



2012 ANNUAL PERFORMANCE REPORT



MARCH, 2013

Executive Summary

The 2012 Annual Progress Report of the Minerals Commission is based on the broad policy objectives in line with the Ghana Shared Growth and Development Agenda (GSGDA) 2010 to 2013. For the mining sector, the policy objectives considered under the GSGDA are:

- Ensure the restoration of degraded natural resources
- Promote sustainable extraction and use of mineral resources to facilitate equitable access, benefit sharing from and security to Land, Forest and mineral resources.
- Build Institutional framework for sustainable natural resource management

Broad Sector Overview

The mining sector has been an important part of our economy with gold accounting for over 90% of the sector. Ghana is a significant gold producer in Africa (second after South Africa) and globally, being the 9th largest producer in the world. Currently, the sector contributes 28.3% of government revenue and 6% GDP. The sector also employs over 29,000 people in the large scale mining industry whilst over 1,000,000 people are engaged in the small scale gold, diamonds, sand winning and quarry industries. In 2012, Ghana produced 4,178,865.00 ounces of gold, the highest ever in the history of the country. It is significant to note that small scale miners contributed some 34% (1,423,453 ounces) of the total gold production in 2012. This resulted in export revenues of some US\$5.8billion. Total Foreign Direct Investment (FDI) into the minerals and mining sector from 1983 to 2012 amounted to US\$ 12.5 billion.

Status of Implementation of Key Activities

Achievements of some key activities based on the GSGDA policy objectives (GSGDA) for the mining sector are captured below.

Monitor exploration and mining activities to enforce compliance with Policies, the Minerals and Mining Law and Mining Regulations

Achievements:

- 40 monitoring visits to all operating and developing mines
- 105 exploration companies monitored during the period
- 80 Monitoring visits to quarries and 496 small scale mining concessions
- The current total number of Expatriates and Ghanaians in the Mining industry (including Mine Support Service Companies) as at the end of December **2012 is 361 and 29,600** respectively. Additionally, 16,390 contractors were employed by the mining sector in 2012.
- **1,017** officials were also examined for various **Certificates of Competency** to enhance health and safety, and productivity during the period.

- **2,081** inspections were conducted for health and safety of operating mines
- During the period, Workshops were organized for:
 - ▶ Quarry and Service Companies within the Central, Eastern, Greater Accra, and Volta Regions to improve their knowledge in the Minerals and Mining Act 2006, Act 703, and the Mining and Explosives Regulation regarding their various operations.
 - ▶ Salt and Exploration Companies to improve their knowledge in Industrial Safety/Health Hazards in of operations.
- Support to National Security sub Committee on Lands, Forestry and Mines to arrest illegal miners in the country
- Regional Task-Forces have been formed to deal with illegal mining in the country. Five (5) of such Taskforces have already been inaugurated.
- District Mining Committees have been formed and inaugurated in two mining communities to assist in the management of small scale mining in Ghana.
- Various monitoring, sensitization and educational programmes have been held to formalize the activities of illegal small scale miners.

Vigorously pursue plantation development in mining communities (Pilot Project in Prestea Huni-Valley District)

The project covers five mining communities in the Prestea-Huni Valley District of the Western Region. So far 23,000 acres of oil palm plantation have been established under small farm holder scheme in the Prestea Huni-Valley District of the Western Region. Some of the palm trees have started fruiting. The project has so far employed about 23,000 people. So far, monitoring reports received from the field are satisfactory.

Based on the success of the Prestea Huni Valley Pilot Programme, another project is being developed at the Ayanfuri-Dunkwa area.

Develop multi-agency approach to enhance resource management and the environment

In order to improve mining sector revenue collection, management and transparency, a multi-agency mining revenue task force was formed in 2008. Membership of this task force include; Minerals Commission, Ministry of Finance, Bank of Ghana, EITI Secretariat and Ghana Revenue Authority. The task force developed an Action Plan which has been in operation for the past 4 years. Under the Action Plan, the task force is to conduct mine audit using a Fiscal Model developed by a Consultant recommended by the World Bank (Prof. Jim Otto).

In 2012, the Fiscal Model was applied to 2 additional mines namely; Ghana Bauxite Company (now Bosai minerals) and Gold Fields Gh. Ltd (Damang mine).

Recommendations from the work of the task force have led to streamlining of Tax Administration on Mineral Right transfers as well as general amendment to the fiscal regime governing the mining sector.

Ensure inter-agency collaboration on issues involving environmental management in the mining industry

To ensure that the net impact of mining is positive, the Minerals Commission is collaborating with the Environmental Protection Agency (EPA) to regulate mining operations in the country. During the year under review, the Commission collaborated with the EPA and other key stakeholders to review Ghana's Mining and Environmental Guidelines. The zero draft of the reviewed guidelines will be taken through peer review as well as broad multi-stakeholder review during 2013.

Reduction in dependency on traditional minerals (Diversification)

Base Metal Potential:

Under the Mining Sector Support Programme (MSSP), Airborne geophysical and geological surveys were carried out over the Voltaian & Keta Basins. Additionally, Helicopter-borne VTEM EM data were collected over four blocks; Hohoe, Nkwanta, Akwatia and Konongo. About eight (8) areas were also geologically mapped across the country.

