

DRAFT NATIONAL MINING POLICY OF GHANA

OCTOBER 2010

TABLE OF CONTENTS

1 INTRODUCTION AND POLICY CONTEXT3

2 PRINCIPLES OF MINING SECTOR POLICY.....10

3 REGULATION OF THE MINING SECTOR.....12

4 MINERALS LICENSING.....13

5 ENVIRONMENTAL REGULATION OF MINING.....16

6 OCCUPATIONAL HEALTH AND SAFETY19

7 FISCAL POLICY FOR MINING.....21

8 PROMOTION OF EFFICIENT SMALL-SCALE MINING
OPERATIONS.....23

9 SECURING THE MAXIMUM BENEFITS AND MINIMISING
THE COSTS OF MINING26

10 INSTITUTIONAL ROLES IN THE MINING SECTOR.....31

DRAFT NATIONAL MINING POLICY OF GHANA

1. INTRODUCTION AND POLICY CONTEXT

1.1. Overview of Ghana's Minerals and Mining Sector

Ghana is well endowed with substantial mineral resources, the major ones being gold, diamonds, manganese and bauxite. Gold is the predominant mineral produced in the country accounting for over 90% of all mineral revenues annually over the past two decades.

Ghana is endowed with immense economic mineral resources such as gold, diamonds, manganese, bauxite, clays, kaolin, mica, columbite-tantalite, feldspar, chrome, silica sand, quartz, salt etc.

The country is also endowed with unexploited deposits of iron ore, limestone, brown clays, kaolin, mica, columbite-tantalite, feldspar, silica sand, quartz, salt etc. There are minor deposits of ilmenite, magnetite and rutile. Some of these industrial minerals – e.g. brown clays, kaolin and silica sand are being exploited on small scale to supply local industries in ceramic, paint and glass manufacturing respectively. There is a huge potential in solar salt production but this remains to be fully realized.

As the table below shows the period between 1960 and 1983 saw a dramatic decline in the production of the main revenue-earning mineral, gold, although it did not change significantly for bauxite and manganese, and actually increased for diamonds, mainly as a result of the influx of small-scale diamond winners into that sub-sector during that period.

National Mining Policy of Ghana

Year	Gold(oz)	Diamond(ct)	Bauxite(mt)	Manganese(mt)
1960	915,317	1,138,665	197,938	577,648
1961	878,459	1,567,039	213,767	559,760
1962	823,115	1,713,286	207,929	443,391
1963	911,663	1,765,461	225,955	394,080
1964	912,592	1,968,176	271,025	424,657
1965	851,090	2,070,142	278,589	509,166
1966	708,906	2,301,659	312,508	638,000
1967	724,134	2,633,527	333,458	596,572
1968	757,346	2,398,631	317,171	484,696
1969	750,435	2,413,415	247,999	400,363
1970	714,442	2,355,797	259,993	354,726
1971	693,770	2,542,100	361,038	455,253
1972	710,013	2,482,822	356,479	476,690
1973	371,711	2,375,582	330,351	533,789
1974	709,550	2,406,860	327,627	255,393
1975	583,103	2,255,227	383,087	282,291
1976	515,654	2,231,791	282,084	384,162
1977	531,084	2,085,511	271,090	343,228
1978	465,651	1,817,818	329,856	321,443
1979	387,730	1,391,058	213,679	342,051
1980	342,904	1,227,071	224,501	368,593
1981	338,042	1,016,580	179,598	260,409
1982	337,754	893,016	63,530	176,871
1983	285,291	336,612	70,235	179,987

* oz - ounce,
ct -carat,
mt- metric tonne

The sector was characterized by worn-out and run-down infrastructure, obsolete plant and equipment, production costs not matched by revenues due to overvaluation of the local currency, as well as an exodus of skilled personnel, among other things. All the

gold mining operations except the erstwhile Ashanti Goldfields Corporation Ltd., were 100% state-owned, and in 1972 the state acquired 55% interest in the non-state owned mining operations.

The Economic Recovery Programme (ERP) was launched in 1983 to halt the general decline in the economy by resuscitating its major sectors including the mining sector.

In 1983 Government launched the Economic Recovery Programme (ERP). Among its elements were: (1) the adjustment of the cedi exchange rate to more realistic levels; (2) the institution of a scheme by which exporters were allowed to retain a proportion of their foreign currency earnings for their operations, and payment of dividends and (3) the disposal of loss-making state enterprises. The export sector, particularly mining, was identified as one of the key sectors that could help revive the economy at the time. In 1986 the Minerals and Mining Law (PNDC Law 153) was enacted to promote and regulate the orderly development of the sector. The Small-Scale Gold Mining Law (PNDC Law 218), the Mercury Law (PNDC Law 217) and the Precious Minerals Marketing Corporation Law (PNDC Law 219) were passed in 1989 to regularise and streamline small-scale gold mining, regulate the use of mercury by small-scale gold miners, and provide official marketing channels for the for gold produced by small-scale miners. These measures led to significant investment and activity in the mining sector and a substantial increase in the production of gold in the country, some increase in manganese and bauxite production. From a little over a quarter of a million ounces (287,124oz) in 1986, gold production had increased to 3.12 million ounces by 2009. Bauxite and manganese also saw significant increases; bauxite increased from 226,461MT in 1986 to 420,477MT in 2009, similarly manganese increased from 262,900 MT to 1,007,010 MT over the same period. The production of diamonds has rather been erratic due to operational difficulties faced by the largest operator, the Ghana Consolidated Diamonds (GCD). GCD's operations were suspended in 2007 leaving the small-scale diamond winners as the sole diamond producers, producing 354,443 carats in 2009.

