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Transparency and accountability in Ghana's mining sector: Is it real or fiction?

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Abstract

There has been rapid growth globally in the past decade about initiatives to promote transparency and accountability in the extractive industries sector. These moves are intended to devise institutional reform mechanisms to make governments of mineral wealth countries transparent and accountable in the contracting, extraction, allocation and utilization of mineral revenues. This paper focuses on the mining sector of Ghana and argues that the country's current legal framework that regulates the mining sector does not promote transparency and accountability, hence misappropriation of mineral rents which consequently results in high poverty level in the country. Though the paper uses the experience of Ghana, it can serve as a foundation to other mineral wealth countries especially of Sub-Saharan Africa.

Keywords: Mineral Sector; Transparency; Accountability; Governance

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1. Introduction

Transparency and accountability of the extractive sector are two buzzwords in development theory and practice. The two concepts are closely related and involves giving people access to relevant information, encouraging fairness and promoting the active participation of local people in the process of licencing, exploration, contracting, generation of revenue as well as how the revenues are allocated. The main actors in mining sector include governments, private mining companies (as well as other subsidiary companies), non-governmental organizations and the civil society organizations (including the media and other identifiable groups). Over the past decade, there has been a proliferation of global initiatives to promote transparency and accountability thereby enhancing the governance structures of the extractive industries. In 2003, there was the Kimberley Process Certification Scheme (KPCS) which was followed by the Global Witness/Publish What You Pay (PWYP) Coalition as well as the Extractive Industries Transparency Initiatives (EITI) (Acosta, 2013).

There has been an increasing interest in the promotion of transparency and accountability of the mining sector of mineral wealth countries due to the huge contribution it can make to reduce corruption and promote the judicious use of mineral rents.

Ghana, a mineral wealth country has a long history of mineral endowment dating back to the colonial era which led to the country to be called the Gold Coast. The mineral resources are concentrated mainly in the Southern half, covering about five out of the ten geographical regions. Among these mineral resources are gold, diamonds, bauxite, manganese and recently crude oil. Despite the country's mineral wealth, high investments and huge revenues accrued from the mining sector, not much can be said about the direct effects the mining revenues is having on the livelihoods of the Ghanaian people .Ghana's human development index has not improved as expected. Consequently, according to the UN, Human Development Report (2014), about 28.6% of Ghanaians were below the poverty line of \$1.25 per day. 12.1% were said to be in severe poverty and 18.7% were near the poverty line. The mineral policy that currently regulates Ghana's mining sector is Act 703 of 2006. This paper argues that effective transparency and accountability in Ghana's mining sector can promote development. The objective of the paper is to investigate how mineral resources can be governed in a transparent and accountable manner to address the human development challenges in Ghana.

This paper is organised in 5 parts. After the introduction section, section 2 gives a theoretical review of mineral governance in Ghana . This is followed by section 3, which sheds more light on the methodology adopted by the study. Section 4 presents and analyses data which is followed by section 5 which critically evaluate the data. The final part, section 6 looks at the way forward where it gives recommendations for policy consideration.

2. Review of mineral governance in Ghana

Ghana's mineral resource governance is regulated by its mining policies. The main objective of all the mining policies adopted by the Government of Ghana over the years is to ensure that the mining sector contributes

to the development of the country. Over the past century, Ghana's mineral policy has focused on the mining of gold, manganese, diamonds and bauxite for export. The country's large-scale mining companies mainly produce minerals such as gold bauxite, diamond and manganese. Whilst the small scale operations produce industrial minerals including limestone, kaolin and silica sand (Minerals Commission, 2010).

It is estimated that gold alone contribute more than 90% of the overall in minerals in Ghana and has attracted most of the small -scale operators. Mining operations in Ghana are operated by both foreign and local mining companies. However, the participation of local equity is very minimal, particularly in the large – scale mining operations. Close to 76% of the sector players are foreign companies with the 24% also being domestic players (KPMG International, 2014).

According to the constitution of Ghana, minerals in Ghana belong to the state, irrespective of whether the mineral is found on a private or public land. The main piece of legislation that deals with the award of licenses and leases for the operations of minerals is the Minerals and Mining Act 703 of 2006. One major objective of the Act is to create a friendly environment for investors and position Ghana as a major mining investment destination in Africa. However, the Act was criticized for its non-transparent competitive process of awarding mining contracts. As a result, on the 20th of March 2012 a new approach came into being which requested for tender to mineral rights to be under transparent and competitive manner. Nevertheless, not much has been seen in terms of its results in promoting transparency and accountability in the tendering process (Adimazoya, 2013). This is because in Ghana's current mining governance system, it is illegal to disclose mining contracts and agreements and therefore mining contracts are not disclosed. In view of this, mining contracts entered into by the government of Ghana and private mining companies are still secret documents. Consequently, the Revenue Watch Institute Transparency index in the oil and gas mining sector, in its 2010 report placed Ghana 35 out of the 41 natural resource producing countries, citing mainly the lack of access to the contents of mining contracts as one of the setbacks in the county's mining sector. Accordingly, Adimazoya (2013) has argued that since the mining industry contracts involves resources for the public, and also because it is a public policy that concerns social, economic and environmental issues, the citizens should have access to the content of the contracts.