As a follow up to work done under the MSSP, some areas around Nkwanta in the Buem Formation were given on contract (under the Natural Resources and Environmental Governance Programme) to prove the potential of base metals in these areas.

Results of work done under the two programmes show occurrences of other minerals apart from the traditional ones (gold, diamonds, manganese and bauxite) being exploited currently. Especially for the Buem Formation, results received so far indicate appreciably high values of Mn, Co, Cu, Ni and Cr, suggestive of manganese and/or base metal occurrences and uranium within some lithologies in the area.

Improve Support to Artisanal and Small Scale Miners

Efforts made in improving support to ASMs include:

(i) Designating 91 sites countrywide for small scale mining of precious minerals – gold and diamonds. Out of this, 7 areas (**345sq. Km**) are currently being geologically investigated to prove their viability for licensing to small scale miners. Granted areas being explored prove viable, small-scale miners will be given financial assistance to purchase equipment for the exploitation of the deposit. This will contribute to reducing the menace of illegal mining in the country. Results for Japa are very promising. Work done to date has given several significant results, with the best interception recorded on the Adesu prospect include:

- SSRC001 intercepted 3m at 5.61g/t Au from 54m
- SSRC003 intercepted 3m at 2.4g/t Au from 54m
- SSRC004 intercepted 9m at 1.0g/t Au from 21m
- SSRC005 intercepted 9m at 26.47g/t Au from 52m

Facilitate Passage of the Draft Mining Regulations

The Commission facilitated passage of the regulations through the Ministry of Lands and Natural Resources and the Attorney Generals Department. The regulations were:

- Minerals & Mining (General) Regulations, 2012, LI2173
- Minerals & Mining (Support Services) Regulations, 2012, LI2174
- Minerals & Mining (Compensation & Resettlement), Regulations, 2012, LI 2175
- Minerals & Mining (Licensing) Regulations, LI2176, 2012,
- Minerals & Mining (Explosives), Regulations, LI2177, 2012,
- Minerals & Mining (Health And Safety) Regulations, 2012, LI 2182

Conclusions

Though there are challenges in the mining industry, some progress has been and continues to be made. It is therefore hoped that even as Ghana continues to receive support from and works with Development Partners in these and other emerging areas, the sector would more sustainably contribute to the development of not just the current generation but also lay the foundation for the development of future generations.

Particularly for Artisanal and Small Scale Mining (ASM), there is the need to:

- Establish an ASM Competency Training Centre. This centre is envisaged to offer training to small-scale miners in proper mining practice, proper support systems, ventilation and drainage for underground works and safe blasting practice;
- This form of institutional support to the small-scale mining sector will contribute to curb the incidence of illegal activities, facilitate improved mining practice and safety of small scale miners, drastically reduce the numerous occurrences of serious and fatal accidents, control the illegal acquisition and use of explosives and reduce the environmental degradation associated with their operations.

Outlook for 2013

Programmes for 2013 were developed based on the Ghana Shared Growth and Development Agenda (GSGDA). Key Objectives expected to be achieved during 2013 include the following:

- Diversification of mineral production base of the country
- Improving information availability and sector promotion
- Institutional strengthening in the mining sector
- Reduce social conflicts in mining communities by implementing guidelines for; Corporate Social Responsibility Projects for mining companies in mining communities, Compensation Policies by mining companies, use of mineral royalties by District and Municipal Assemblies;
- Improve support to small-scale miners (SSM)
- Improve coordination between the Agencies under the Ministry to address various challenges including; illegal logging and mining, deforestation and environmental degradation.
- Improve mining sector revenue collection, management and transparency
- Enhance international and regional cooperation
- Collaborate actively with key stakeholders to implement programmes to improve performance of small scale miners as well as reducing or eliminating illegal mining activities in the country.

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1.0 Introduction

The 2012 Annual Progress Report of the Minerals Commission is based on the broad policy objectives of the Ministry in line with the Ghana Shared Growth and Development Agenda (GSGDA) 2010 to 2013. For the mining sector, the policy objectives considered under the GSGDA are:

- Ensure the restoration of degraded natural resources
- Promote sustainable extraction and use of mineral resources to facilitate equitable access, benefit sharing from and security to Land, Forest and mineral resources.
- Build Institutional framework for sustainable natural resource management

The Commission is responsible for the regulation and management of the utilization of the mineral resources of Ghana and the co-ordination and implementation of policies related to mining. In line with its mandate, the Commission performs the following functions as stipulated in the Minerals Commission Act 1993, Act 450:

- a) To formulate recommendations of national policy for exploration and exploitation of mineral resources with special reference to establishing national priorities having due regard to the national economy;
- b) To advise the Minister of Lands and Natural Resources on matters relating to minerals;
- c) To monitor the implementation of laid down Government policies on minerals and report on this to the Minister;
- d) To monitor the operations of all bodies or establishments with responsibility for minerals and report to the Minister;
- e) To receive and assess public agreements relating to minerals and report to Parliament;
- f) To secure a firm basis of comprehensive data collection on national mineral resources and the technologies of exploration and exploitation for national decision making; and
- g) To perform such other functions as the Minister may assign to it.