As a result of the ERP and other policy measures, the mining sector has become the highest foreign exchange earner for the country.

The sector has become the highest gross foreign exchange earner from 1991 to date except in 2004 when it was overtaken by the cocoa sector. Over the past decade, the

mining sector contributed 12.7% of Government revenue, 3.2% of corporate tax and 40% of total merchandise export revenues. In 2009, the sector contributed 7% of Ghana's total corporate tax earnings, 45% of total export revenues, 19.8% of Government revenues and 6% of GDP. Large-scale mining and the Mine Support Services sub-sector employs about 27,000 people, whilst an estimated 500,000 people are engaged in the small-scale gold, diamonds, sand winning, quarry and salt industries. In 2009, export revenues from the mineral sector alone amounted to US\$2.62 billion. Total Foreign Direct Investments (FDI) into the minerals and mining sector, from 1984 to 2009 amounted to some US\$10 billion.

Small-scale mining of precious minerals continues to make significant contributions to the country's foreign exchange earnings. For example, total gold production by small scale miners had risen from 2.2% in 1989 to 18% of the national production in 2009. As has been said earlier, all diamond production is now from small-scale mining. As a result of the emphasis on private sector development since the 1980s, the mineral sector is almost fully privatized with the exception of the diamond mine at Akwatia which has also been on the divestiture list since 1989. Investments have come from both major multinational companies and junior mining companies. Whilst there have been some local equity interests, the sector remains predominantly foreign, save for the small-scale component.

Despite the successes achieved, major challenges still face the mining sector

Despite the significant progress made over the years, the sector faces many challenges which require attention. This will position the industry to remain internationally competitive, whilst at the same time ensuring that the expected benefits due the state, communities and investors are realised. Some of the challenges which require policy attention include:

- i. Continuously addressing environmental issues;
- ii. Taking measures to minimise the social conflicts that arise from mining operations;
- iii. Moving away from the over-reliance on the exploitation of traditional minerals: gold, diamond, bauxite & manganese;
- iv. Improving the availability and sufficiency of geological information to assist prospective investors;

- v. Assisting small-scale miners with geological information as well as financial support to upscale their activities;
- vi. Ensuring equitable distribution of benefits accruing from mining among all stakeholders;
- vii. Attracting more local capital into the sector.
- viii. Developing, attracting and retaining local human resource in the sector.
- ix. Integrating the sector with the rest of the economy to improve the level of retained earnings from mining activities;
- x. Ensuring adequate consultation with other sectors in the planning and development of economic infrastructure to take account of the requirements of mining activities, e.g. energy, transportation; and
- xi. Enhancing the capacity of mining sector and related institutions.

Policy Framework and Objectives

The National Mining Policy of the Republic of Ghana provides a written declaration of the framework of principles and policies that will guide Government in the management of the mining and minerals sector.

By consolidating various policies in the mining sector, key objectives have been outlined to support the sustainable development of the national economy.

This Policy Document has been developed having regard to the provisions of the *Constitution of the Republic of Ghana, 1992 (as Amended in 1996)* and with a view to complementing the Ghana Growth and Poverty Reduction Strategy (GPRSII), the Draft Medium Term Development Plan and the Better Ghana Agenda, which set out measures and initiatives for economic growth and improvement in the standard and quality of life of all Ghanaians. Other documents taken into account include: Guidelines and Policies prepared under the Natural Resources and Environmental Governance (NREG) Programme which relates to social & environment issues and sustainability of mining communities after mine closure. Ghana is endowed with substantial mineral resources and has a well-established mining sector, which has grown considerably in recent years to represent an important pillar of the Ghanaian economy.

By the consolidation of various policies in the mining sector, Government wishes to secure the continued development of a thriving mining industry that will contribute to sustainable economic development based on the following *objectives*:

- i. Diversify the country's export base and thereby increase foreign exchange earnings;
- ii. Optimize tax revenue generation to support development;
- iii. Generate skilled employment and develop local capacity for the mineral industry;
- iv. Create demand for local goods and services;
- v. Contribute to infrastructure development;
- vi. Produce raw materials for local usage;
- vii. Contribute to the transformation of mining, especially rural, communities;
- viii. Serve as a catalyst for wider investment in the economy; and
- ix. Collaborate in the harmonisation of mineral policy in ECOWAS and, indeed, in Africa.

The policy seeks to establish a comprehensive and forward looking framework for mining that catalyses sustainable development.

In order to achieve these objectives, Government recognises that there is a need to establish a clear, comprehensive and forward-looking national policy that will govern the regulation and development of the mining sector. Government recognises also that the national mining policy must provide for the establishment of an enabling environment for investors, which is based upon modern regulatory arrangements and sufficiently attractive terms.

Whilst seeking to encourage investment, there is also a need to ensure that mineral operations are conducted responsibly. Government considers that neglect of the environment and harm to local communities as a result of mining operations is not acceptable. The intention is therefore to ensure that Ghana secures the full economic and social benefits that mining development promises, in an environmentally and socially responsible manner.

The initiatives contained in this Policy are directed not only at large-scale mining but also at small-scale mining. The recognition of, and support to, small-scale mining is based on the premise that it offers opportunities to generate employment, support rural livelihoods and foster local entrepreneurship. In this respect, Government recognises that small-scale miners require assistance in their efforts to operate in an economically and environmentally sustainable manner. Government has already implemented a number of measures to facilitate the development of small-scale mining and will take further measures to promote and enhance small-scale mining.

