavy traffic around the mining areas and landscape.
- Most government initiatives has left out the participation of jewelers to make a strong call for the recognition of their needs in the local gold market and to ensure that relevant sector legislations are adequately responsive to their needs.
- Too many scattered laws on mining in the country which does not result in the duplication of enforcement roles by in charge institutions such as Minerals commission, lands and natural resources commission and ministry, but doesn't clearly state policy direction for the jewelry industry etc. Some of the laws include; Minerals Commission Act, 1993 (Act 450), Minerals and Mining Act, 2006 (Act 703), Minerals and Mining Amendment Bill, 2014 (Mineral Development Fund Bill), environmental protection Agency Act, 1994 (Act 490), Water Resources Commission Act, 1996 (Act 552) and Water use Regulations, 2001.

Importance of the Legislative Instrument (LI) when Enacted

Among other benefits, the Legislative Instrument when enacted will:

- Facilitate the full operationalization of Act 900 and streamline the acquisition of raw materials for local jewelers for their production.
- Protect the livelihoods of small scale miners and jewelers by assuring local and international consumers that minerals and jewelry they consume play no part in human rights violations, or damage to the environment.
- Increase revenues from the sale of minerals and jewels locally and broadly boost tax revenues for the State.
- Provide employment opportunities locally due to the expansion in the trade of minerals and jewelry that an operational mining law will create.
- Protect the environment and natural resources such as water bodies and provide legal and operational impetus to the mining law to serve as a deterrent to mining techniques that are not environmentally sustainable. A sustainable mining environment will ultimately improve the welfare of people who live in such communities.

Current State of the Draft Legislature Instrument

- Media campaign as well as a broad stakeholder consultation to make inputs into the LI has been completed. This was completed before the 2016 election.

Recommendations & Solutions

- Work on draft Legislative Instrument is currently being finalized by the Ministry of Trade and Industry in collaboration with Ministry of Mines and Natural Resources.
- Government to as a matter of national interest and in a bid to rake in more revenue develop a comprehensive national action plan for more local procurement of gold which will make the local industry stronger, with technically skilled local employees to considerably attract more investors.
- In the absence of the legislative Instrument, Government could clearly define the role of local governments in the provision of social goods and services. This will enable mining companies both collectively and individually to begin to align their social investments with local authority spending plans, as well as taking a strategic view of these investments – for example, prioritizing those which nurture small local enterprises.

- Build capacity with different stakeholders with a focus on logistics and enhanced training to better enable the monitoring and tracking of mineral revenues as dictated by the sub-national distribution formula.
- Players in the mining industry should be more proactive in communicating their contributions and impacts to all stakeholders, especially government, as well as managing expectations. This will enhance mining communities 'understanding of the mining industry, including mining processes, the mining life cycle, legal rights of communities and how mining companies contribute to social and economic development through their core and voluntary investments and activities.

Action!

- Duty bearers to finalize work on the draft of the legislative Instrument and get it enacted before the next general election in 2020.



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