In fulfilling its functions, the Commission engages in the following activities;

- Investigate the background, process applications for mineral rights and recommend their grant or otherwise to the Minister responsible for Mines;
- Review agreements relating to minerals;
- Collect, collate and analyse data on the operations of mining companies for decision making and for dissemination;
- Organise and attend workshops/seminars/conferences, as well as issue publications to promote mineral sector activities;
- Liaise with other governmental agencies, notably the Bank of Ghana, the Ghana Revenue Authority (GRA) among others to ensure that the spirit of the sector's fiscal regime is maintained;
- Liaise with other governmental agencies, notably the Geological Survey Department, and the Environmental Protection Agency, to monitor and ensure the adherence of mining companies to the terms and requirements of mineral rights granted to them.

To improve mining sector's contribution to sustainable development, the 2011 Annual Progress Report (APR) is being prepared to track progress of policy implementation and effectiveness as well as to identify challenges associated with the implementation for early resolution.

1.1 Broad Sector Overview

The mining sector has been an important part of Ghana's economy with gold accounting for over 95% of the sector. Ghana is a significant gold producer in Africa (second after South Africa) and globally, being the 9th largest producer in the world. Over the past decade, the price of gold has witnessed significant and sustained rise. From an average low of US\$279 in year 2000, the price rose to US\$445 in 2005, again to US\$1,225 in 2010 and then to an all time high of US\$1,895 in September, 2011. However, the price dropped to US\$1,674 in February 2013.

Except year 2004, the mining sector was consistently the highest gross foreign exchange earner from 1999 to date as well as a provider of high quality employment to Ghanaians. Currently, the sector contributes 28.3% of government revenue and 6% GDP. The sector also employs over 29,000 people in the large scale mining industry whilst over 1,000,000 people are engaged in the small scale gold, diamonds, sand winning and quarry industries. In 2012, Ghana produced 4,178,865.00 ounces of gold, the highest ever in the history of the country. It is significant to note that small scale miners contributed some 34% (1,423,453 ounces) of the total gold production in 2012. This resulted in export revenues of some US\$5.8billion. Total Foreign Direct Investment (FDI) into the minerals and mining sector from 1983 to 2012 amounted to US\$ 12.5 billion.

Presently, nine (9) large scale companies are producing gold, while one (1) each are producing bauxite and Manganese. Also, over 1,000 registered small scale mining groups are engaged in the mining of gold, diamonds and industrial minerals. Companies currently engaged in exploration in Ghana can be divided into three groups:

- Major international mining companies,
- Junior international mining companies and
- Local companies.

The major international mining companies with interests in Ghana include; Gold Fields of South Africa, Newmont and Golden Star Resources from the USA, AngloGold of South Africa, Adamus Resources of Australia among others. The junior international companies are mainly from Canada, South Africa and Australia. These companies usually conduct exploration with the objective of quickly blocking out enough ore reserves to support a bankable feasibility study to raise funds for production or for disposal of the upgraded property to major companies.

The local companies usually lack capital and technical expertise to conduct modern exploration work. They are usually unable to finance exploration beyond the reconnaissance stage; they then proceed to look for foreign partners in order to continue with the exploration work. As a result, most concessions held by the local companies and some foreign junior companies are possible joint-venture opportunities for major or junior international companies.

1.2 Mining Sector Policy and Objectives

Various policies in the mining sector have been consolidated into the draft national mining policy which is yet to be approved by Cabinet. This is aimed at securing the continued development of a thriving mining industry that will contribute to sustainable economic development based on the following objectives among others:

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

1.3 Objective of the Annual Progress Report (APR)

Monitoring the progress of implementation of sector policies on an annual basis involves the use of agreed set of indicators. These set of indicators are selected taking into consideration key objectives of the mining sector to be achieved in the particular year. To ensure effective analysis of the various indicators, the possible level of data disaggregation, as well as the frequency of collection of data on each indicator is determined to allow the Commission to put mechanisms in place to collect the required information.

The key instrument for reporting on the progress towards the implementation of sector policies on annual basis is the Annual Progress Report (APR). The APR reports on the progress against targets, provides information on resources used to implement key activities within a year. The outcome of this monitoring process is to, primarily; provide continuous and regular data to make informed decisions and the necessary adjustments about programme implementation.

1.4 Organization of the Report

The rest of the report is organised as follows: chapter two deals with the status of implementation of key activities in 2012. Chapter three focuses on the analyses of progress made against targets on the selected indicators agreed with the National Development Planning Commission (NDPC). Chapter four provides resource analyses while chapter 5 discusses challenges confronting the mining sector. The conclusions and way forward for 2013 are also discussed in Chapter 6.

2.0 Status of Implementation of Key Activities

This section covers achievements of some key activities based on the GSGDA policy objectives (GSGDA) for the mining sector as captured below.

- Ensure the restoration of degraded natural resources
- Promote sustainable extraction and use of mineral resources to facilitate equitable access, benefit sharing from and security to Land, Forest and mineral resources.
- Build Institutional framework for sustainable natural resource management

2.1 Strategies and Achievements for Objective 1: Ensure the restoration of degraded natural resources

2.1.1 Monitor exploration and mining activities to enforce compliance with Policies, the Minerals and Mining Law and Mining Regulations.