Government acknowledges the tension that has arisen on many occasions between large mining companies and small-scale miners. This is an issue which has to be handled with due regard for acquired rights, legitimate expectations and the need to promote social harmony. Moreover, Government has a duty to discharge its regulatory responsibilities in an effective, even-handed and coordinated way.

2. PRINCIPLES OF MINING SECTOR POLICY

Government declares the guiding principles of its National Mining Policy to be as follows:

Eighteen guiding principles underpin the mining sector policy

1. Ensuring that Ghana's mineral endowment is managed on a sustainable economic, social and environmental basis, with due regard to internationally accepted standards of health, mine safety and environmental protection;
2. Fostering the development of a mining sector that is integrated with other sectors of the national economy, which will contribute to the economic empowerment of Ghanaians by generating opportunities for local entrepreneurship, increase demand for local goods and services and create employment for Ghanaians;
3. Application of modern principles of transparency and accountability to the administration of mining laws and regulations;
4. Ensuring an equitable sharing of the financial and developmental benefits of mining between investors and all Ghanaian stakeholders;
5. Respect for the rights of communities that host mining operations;
6. Encouraging local and foreign private sector participation in the exploration for, and commercial exploitation of, mineral resources;
7. Recognising the need to establish and maintain:
 - a. a conducive macro-economic environment for mining investment; and
 - b. a predictable regulatory environment that provides for the transparent and fair treatment of investors;
8. Ensuring availability and dissemination of geo-data necessary for the promotion of minerals sector investment;
9. Incorporating in the licensing system an early focus on mine closure planning to anticipate and provide ahead for environmental, social and economic consequences;
10. Promoting additional and alternative livelihoods in mining communities.

11. Supporting the development of Ghanaian mining skills, entrepreneurship and capital by encouraging and facilitating the orderly and sustainable development of small-scale mining in precious and industrial minerals;
12. Empowering Ghanaians to become professional miners, mine managers and owners by maximising opportunities for minerals-related education, training, career development and other support;
13. Respect for employee, gender and human rights in mining, and the removal of obstacles to participation in the mining sector on the basis of gender, marital status or disability.
14. Encouraging a more pro-active role for women in decisions relating to minerals and mining at the national, local and firm level;
15. Encouraging mining companies to develop a participatory and collaborative approach to mine planning, development and decommissioning, taking into account the needs of local communities;
16. Developing streamlined and effective institutional arrangements for the mining sector, together with adequate capacity to gather, analyse and disseminate geo-data, and promote, authorise, monitor and regulate mining operations;
17. Facilitation by Government institutions of community participation among other things by removing impediments to free expression and providing for the dissemination of information to the public on all aspects of mining as a basis for informed participation;
18. Acting in harmony with regional and international partners and, to this end, endorsing and implementing principles that are established in regional and international conventions and other instruments and undertakings that are relevant to mining and to which Ghana is a party or signatory, including banning trade in minerals from illicit sources.

3. REGULATION OF THE MINING SECTOR

Mineral resources belong to the Ghanaian people in common, and their stewardship is entrusted to the President in accordance with the governing provisions of the Constitution. Under this framework, the Parliament of Ghana may make specific laws regulating rights and interests in minerals.

Government has developed a new mining law, *Minerals and Mining Act, 2006* (Act 703) to replace the *Minerals and Mining Law, 1986* (PNDCL 153). The Minister responsible for mining retains responsibility for the overall management of Ghana's mineral resources and policy-making, including the grant of mineral rights. He is assisted by the Minerals Commission (established under the *Minerals Commission Act, 1993* (Act 450)), which is responsible for day-to-day administration and is authorised to perform a range of specific duties and functions, including advising the Minister on matters relating to minerals policy and on the granting of mineral rights.

The Environmental Protection Agency (EPA), the Ministry responsible for the environment, the Forestry Commission and the Water Resources Commission have key roles to play in the environmental regulation of the mining sector. The Ministry of Finance, the Ghana Revenue Authority and the Bank of Ghana in collaboration with the Minerals Commission are the regulators of the fiscal aspects of the policy.

Other Regulations which have been developed for the mining sector include:

- Draft Compensation and Resettlement Regulations, 2010
- Draft Explosives (Mining and Civil) Regulations, 2010
- Draft Minerals (Royalties) Regulations, 2010
- Draft Mines (Support Services) Regulations, 2010
- Draft Mining Regulations (Health and Safety) 2010
- Draft General Regulations, 2010
- Draft Mineral Licensing Regulations, 2010

4. MINERALS LICENSING

The principal tool for the management of national mineral resources is a system of allocating rights to mining companies and persons to carry out minerals exploration and mining operations in return for the performance of explicit and enforceable obligations. The objective of a licensing system is to allocate mineral rights, in areas not proscribed, to those best able to generate improved knowledge about the mineral endowment in general, to delineate mineralization of commercial value and to carry out commercial production and supply of minerals in an efficient and responsible manner.

A modern mineral cadastre is being developed to facilitate and streamline the administration of mineral rights.

This objective can be best achieved through the establishment of a standardised licensing system, with the principal legal and administrative arrangements enshrined in law. Standardisation enables mineral operations to be conducted on a level playing field and investment decisions to be based on factors that can be predicted and planned for. It also enhances the capacity of the mining authorities to administer the system efficiently and transparently. This, in turn, forms the basis for accountability to Parliament and the people.