Achievements:

- 40 monitoring visits to all operating and developing mines
- 105 exploration companies monitored during the period
- 80 Monitoring visits to quarries and 496 small scale mining concessions
- The current total number of Expatriates and Ghanaians in the Mining industry (including Mine Support Service Companies) as at the end of December **2012 is 361 and 29,600** respectively. Additionally, 16,390 contractors were employed by the mining sector in 2012.
- **1,017** officials were also examined for various **Certificates of Competency** to enhance health and safety, and productivity during the period.
- **2,081** inspections were conducted for health and safety of operating mines
- During the period, Workshops were organized for:
 - ▶ Quarry and Service Companies within the Central, Eastern, Greater Accra, and Volta Regions to improve their knowledge in the Minerals and Mining Act 2006, Act 703, and the Mining and Explosives Regulation regarding their various operations.
 - ▶ Salt and Exploration Companies to improve their knowledge in Industrial Safety/Health Hazards in of operations.
- Support to National Security sub Committee on Lands, Forestry and Mines to arrest illegal miners in the country
- Regional Task-Forces have been formed to deal with illegal mining in the country. Five (5) of such Taskforces have already been inaugurated.
- District Mining Committees have been formed and inaugurated in two mining communities to assist in the management of small scale mining in Ghana.
- Various monitoring, sensitization and educational programmes have been held to formalize the activities of illegal small scale miners.

2.1.2 Carry out educational campaigns aimed at efficient small-scale mining.

Achievement

Educational campaigns were carried out by District Officers at Mining communities and mining sites (both formal and informal) on best practices. In spite of the educational campaigns, illegal mining continues to be on the ascendency. The involvement of the law enforcement agencies have been sought to quell the menace of the illegal activities. The following actions were carried out during the period under review:

- The Security Services under the directives of National Security Sub-Committee on Lands and Natural Resources carried out evictions of illegal miners in some forest reserves as well as in some parts of the Eastern, Western, Brong Ahafo, Central and Ashanti Regions.
 - For example: Illegal mining operators were arrested at Aniamoah and Adobewura small scale mining sites in Atwima Mponua District of Ashanti Region. In all forty-seven (47) Chinese Nationals operating illegally were arrested with their vehicles and sent to the Northern Command Headquarters of Armed Forces in Kumasi.
- Regular meetings were attended with Security Agencies at the National Security Head Office and to strategize to curb illegal mining activities Country wide

2.1.3 Vigorously pursue plantation development in mining communities (Pilot Project in Prestea Huni-Valley District)

- The project covers five mining communities in the Prestea-Huni Valley District of the Western Region. So far 23,000 acres of oil palm plantation have been established under small farm holder scheme in the Prestea Huni-Valley District of the Western Region. Some of the palm trees have started fruiting. The project has so far employed about 23,000 people. So far, monitoring reports received from the field are satisfactory.
- Based on the success of the Prestea Huni Valley Pilot Programme, another project is being developed at the Ayanfuri-Dunkwa area.

2.2 Strategies and Achievements for Objective 2: Promote sustainable extraction and use of mineral resources.

2.2.1 Develop multi-agency approach to enhance resource management and the environment

In order to improve mining sector revenue collection, management and transparency, a multi-agency mining revenue task force was formed in 2008. Membership of this task force include; Minerals Commission, Ministry of Finance, Bank of Ghana, EITI Secretariat and Ghana Revenue Authority. The task force developed an Action Plan which has been in operation for the past 4 years. Under the Action Plan, the task force is to conduct mine audit using a Fiscal Model developed by a Consultant recommended by the World Bank (Prof. Jim Otto).

In 2012, the Fiscal Model was applied to 2 additional mines namely; Ghana Bauxite Company (now Bosai minerals) and Gold Fields Gh. Ltd (Damang mine).

Recommendations from the work of the task force have led to streamlining of Tax Administration on Mineral Right transfers as well as general amendment to the fiscal regime governing the mining sector.

2.2.2 Ensure inter-agency collaboration on issues involving environmental management in the mining industry

To ensure that the net impact of mining is positive, the Minerals Commission is collaborating with the Environmental Protection Agency (EPA) to regulate mining operations in the country. During the year under review, the Commission collaborated with the EPA and other key stakeholders to review Ghana's Mining and Environmental Guidelines. The zero draft of the reviewed guidelines will be taken through peer review as well as broad multi-stakeholder review during 2013.

2.2.3 Reduction in dependency on traditional minerals (Diversification)

Achievements so far:

Base Metal Potential:

Under the Mining Sector Support Programme (MSSP), Airborne geophysical and geological surveys were carried out over the Voltaian & Keta Basins. Additionally, Helicopter-borne VTEM EM data were collected over four blocks; Hohoe, Nkwanta, Akwatia and Konongo. About eight (8) areas were also geologically mapped across the country.

As a follow up to work done under the MSSP, some areas around Nkwanta in the Buem Formation were given on contract (under the Natural Resources and Environmental Governance Programme) to prove the potential of base metals in these areas.

Results of work done under the two programmes show occurrences of other minerals apart from the traditional ones (gold, diamonds, manganese and bauxite) being exploited currently. Especially for the Buem Formation, results received so far indicate appreciably high values of Mn, Co, Cu, Ni and Cr, suggestive of manganese and/or base metal occurrences and uranium within some lithologies in the area.

Due to the enormous geoscientific information gathered in these areas, the Minerals Commission has developed Policy and Tendering guidelines to assist in the administration of mineral rights on those areas. The specific objective of applying the Tendering Method is to implement Government's intention to target directly more technically & financially competent investors for the acquisition of these areas in a very transparent manner, as well as deny speculators the opportunity to acquire these concessions.

These guidelines which have been approved by the Hon. Minister responsible for Mines are in line with the Minerals and Mining (Licensing) Regulations 2012, LI 2176 as well as the Public Procurement Act (2003), Act 663.

Iron Ore Potential:

Following promotion of iron ore potential, a number of due diligence investigations have led to granting of Prospecting Licences to two (2) companies to further investigate the Sheini and Oppon Mansi iron ore deposits for an integrated iron and steel industry in Ghana.

Limestone Potential:

The Buipe Limestone deposit is under development for the production of clinker and cement

2.2.4 Improve Corporate Social Responsibility (CSR) in Mining Communities

Guidelines for the implementation of CSR by mining companies in mining communities were developed through extensive stakeholder participation. The guidelines provide good practical guidance to large scale mining companies on how to engage and interact with mining communities.

The guidelines have been circulated to all mining companies to assist them in the implementation of their CSR projects in mining communities.

2.2.5 Improve Support to Artisanal and Small Scale Miners**Achievements**

Efforts made in improving support to ASMs include:

(i) Designating 91 sites countrywide for small scale mining of precious minerals – gold and diamonds. Out of this, 7 areas (**345sq. Km**) are currently being geologically investigated to prove their viability for licensing to small scale miners. Granted areas being explored prove viable, small-scale miners will be given financial assistance to purchase equipment for the exploitation of the deposit. This will contribute to reducing the menace of illegal mining in the country. Results for Japa are very promising. Work done to date has given several significant results, with the best interception recorded on the Adesu prospect include:

- SSRC001 intercepted 3m at 5.61g/t Au from 54m
- SSRC003 intercepted 3m at 2.4g/t Au from 54m
- SSRC004 intercepted 9m at 1.0g/t Au from 21m
- SSRC005 intercepted 9m at 26.47g/t Au from 52m

(ii) Development of a Strategic Framework to Address the Challenges in the Sub-Sector

After a nationwide road show to seek stakeholder views, the Commission has upgraded the matrix of initiatives to manage the small scale mining subsector into a Strategic Framework to improve small scale mining in Ghana. Key strategies to be implemented in the framework include:

- Geologically investigate and demarcate suitable portions for small-scale mining.
- Formalise illegal SSM activities in designated areas and form cooperatives and associations and support them with equipment and working capital
- Develop Guidelines on Health and Safety and train SSMs in the use of environmentally friendly processing methods

- Establish and Resource District Mining Committees and SSM Associations to assist in the management of SSM activities in the country
- Educate, train and provide logistics to enhance the efficiency, and safety of SSM operations.
- Strengthen capacity of officers to monitor SSM activities as well as enforce provisions in the Act and legislations;
- Collaborate with security agencies to deal with illegal miners
- Develop environmental management guidelines for SSM in conjunction with the EPA and ensure compliance

2.2.6 Accelerate Promotion of investment into the Salt Industry to Meet West Africa Demand

Achievements:

(i) One of the policies of Government in the minerals and mining sector is the diversification of the country's mineral base. In line with this, salt development continues to receive prominence in the country. Government has introduced several interventions including financial and technical assistance to salt producers to enable them upgrade their salt facilities and knowledge on salt production.

(ii) During the period under review, six (6) field trips were undertaken to salt producing companies in the Central, Greater Accra and Volta regions of Ghana with the view to interacting with the producers to know more about issues affecting their operations and to offer them technical advice. In all, twenty (20) salt producing companies were monitored. Several observations were made during the visits. These include the following:

- Almost all the saltworks visited were offering one form of assistance or the other to the communities in which they operate.
- Salt producers do not have a uniform standard for measuring salt as a bag of salt labelled as 50kg could weigh between 70kg and 100kg.

(iii) A salt policy and road map are being developed for the salt industry in order to increase investment which is expected to also increase production among others.

2.2.7 Facilitating Passage of the Minerals and Mining Regulations

The Commission facilitated passage of the regulations through the Ministry of Lands and Natural Resources and the Attorney Generals Department. The regulations were:

- Minerals & Mining (General) Regulations, LI2173
- Minerals & Mining (Support Services) Regulations, LI2174
- Minerals & Mining (Compensation & Resettlement), Regulations, LI 2175
- Minerals & Mining (Licensing) Regulations, LI2176
- Minerals & Mining (Explosives), Regulations, LI2177
- Minerals & Mining (Health And Safety) Regulations, LI 2182

2.2.8 Implement Local Content Provisions in Act 703

Achievements:

There are still ongoing consultations with the Chamber of Mines, mining companies and other companies operating within the mining industry on the implementation of the localisation policy.