This approach is reflected in the mining law, which contains the following arrangements for minerals licensing:

1. The minerals licensing system has provisions for all classes of minerals (including radioactive minerals and, industrial minerals such as sand, gravel and salt);
2. There is a range of fixed term (and renewable) mineral rights suited to the various phases of mineral operations from reconnaissance of potential mineral-bearing areas through to mineral extraction and treatment. Limitations may be imposed on the surface area granted under mineral rights, in accordance with the type of mineral operation and ability of the holder to work the area effectively. Specific licences are required also to enable a person to buy and deal in minerals;
3. Small-scale operations are distinguished from other operations in order to reserve rights to conduct such operations to Ghanaian citizens and to assist

Government in targeting programmes to support the development of small-scale mining to those possessing rights to conduct such operations (see Section 8);

4. The system of rights is sufficiently flexible to enable recovery of minerals by reclaiming mine dumps and tailings to take place;
5. Mineral rights are open to any bona fide applicant, subject to the reservation of licences for small-scale operations to Ghanaians;
6. Timely, effective and transparent arrangements for the assessment and approval of applications for mineral rights, include prescribing:
 - 6.1. the required form and content of applications;
 - 6.2. procedures for lodging applications with the Minerals Commission;
 - 6.3. procedures for the registration of applications in a Register of mineral rights, maintained by the Minerals Commission and accessible to the public upon the payment of a nominal fee; and
 - 6.4. obligations of the Minerals Commission upon receiving applications, including time limits for conducting evaluation of applications, notifications to other government agencies and maintaining active liaison between mining companies, regulatory agencies and local communities.

Effective consultation with mining communities is an important aspect of the mineral licensing process

7. Procedures for effective participation of communities in the licensing process include notification to the communities by methods such as publication of the application at the District Assembly, among others as well as the conduct of public hearings in prescribed circumstances.

Security of tenure of mineral rights is guaranteed.

8. Terms and conditions that guarantee security of tenure to mineral right holders and the right to proceed from prospecting to mine development once the commercial feasibility of mining are established under the mining laws, in return for specific and enforceable commitments from mineral right holders, including the following obligations:

- 8.1. to carry out prospecting operations in accordance with an approved programme.
 - 8.2. to progressively relinquish portions of the area held for prospecting as prospecting advances;
 - 8.3. to move efficaciously towards determination of the commercial viability of mining following the discovery of minerals;
 - 8.4. to support an application for a mining lease with a comprehensive mine development plan (including a production plan, financing plan, marketing plan, environmental impact statement and such other studies and proposals as are required under applicable legislation and obligations into which the applicant has entered under a mineral agreement) to demonstrate that the operations will ensure the efficient and beneficial socio-economic use of mineral resources;
 - 8.5. to conduct mining and related operations in accordance with the approved programme of mineral operations; and,
 - 8.6. to provide satisfactory undertakings to guarantee or secure performance of the mineral right holder's obligations at the prospecting and mining stages.
9. Regulations would be developed to ensure that mining operators employ techniques that are modern, efficient, safe and environmentally sound.
10. Government is also providing other assurances which are required by the holder of mineral rights in order to facilitate the financing and implementation of mineral operations, including:
- 10.1. transferability of mineral rights, subject to prior approval of the Minister and other safeguards to protect the interests of Ghana;
 - 10.2. access to land designated for prospecting and mining operations, subject to payment of compensation and other safeguards to protect the interests of surface right holders; and,
 - 10.3. the right to market production, within the framework of the prevailing laws and subject to accurate assessment of fair market valuation of the mine product and appropriate audit and monitoring

5. ENVIRONMENTAL REGULATION OF MINING

Government's objective is to achieve a socially acceptable balance, within this framework, between mining and the physical and human environment and to ensure that internationally accepted standards of health, mine safety and environmental protection are observed by all participants in the mining sector.

Environmental Regulations on mining is to ensure that mining is carried out in a modern, safe and environmentally sound manner

The current environmental and social standards under which economic activities should be conducted in Ghana and the methods by which Government seeks to enforce them are contained in the following documents and instruments: the National Environmental Policy of Ghana, which is complemented by the *Environmental Protection Agency Act, 1994* (Act 490); *Environmental Assessment Regulations, 1999* (L.I. 1652) ('Environmental Regulations'); the *Forestry Commission Act, 1999* (Act 571); Ghana's Mining and Environmental Guidelines, 1994; Operational Guidelines for Mineral Exploration in Forest Reserves for Selected Companies, 1997; Environmental Guidelines for Mining in Production Forest Reserves in Ghana, 2001; Guidelines for the Preparation of Feasibility study reports, 2009; Mine Closure and Post-closure Policies; Guidelines for Corporate Social Responsibility in Mining Communities; and Compensation Policy and Regulations. Other guidelines are being developed to improve the standards of environmental stewardship.

The following environment-related issues are addressed:

Mineral activities can only commence after environmental and other permits have been obtained

1. The provisions of the mining law have been harmonised with existing environmental legislation. In particular, the mining law provides that:
 - 1.1. mineral rights may not be granted to an applicant unless that applicant has provided a satisfactory programme of environmental protection measures and how these would be funded;
 - 1.2. applications for mineral rights must be accompanied by information relevant to all activities requiring approval under environmental legislation;

- 1.3. mining companies must comply with the requirements of the environmental regulations, including requirements relating to environmental impact assessment for environmental permitting.
2. The provisions of the new mining Act clarify the position regarding the grant and enjoyment of water rights in connection with mining operations by specifying in particular that a mineral right holder who seeks water rights associated with mining operations must obtain the requisite licence from the Water Resources Commission.
3. Procedures for the assessment of applications and inter-agency consultation will be regularly monitored by:

Key regulatory agencies would maintain constant interaction among them to ensure effective mineral right administration

- 3.1. keeping under review current arrangements under which the Minerals Commission consults with the Environment Protection Agency (EPA), the Forestry Commission, the Water Resources Commission, District Assemblies and other relevant departments and agencies during the evaluation of applications for mineral rights; and
- 3.2. improving the capacity of the Minerals Commission to maintain active liaison with mining companies, the regulatory agencies named above, local communities and civil society during all stages of environmental permitting.
4. Relevant government agencies would assist local communities to be better able to engage with the mining companies on issues affecting them, such as compensation, resettlement, safety and health and post-mining rehabilitation.
5. The EPA, the Minerals Commission, the Forestry Commission and other relevant agencies, acting in collaboration, have the responsibility to develop standards and new guidelines for environmental compliance by mining companies, including:
 - 5.1. standards of environmental performance for different types of mineral operations, particularly with regard to wildlife sanctuaries, forest reserves and areas of ecological sensitivity; and,

- 5.2. guidelines for mining companies on compliance with environmental requirements, including conformity with internationally accepted standards on matters such as compensation and resettlement, water and air pollution, mine waste disposal, decommissioning, reclamation, and on monitoring plans and programmes. .
6. There are provisions in the current legal regime as to what happens to the mine and its assets at mine closure. Further work however needs to be done to:
 - 6.1. define more precisely the rehabilitation and other mine-closure obligations of the mineral rights holder that will be consistent with international best practice. This will require mining companies to provide a suitable upfront guarantee or set aside funds to meet clear and comprehensive rehabilitation and other mine-closure obligations; and,
 - 6.2. establish clear guidelines to ensure that land owners and local communities benefit from assets remaining after mine closure.

6. OCCUPATIONAL HEALTH AND SAFETY

The various mining operations in Ghana pose different types of health and safety hazards. It is the purpose of this policy to implement measures and systems to reduce mine-related deaths, injuries and diseases associated with mining in the country. It is recognized that both surface and underground operations, if not well managed, have the potential to result in workplace fatalities, injuries and diseases. The introduction of the cyanidation technology for gold processing has introduced new risk factors within the mining industry. Surface mining operations have brought mining into proximity with the mining communities thereby creating new health and safety risks.

The Policy seeks to reduce occupational health and safety hazards associated with mining to the barest minimum.

In spite of the fact that the law provides for the regularization of artisanal and small-scale mineral operations, much of the activity in the area remains outside the law. There are unacceptable levels of fatalities and serious workplace injuries at artisanal and small-scale mining operations. Improvements in the regulation of the sector and mainstreaming of activities within it are required.

The prevalence of lung diseases such as silicosis caused by dust inhaled during mining operations must be addressed. Education and measures to contain other diseases which could negatively impact operations, such as malaria, and HIV/AIDS with its indirect opportunistic diseases like tuberculosis would be intensified.

The policy objective is to ensure that all mining activities in the country are conducted in such a manner as to protect the physical environment, the workers and the general public. This will be achieved through compliance with applicable environment, health and safety laws and regulations and the development and implementation of comprehensive monitoring and auditing programmes.

The occupational health and safety measures include the following:

1. There will be regulations establishing more precise health and safety standards for all mining operations in the country.
2. Mining companies will be required to put in place adequate and effective measures to ensure the achievement of the standards so established. To this end:

- 2.1 All companies shall conduct risk assessments to identify the various hazards inherent in their operations, rank these risks and ensure that effective controls are put in place to ameliorate the risks.
- 2.2 Mining companies shall support this with training and re-training of the employees in safety matters
- 2.3 Ensure that mining companies show commitment to comply with environmental, occupational, health and safety standards through implementation of appropriate health and safety programmes
- 2.4 Establish accountability for all employees to exert leadership and commitment to continual improvement in environmental, occupational, health and safety awareness

Child labour in mining is outlawed

3. District assemblies and other local level structures shall ensure that children are not engaged in mining operations. Children who have to visit mining areas shall be under proper supervision.
4. Sustained educational campaign must be carried out by companies and government agencies in all mining areas in order to reduce the incidence of HIV/AIDS in mining communities. The Municipal/District Assemblies in mining communities should collaborate with mining companies to implement Voluntary Counselling and Testing (VCT) programmes in the communities.

7. FISCAL POLICY FOR MINING

Government recognises that in exercising stewardship of the mineral endowment on behalf of the people of Ghana, it must maximise the fiscal benefits generated by the exploitation of the country's non-renewable resources. To this end, Government seeks a fair balance between generating revenues and attracting sustainable investment in the mining sector. This involves recognising the particular risks and economic characteristics of mineral operations while at the same time capturing an adequate share of the value of the mineral resource for the country.

The Policy seeks a fair sharing of revenues generated while attracting investment into the sector

The principal features of the fiscal regime for mining are as follows:

1. A standardised and transparent fiscal regime which takes account of international trends and enables investors to predict and plan for fiscal obligations. Such standardisation also enhances the ability of mining authorities to administer the regime efficiently and effectively.
2. The standardised fiscal regime includes the following elements:
 - 2.1 mineral royalty, methods of determination of amounts due and procedures for payment set by Government from time to time under the applicable law;
 - 2.2 corporate income tax, the methods of determination of amounts due and procedures for payment set out in the relevant tax legislation;
 - 2.3 the relevant tax legislation provides for the non-discriminatory treatment of mining companies.
 - 2.4 provision for Government to enter into agreements with the holder of a mining lease regarding the stabilisation of the level of royalties, taxes, fees and other fiscal impositions, up to a specified maximum period; and,
 - 2.5 provision for mandatory Government participating interest in mining operations.
 - 2.6 Other levies by local authorities.

Act 703 provides for Government to sign Development Agreements and Stability Agreements with private parties with respect to mineral interests in

certain specified circumstances, and in respect of specific subject areas. The execution of such development and stability agreements are subject to ratification by Parliament.