During the period under review, Localisation Plans of two (2) mining companies; Golden Star Resources (GSR) and Gold Fields GH. Gold Ltd were approved. Expatriates level of 10.34% at GSR will be reduced to 4.74 by 2015, whilst expatriates level of 8.53% at GFG Ltd will be reduced to 1.95% by 2020. The differences in the duration for reduction in the percentages of expatriates are due to the existence of wide knowledge or experience gaps between certain expatriates and their Ghanaian counterparts who would need longer period of development. Other challenges include:

- Difficulty in retaining Ghanaians in the mining sector because of the current competitive labour market;
- Discrepancy in remuneration and other working conditions of expatriate and Ghanaian staff; and
- Curricula in our training institutions do not help to produce appropriate middle level Ghanaian staff for the mining industry.

2.2.9 Maximise Local Content in the Mining Industry

Achievements:

The Commission and the Chamber of Mines have signed a Memorandum of Understanding (MOU) to facilitate the procurement of local products by mining companies, mine support service providers and companies licensed to deal in gold.

Additionally, through a collaborated effort of International Finance Corporation (IFC), Chamber of Mines and Minerals Commission, Timebridge Holdings of South Africa were engaged as consultants to assess twenty-eight (28) goods/products which are commonly used by mining companies with the view to recommending methods of strengthening the value chain in mining and related sectors. The final report has been received and is being reviewed.

2.2.10 Promote Investment into Mining and Allied Sectors

Achievements

- Preparation of packaged information for investment promotion i.e. a new investment promotion display material based on the new geology map was prepared. Additionally, new brochures were produced for minerals in the country.
- Participated in a number of conferences (Locally and Abroad) such as INDABA (South Africa), PDAC (Canada) etc. to promote investments in the mining sector.

2.3 Strategies and Achievements for Objective 3: Build Institutional Framework for Sustainable Natural Resource Management

2.3.1 Retooling Inspectorate Division Laboratory at Takoradi

One of the core functions of the Inspectorate Division is to monitor health and safety in mines as well as assaying of mineral samples collected from exploration and mining companies. In order to perform this function, the laboratory in Takoradi needs to be renovated and upgraded with modern equipment.

Indeed, equipment needs have been identified. The challenges have been funding and in recent times the laborious procurement process. For some of the equipment, tenders have been evaluated and contracts awarded for procurement. It is therefore hoped that the rest will be procured under Programmes/Projects funded by our Development Partners or under the Mineral Development Fund.

2.3.2 Co-ordinate and harmonize policies and programmes with regional, international and other member states of ECOWAS

Status of Implementation of ECOWAS Directive on the Harmonization of Guiding Principles and Policies

During the review year, the Commission implemented provisions in the ECOWAS Directive on the harmonisation of guiding principles and policies in the mining sector. Currently, member states are driving towards a harmonised West Africa Mining Code. Some of the provisions implemented included:

Protection of National Interest

- Stability Agreement
 - Government has set up a committee to review aspects of the Stability Agreement that are not in national interest of two companies i.e. AngloGold Ashanti Ltd and Newmont Ghana Gold Ltd.
- Fiscal Framework
 - Guidelines on use of mineral revenues prepared for District Assemblies. Use of revenues to Stools and Traditional Authorities being prepared. 80% of mineral royalties to Government and 20% to Assemblies,
- State Participation in Mining Operations
 - s.43 (1) of Act 703 has provision for Government. Government has divested its interest in some of the mining companies
- Localization Policy of Mining Operations
 - Regulations on local content passed by Parliament. i.e. Minerals & Mining (General) Regulations, LI2173

3.0 Tracking of National Indicators

NATURAL RESOURCE MANAGEMENT							
Indicator	Indicator Baseline (2009)	2010 Target	2010 Level	2011 GSGDA Target	Indicator Level 2011	2012 GSGDA Target	Indicator* Level 2012
15. Statistical Overview of the Mineral Sector							
a. Mineral Production							
Gold (ounces)	3,119,832.00	3,321,688.00	3,391,587.00	3,622,346.00	3,676,223.00	3,870,000.00	4,178,865.00
- Diamonds (carat)	354,443.00	312,706.00	308,679.00		283,369.00	265,000.00	215,118.00
- Bauxite(mt)	420,477.00	600,688.00	595,092.00	500,000.00	409,918.00	550,000.00	662,925.00
- Manganese(mt)	1,007,010.00	1,574,745.00	1,564,628.00	1,642,851.00	1,705,314.00	1,515,000.00	1,501,033.00
b. Labour							
- Large Scale (Expatriate and local) ; Male and Female	27,481.00	27,000.00	27,100.00	27,900.00	28,000.00	29,500	29,961
- Small Scale (legal)	200,000.00	250,000.00	250,000.00	400,000.00	450,000.00	500,000	510,000
- Small Scale (illegal)	600,000.00	550,000.00	550,000.00	550,000.00	550,000.00	600,000	590,000
c. Foreign Direct Investments (in U.S. Million)	762.26	770.00	770.00	800.00	970.30	995.00	1,000.00
d. Benefits of Mining (Mineral Revenue (GH¢ Million)							
- Royalties	94,186,626	100,700,543	144,697,345	219,939,440	222,024,705	350,000,000	359,392,853
- Taxes	319,022,67	351,429,447	410,398,124	801,021,140	828,411,976	950,000,000	1,101,810,124
Corporate Social Responsibility (US\$)	9,424,312	10,000,000	17,590,471	10,000,000	43,732,833	50,000,000	?
Contribution to total merchandise exports (US\$) million	2,618.90	3,594.00	3,888.42	5,024.95	5,036.54	5,500.00	5,770.64
e. Repatriation of mineral revenue							
- % mineral revenue returned into the Ghanaian economy (BOG and Commercial Banks)	54.09	58	66.01	64	73.85	73.85	72.15
- % mineral revenue spent on local goods	28	Na	21	Na	18.2	18.2	?
f. Mineral Rights Granted (Mining Lease, Prospecting, Reconnaissance, Salt, Quarry, Clay, Sand Winning, Small Scale Gold/Diamond, Mica)	199	350	374	360	366	400	581
16. Proportion of Minerals Development Fund allocated to District Assemblies, stools and traditional authorities	Na	Na	Na	Na	Na	Na	

4.0 Resource Analyses

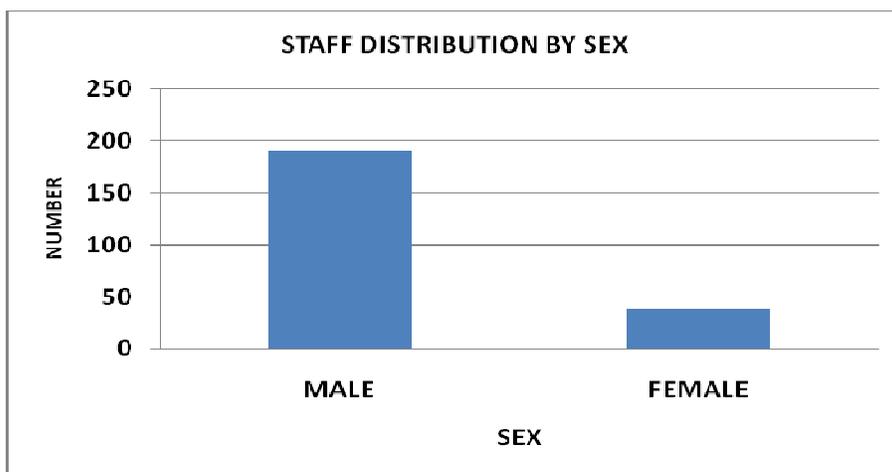
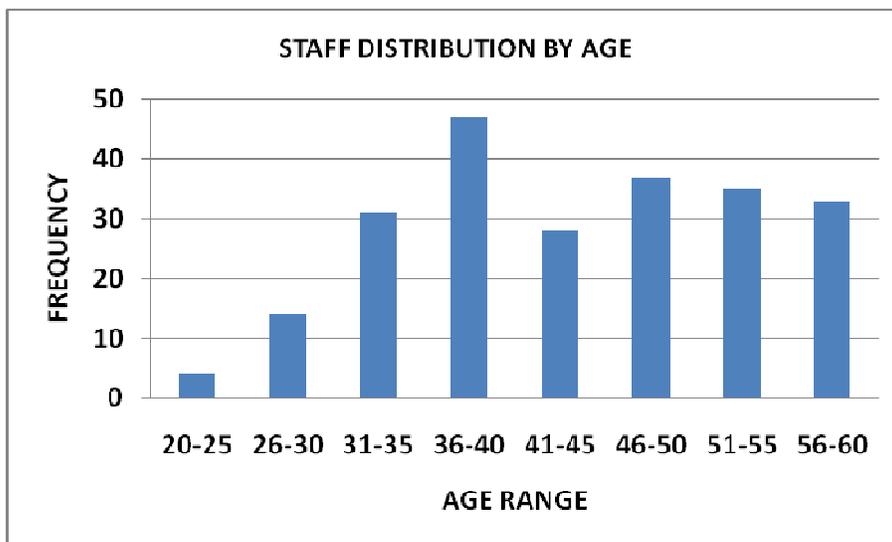
4.1 Human Resource Analysis

The achievement of the mandate of the Commission depended largely on the dedication and the skills and competencies of the available staff.

4.1.1 Staff Strength

The Commission had total staff strength of two hundred and twenty nine (229) as at 31st December, 2012 who contributed to the implementation of the objectives under the GSGDA. Of the total staff of 229, 49% (113) were junior officers and 51% senior officers. From the gender perspective there were about 83% (191) male officers as against 17% (38) female officers in the ratio of 1 female staff to 5 males.

The following charts show the staff distribution by age and gender.



4.1.2 Training Planned and Carried Out

A total of Seventy (70) officers attended various short courses to upgrade their skills during the year under the review. Officers were selected from all the mining sector institutions viz. Ministry of Lands and Natural Resources, Minerals Commission and the Geological Survey Department. Some of the courses undertaken by these officers were:

- Financial Management
- Finance & Public Accounting for Public Sector
- Management Development Program For Engineers & Technical Personnel
- Strategic Environmental Impact Assessment
- Effective Procurement & Contract Management
- Stores & Inventory Management
- Budgeting & Budgetary Control
- Real Estate Planning & Management
- Conflict Resolution in Natural Resource Management
- Improving Performance & productivity
- Preparing for Retirement
- Management & Administration Program for Executive Secretaries and Administrative Assistants
- Results Based Monitoring & Evaluation

4.1.3 Recruitment

Seven (7) junior and senior officers were recruited to augment the staff strength of the Commission in 2012. The newly recruits consists of GIS Experts, Social Scientists, Secretaries among others.