Favourable fiscal provisions have been developed to attract investment into the sector.

3. Having regard to the particular risks and long gestation period associated with mineral exploration and development operations, the regime is designed to:
 - 3.1 offer an accelerated rate of depreciation for mine-related capital expenditures; and,
 - 3.2 provide standardised procedures and criteria for granting exemptions for import duties and VAT in respect of plant machinery, equipment and accessories imported specifically and exclusively for mineral operations.
4. The collection of and accountability for fiscal receipts from mining is being improved by:
 - 4.1 simplifying and standardising the fiscal regime;
 - 4.2 providing safeguards in the tax legislation against tax leakage through appropriate definitions of mining income, allowable mining expenditures and value of mineral sales, coupled with standardised accounting procedures based on best international practice;
 - 4.3 strengthening company financial reporting obligations; and,
 - 4.4 developing appropriate capacity for efficient administration of mining taxation, including fostering greater collaboration between the Minerals Commission and the revenue agencies.
5. Government will seek also to minimize the cost to mining companies associated with preventing and mitigating adverse impacts on the environment and local communities by providing under the relevant tax legislation for approved expenditures associated with environmental protection and site restoration to be treated as deductible for tax purposes.
6. Licensing and other related fees are being rationalised to preserve their value through appropriate indexation.

8. PROMOTION OF EFFICIENT SMALL-SCALE MINING OPERATIONS

Government recognises that small-scale mining operations undertaken by Ghanaians offer opportunities to support rural livelihoods, develop entrepreneurship and provide a source of industrial raw materials. However, small-scale miners must be assisted in their efforts to operate in a technically, economically and environmentally sustainable manner. In this regard, Government has implemented a range of measures relating to the regulation and promotion of small-scale mining with some positive results. These include (a) the establishment of district offices manned by Minerals Commission personnel to give technical assistance to small-scale miners; and (b) the geological investigation and demarcation of areas suitable for small-scale mining (c) provision of finance to small-scale miners to improve their operations and (d) education, training and provision of logistics to enhance the corporate governance, efficiency, and safety of their operations. Government's intention is to build upon these achievements to implement further initiatives to enhance the development of an efficient, modern and sustainable small-scale mining sector, involving both precious and industrial minerals.

Small-scale miners would be assisted to improve upon their operations

The following actions are intended to enhance the growth and opportunities in the small-scale mining sector:

1. Government is developing measures to improve access to finance for small-scale miners, including:
 - 1.1. assistance to obtain fair market prices for their minerals by the control of illicit dealings and trading of minerals through appropriate licensing and providing necessary market information and training;
 - 1.2. a range of measures to facilitate access to finance, which may include co-operative savings, pooled equipment leasing arrangements and concessional lending schemes (with special support funding from both local and international sources); and,
 - 1.3. assistance in business skills training.

Small-Scale mining is reserved for Ghanaian citizens

2. The minerals licensing system provides for the granting of mineral rights for small-scale mining operations reserved for Ghanaian citizens. Procedures for applying for a licence will be simplified.
3. The Minister will exercise his authority, in consultation with the Minerals Commission, to designate further areas to be reserved for small-scale mining activity based on technical and financial viability of the areas for small-scale mining activities.
4. To manage land use conflicts in the context of small-scale mining, the Minerals Commission will develop standardized procedures, including adequate advance notice, and community representation in deliberations leading to the designation of areas.

Government will continue to ensure the use of appropriate, safe and affordable techniques in small-scale mining

5. To encourage the use of appropriate, affordable and safe technology, Government is giving support to the collation and dissemination of information about appropriate technologies, the provision of extension services and demonstration of improved technologies.
6. In seeking to promote the interests of small-scale mining, Government will endeavour to provide advice and support to small-scale miners on forming representative associations.
7. Government will work with, and encourage, mining companies to collaborate and give support to small-scale miners where it can be established that this will be in the mutual interests of the parties.
8. To mitigate the negative impacts of small-scale mining, Government will disseminate information to raise awareness of health, safety and environmental risks, and will periodically revise and disseminate occupational health and safety guidelines for small-scale mining.

Nothing in this policy document should be construed to equate small-scale mining with illegal mining. While encouraging small-scale mining in approved areas, the Government will protect bona fide mineral rights holders from interference in their operations by unlicensed persons. Government will work in partnership with all stakeholders in this regard.

DRAFT NATIONAL MINING POLICY

9. SECURING THE MAXIMUM BENEFITS AND MINIMISING THE COSTS OF MINING

Government wishes to foster the development of a thriving mining industry that will contribute to sustainable economic development, economic empowerment of Ghanaians, the alleviation of poverty and, improvements to the standard and quality of life in Ghana. In this respect, Government has an important role to play in ensuring that all Ghanaian stakeholders secure the maximum direct and indirect benefits from mining. Government has established the following policies to achieve this goal.

Government will ensure that mining is integrated with other sectors of the economy.

1. Generating Geo-Data to Support Small-Scale and Industrial Mining Activities

Detailed geo-data shall be made available to small-scale miners as well as industrial mineral producers, the two sub-sector players with great potential to generate employment and contribute to the country's industrialisation. Provision of detailed geo-data involves a lot of resource commitment, therefore there may be the need to commercialise this to provide the needed incentive for its sustainability. This will also ensure that the sector will have what it takes to attract and motivate well qualified professionals. Projects to establish the extent of the country's mineralisation through regional air-borne geophysical surveys and other surveys will be earnestly pursued.

2. Creation of Linkages

Conscious effort will also be made to channel revenues accruing from mining into specific projects to provide forward and backward linkages needed for the expansion of the local economy. Some work has already been done by the Minerals Commission to identify the location, extent and potential markets for certain industrial minerals. Further work will be done to expand knowledge about and potential uses of a greater range of minerals. Government in collaboration with industry will also continue to identify inputs which can be sourced locally for the mining industry. Ghanaian entrepreneurs will be encouraged to produce and provide these inputs to the mining industry and to add value to the minerals produced.

3. Employment Generation

In order to maximise the generation of employment in mining, the mining legislation requires mining companies to give preference to the employment of Ghanaians. To promote this, the companies will be required:

- 3.1 to submit a programme for the recruitment of qualified Ghanaians to be approved from time to time by the Government; and,
- 3.2 to submit from time to time a programme for the training of Ghanaian personnel for the approval by the Minerals Commission. The Commission will ensure that companies exhaust all reasonable means to find qualified Ghanaians before any quota for the employment of expatriates can be approved. In this respect, a database of Ghanaian Geo-scientists and other relevant professionals will be kept and regularly updated by the Minerals Commission.

4. Training of Geo-Science Students

The Minerals Commission, in consultation with the Chamber of Mines and the tertiary institutions, shall support the development of curricula of geo-science training institutions.

To afford Ghanaian geo-science students opportunities to undertake practical training, mining companies will be expected to offer attachments to students from the country's tertiary educational institutions. Appropriate guidelines and conditions for such attachments shall be developed in collaboration with the Chamber of Mines and other relevant institutions.

Mining inputs and services shall be of local origin to the maximum extent possible

5. Procurement of Local Goods and Services

The mining legislation requires mining companies to give preference to qualified Ghanaian suppliers of local and national goods and services. The Minerals Commission will periodically review the Mining List to ensure, among others, that items that can be procured locally are not brought into the country under concessionary duty arrangements.

6. Development of Local Infrastructure

In order to maximise the development of infrastructure, mining companies will be expected to provide adequate infrastructure necessary for mine development. Government would consider proposals from companies to develop infrastructure that may have a wider public use.

7. Rural Transformation and Community Participation

Mining should be an important pillar to support the development of rural Ghana. To improve their livelihood, mining communities and mining companies should be partners in development and must tap into the unique expertise that mining companies bring along to that end. District mining committees - comprising the District Assemblies, Minerals Commission, mining companies and the communities - shall be established and strengthened to be the forum for exchange of ideas, planning and implementation of projects within the communities. Mining companies shall be encouraged to actively participate in, and support the achievement of community initiatives, especially in the areas of health care, education, water and sanitation.

Government further recognises that the benefits generated by mining in the form of fiscal receipts must be utilised to ensure an equitable sharing of benefits having regard, in particular, to the needs of local communities most directly affected by mining. In order to achieve this, Government will introduce improvements to the existing administratively operated fund (the Mineral Development Fund) for apportioning mining revenues derived from projects in local communities affected by mining. Legislation will be introduced to give statutory standing to the Mineral Development Fund. Amounts payable to District Assemblies and traditional authorities will be made under a transparent framework, and also be given wider and more consistent publicity.

The rights and interests of landowners and local communities regarding benefits accruing from the use of land shall be guaranteed during the entire mining process.

Additional measures will be taken to maximise the accruing benefits and minimise the negative impacts of mining on local communities by requiring that:

- i. training programmes and business development plans developed by mining companies give special emphasis to local beneficiaries;
- ii. mining companies make proposals on community liaison and consultation arrangements in their mining development proposals; and

- iii. local authorities, in conjunction with relevant governmental agencies, establish policies and procedures for full engagement of local representatives and other relevant stakeholders in planning and supervising local community development.

8. Creation of Opportunities After Cessation of Mining

To maximise the opportunity for the post-mine economic viability and sustenance of local communities, mining companies will be required to address post-mine viability issues in their mining development proposals, including measures for post-mine closure that will be implemented prior to closure, subject to approval by relevant Government agencies such as the Environmental Protection Agency, the Minerals Commission, and the local community.

9. Recognition of the Rights and Interests of Landowners

The new mining legislation elaborates provisions relating to the acquisition of land rights for mineral operations and the obligations regarding resettlement and compensation of landowners and lawful occupiers. Regulations will be developed to establish transparent and predictable procedures for the assessment of compensation claims and the settlement of disputes concerning compensation.

Alternative livelihood programmes to improve the economic condition of communities shall form an integral part of the planning for any mining activity

10. Alternative Livelihoods

Mining activities cause dislocations in communities that host them, by physically removing persons from land on which they previously depended for livelihood. The payment of compensation is not a long term solution to such dislocation. In this connection all mining companies will be required as part of the environmental management plan develop alternate means of livelihoods for displaced persons and demonstrate that such alternative livelihoods provide equal or greater benefits than those previously enjoyed. Government institutions will actively support the engagement of communities in developing ventures geared to the creation of alternative livelihoods for rural mining communities.

In cases where there is the need to resettle any community during mine development as part of a package, alternative lands must be acquired to enable the people continue with their farming and other activities in their new location.

11. Land Use

Land use choices present several challenges in fostering a healthy co-existence between mining and other forms of economic activity, particularly agriculture and forestry. Mining operations are expected to be conducted in a manner that will restore mined-out lands to other viable socio-economic uses. In the case of forest reserves the Forestry Commission must explicitly waive any restrictions to entry before any mining activity can take place. Government will continuously examine land use options and make a choice between mining and other forms of activity on the basis of long-term and strategic considerations.