4.2 Financial Analysis

4.2.1 Financial Performance

SOURCE	2011			2012		
	Approved Budget	Actual Receipts	Actual Expenditure	Approved Budget	Actual Receipts	Actual Expenditure
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
GOG	2,626,498	NIL	NIL	NIL	NIL	NIL
IGF	5,559,600	13,860,136	10,933,468	17,858,502	19,445,758	15,318,402
DEV'T PARTNERS NREG	21,487,249	4,108,116	6,275,983	8,215,768	4,108,116	7,815,788
OTHERS	NIL	NIL	NIL	NIL	NIL	NIL
Total	29,673,347	17,968,252	17,209,451	26,074,270	23,553,874	23,134,190

5.0 Challenges

The following key challenges have characterized the sector.

- **Inadequate linkages between the mining sector and the rest of the economy.** A conscious promotional drive as well as enforcement of local content provisions in the mining regulations (which is about to be passed by Parliament) will be required;
- **Limited Diversification of the Sector.** A focus on only a few minerals, notably gold bauxite manganese and diamonds but especially gold. Need to diversify into other minerals which Ghana has potential to produce;
- **Management of Artisanal and Small Scale Mining, especially the menace of illegal mining (galamsey):** Finding suitable areas as well as the creation of awareness among such miners to regularize their operations and to operate legally, efficiently and in an environmentally friendly manner would be required;
- **Monitoring and evaluation of fiscal and financial flows** within the sector to ensure efficient and equitable mobilization and distribution of the benefits of mining;
- **Frequent conflict between mining communities and mining companies.** The conflict normally begins as complaints from the inhabitants about environmental issues, blasting related problems, etc. However later investigations would normally reveal that the real motives are demands for:
 - Compensation claims
 - Social amenities
 - Land for “galamsey” activities, etc.
- **Speculative activities:** Speculative activities of community members wherever crop and land compensation issues are concerned;
- **Landuse Conflicts:** There is a serious conflict of land use around quarries operating in the urban areas. Land owners continue to allocate plots within the area of influence of quarry blasts to estate developers. Quarrying operations then become difficult as the landlords and/or occupiers turn to complain about the negative impact from the operations.

6.0 Conclusions

Though there are challenges in the mining industry, some progress has been made. It is therefore hoped that even as Ghana continues to receive support from and works with Development Partners in these and other emerging areas, the sector would more sustainably contribute to the development of not just the current generation but also lay the foundation for the development of future generations.

Particularly for Artisanal and Small Scale Mining (ASM), there is the need to:

- Establish an ASM Competency Training Centre. This centre is envisaged to offer training to small-scale miners in proper mining practice, proper support systems, ventilation and drainage for underground works and safe blasting practice;
- This form of institutional support to the small-scale mining sector will contribute to curb the incidence of illegal activities, facilitate improved mining practice and safety of small scale miners, drastically reduce the numerous occurrences of serious and fatal accidents, control the illegal acquisition and use of explosives and reduce the environmental degradation associated with their operations.

6.1 Outlook for 2013

Programmes for 2013 were developed based on the Ghana Shared Growth and Development Agenda (GSGDA). Key Objectives expected to be achieved during 2013 include the following:

- Diversification of mineral production base of the country
- Improving information availability and sector promotion
- Institutional strengthening in the mining sector
- Reduce social conflicts in mining communities by implementing guidelines for; Corporate Social Responsibility Projects for mining companies in mining communities, Compensation Policies by mining companies, use of mineral royalties by District and Municipal Assemblies;
- Improve support to small-scale miners (SSM)
- Improve coordination between the Agencies under the Ministry to address various challenges including; illegal logging and mining, deforestation and environmental degradation.
- Improve mining sector revenue collection, management and transparency
- Enhance international and regional cooperation
- Collaborate actively with key stakeholders to implement programmes to improve performance of small scale miners as well as reducing or eliminating illegal mining activities in the country.

Some of the strategies to be used to achieve the above objectives include the following;

- Geological exploration to prove areas for small scale mining operations would be undertaken in Datoko (Upper East Region), Awisam and Akoase (Eastern Region) and Berekum (Brong Ahafo),
- Monitoring visits would be intensified to illegal small scale mining sites to educate miners with the aim of mainstreaming their activities,

- District Mining Committees would be formed in mining districts to help manage small scale mining in Ghana,
- Implementation of guidelines with annual tracking system to include social conflicts,
- Implement programmes to improve operations of small scale miners,
- Implementation, monitoring and evaluation of use of mineral royalties by District Assemblies and Municipal Assemblies (using annual tracking mechanisms),
- Review of Ghana's Mining and Environmental Guidelines
- Establishment of a Small Scale Mining Competency Training Centre at Tarkwa. This centre is envisaged to offer training to small-scale miners in proper mining practice, proper support systems, ventilation and drainage for underground works, safe blasting practice, etc. It is hoped that this form of institutional support to the small-scale mining sector will contribute to curb the incidence of illegal activities, facilitate improved mining practice and safety of small-scale miners, drastically reduce the numerous incident of serious and fatal accidents, control the illegal acquisition and use of explosives and reduce the environmental degradation associated with the operations.