12. Research and Development

Government will actively support applied research and development work in the mining sector, particularly in the following areas:

- small-scale mining, with a view to improving geo-data, winning, processing and reducing environmental degradation;
- large scale mining, with a view to securing technical support from local research institutions and academia.
- industrial minerals, with the view to mining, processing, value addition and use in local industry;
- environmental issues relating to mining with the view to mitigate its impact. Alternative livelihoods, with a view to enhancing the ability of mining communities to develop opportunities and means for improved livelihoods during and after mining operations;
- occupational health and safety, with the view to assessing the impact of specific mining activities on the health of workers and communities that host mining operations.

Support for approved research may be made available through the Mineral Development Fund and other Government-sponsored facilities to research and educational institutions, as well as recognised professional bodies. Mining companies would be encouraged to conduct needed research in-house as well as contracting research work to local institutions and academia.

10. INSTITUTIONAL ROLES IN THE MINING SECTOR

The National Mining Policy recognises the important need for all sector institutions, both state and non-state, to collaborate to ensure that the objectives of the sector are achieved. To foster such collaboration, Government will promote mutual representation of public mining sector bodies on each other's Governing Boards.

The following lists the key institutions and their roles:

1. Ministry of Lands and Natural Resources

The Ministry provides overall policy oversight for the natural resources sector. It is to ensure the efficient management of the nation's mineral resources and promote their judicious exploration, exploitation and processing with minimal harm to the environment, for optimum benefit to society.

2. Ministry of Finance & Economic Planning

The Ministry of Finance & Economic Planning has overall responsibility for the formulation of national economic policy.

3. Ministry of Local Government & Rural Development

The Ministry of Local Government & Rural Development has overall responsibility for policy on local government.

4. Ministry of Environment, Science & Technology

The Ministry of Environment, Science & Technology is responsible for formulating national policy on environmental protection.

5. Minerals Commission

The Commission is responsible for the promotion, regulation and management of the utilisation of the mineral resources of Ghana and the co-ordination of policies therein. Through its Inspectorate Division (formerly Mines Department), it undertakes environmental, health and safety inspection to ensure compliance with existing regulations

6. Geological Survey Department

The Department is responsible for the provision of reliable and up-to-date geological information for national development through geological mapping, research and investigations.

7. Precious Minerals Marketing Company Ltd.

The company provides official marketing services for small-scale gold and diamond miners. It also promotes the development of precious minerals and jewellery industries in Ghana and handles the export of all diamonds produced in Ghana.

8. Environmental Protection Agency

The Agency sets guidelines for the compliance of environmentally permissible mining activities. The Agency maintains close liaison with the Minerals Commission to ensure that the latter's promotional, regulatory and superintending roles over mining operations are consistent with the country's environmental requirements.

9. Forestry Commission

The Forestry Commission is responsible for the sustainable management of the country's forestry resources. It maintains close liaison with the Minerals Commission to ensure that mining operations are carried out with due regard to the laws and regulations that govern the forestry sector.

10. Water Resources Commission

The Water Resources Commission is responsible for ensuring the sustainable use of the country's water resources. In particular, the Commission's role is important in determining alternative water uses that recognise the important attributes of water as both an economic as well as social good.

11. Lands Commission

The Lands Commission is responsible for land use management. Through its Land Valuation Division it helps to determine the level of compensation to people displaced or otherwise affected by mining operations. The Survey and Mapping Division of the Commission is responsible for demarcation, mapping and certification of land boundaries, whilst the Land Registration Division manages land titles.

12. Administrator of Stool Lands

The Administrator of Stool Lands is the body through whom payments of part of royalties and rents for surface rights accruing to mining communities are made.

13. Bank of Ghana

The Bank of Ghana determines the monetary policy in conjunction with the Ministry of Finance and Economic Planning.

14. Ghana Revenue Authority (IRS/CEPS/VAT)

The agencies of the Ghana Revenue Authority are responsible for the collection of revenues accruing to Government.

15. District Assemblies

The District Assemblies constitute the bedrock of the country's decentralisation policy. As the focus of planning and development within the communities that come under them, the District Assemblies are empowered to ensure individual, community or district endorsement or objection of applications for mineral rights. The Assemblies are also required to ensure, through District Environmental Committees, that mining operations are carried out in an environmentally acceptable manner. The Assemblies are required to provide economic and social infrastructure from mineral royalties that accrue to them.

16. Traditional Rulers

Traditional rulers are in most cases the overlords of lands on which mineral rights are acquired. They are expected to provide input on the grant of mineral rights, galvanise community members to be the local watchdog of the mining operations which they host and to ensure that such operations are carried out in conformity with the country's laws and regulations. As beneficiaries of government's mineral royalty revenues, traditional rulers are expected to apply such funds to undertake social infrastructure and to raise the dignity of their high office.

17. Mining Communities

Mining Communities host mining operations and therefore bear the brunt of its undesirable effects. They release lands for mining operations (in return for rent or upon the payment of adequate compensation). They are to benefit collectively from part of the royalties paid from the Mineral Development Fund through the provision of social infrastructure by the assemblies and the traditional authorities. Communities have a responsibility to themselves and the nation to ensure that mining operations are carried out legally and in consonance with the country's environmental regulations.

18. Ghana Chamber of Mines

The Chamber of Mines is an association of mining companies operating in the country, and is dedicated to pursuing the common interests of its members. Government will continue to work in concert with the Chamber to address issues of concern to its members, mindful of the supreme national interest and the achievement of the sector's objectives.

19. NGOs/Civil Society

Non-Governmental Organizations (NGOs) undertake advocacy work and play an important role in empowering mining communities to improve their living conditions and understanding their rights in hosting mining operations. Their watchdog role in raising environmental concerns is a very useful contribution to the sustainable development of the sector.