Apart from the award of licenses and leases for the operations of minerals, there is also the structure of the mineral governance system in Ghana. In order to understand how the mineral governance structure of Ghana is, it is important to identify both the formal and informal governing structures. The local level comprises of the formal government administration which also consist of district assemblies whose mandate is to oversee the administration of towns and zones. The informal governing structures consist of traditional authorities who are the chiefs, controlling stool lands, which constitute 80% of all land in Ghana. There are 95 paramount chiefs in Ghana with most of them in the rural areas of the country where mining activities take place. Standing (2014) writes that mining revenues are paid by the mining companies to the government of Ghana quarterly. Currently, with the introduction of the Minerals and Mining Amendment Act 794 in 2010, which amended aspects of the Minerals and Mining Act 703 of 2006, mining companies pay a mineral royalty flat rate of 5% tax on profits to the government. The mining revenues are paid to the Internal Revenue Service (now Ghana Revenue Authority) which then releases the money into the Consolidated Fund.

Accordingly, As Table 1 indicates, the Minerals and Mining Act 703 of 2006, stipulates that 80% of the mineral revenues is retained by Government of Ghana into the Consolidated Fund and used generally to support the national budget, 10% of the remaining 20% is dispense into the Mineral Development Fund (MDF) which is mainly used to assist public mining sector institutions and sometimes ad hoc flagship programmes in mining communities. The remaining 10% is quarterly transferred to the office of the Administrator of stool lands, which then transfers the money directly to grass root beneficiaries. The formula used to distribute this money is clearly stipulated in Section 267 (6) Of the Minerals and Mining Act of 2006. The section stipulates that 10% is retained by the office to cater for administrative expenses, with 25% dispense to the traditional authority to 'maintain the stool' , 20% is also dispense to the traditional authority himself (in most cases the chiefs) with 55% going to the District Assemblies located in the area of the authority of the stool land. It must be noted however that in some of the district assemblies, the monies dispense to them can constitute about 40% of their entire budgets and there is no mining revenues available to district assemblies that are outside the jurisdiction of mining areas.

Table 1. Disbursements of Mineral Royalties

Beneficiary		Share (%) of Total Amount
Government in Consolidated Fund		80%
Minerals Development Fund		10%
Office of the Administrator of Stool Lands	10% of Total Amount	
The Administrator of Stool Lands takes 10% of the amount received to cover administrative expenses.		1%
The remaining 90% is distributed as follows.		
District Assemblies	55%	4.95%
Stools	25%	2.25%
Traditional Councils	20%	1.80%
Total		100%

Source: Ministry of Finance and Economic Planning (GHEITI) (2010)

At the central state however, as already noted, the 80% that goes into the Consolidated Fund is a pool of government's resources to support the country's budget. According to Standing (2014:75), efforts by the state to utilize the mining revenues that it receives for pro poor development interventions "takes on heightened significance". Though part of the Mining Development Fund (MDF) has been used for development, Standing (2014) argues that "the MDF has certainly financed local level projects, including the financing of loans to small scale miners and geological assessments, the total sum of money used for projects explicitly designed for improving local economic development and to compensate for the cost of mining is very small. A large percentage of the Fund's expenditure goes to support capacity building of public

institutions that study or work towards regulating. Obviously, this manner of spending revenues from a non-renewable resource such as minerals cannot be said to be a judicious and sustainable investment that will benefit the broad masses of Ghanaians.

Similarly, the International Council on Mining and Metals (ICMM) in 2015 reported that, the Environmental Protection Agency (EPA) which has the mandate to ensure that the environment is not damaged, and that mining is done in an environmentally sustainable way, does not benefit from this payment.

Furthermore, the Mineral Development Fund (MDF) does not have any legislative instrument to govern its management. As a result, it is unclear how the decision on allocation of funding is made. The MDF have previously received allocation of less than the 10% of mining revenues, payments have been inconsistent and have no separate budget as well as auditing procedures. Consequently, the World Bank (2011) in its internal evaluation report noted that, the government of Ghana's effort to utilize the country's mineral revenues to promote people centered development was still a work in progress. Authors such as Standing (2014); Pedro (2005); Pegg, (2003); Allen and Thomas, (2000) have argued that the cause of this have been mainly the lack of clear legislative policy on how this Fund should be spent, lack of transparency and accountability as well as participation in the mineral governance structure of Ghana.

Apart from the state's allocation and utilization of mineral resources, the traditional authorities, such as the chiefs also play a critical role in the governance of the mining sector of Ghana. This is because they play a part in the consultation and leasing of land for mining purposes and receive about 45% of mineral revenues dispensed to the grassroots. Though, the Minerals and Mining Act 703 of 2006 does not stipulate the role of the chiefs in mining contract negotiations (which is often done by central government), it does indicate the percentage of grassroots mineral revenues that should go to them. Despite the lack of legislation that clearly stipulates how monies that go to the chiefs should be used, it is assumed that it will be used for community development. On the contrary however, studies by Standing (2014) revealed that too often, chiefs have tended not to have interest in investing mineral revenues in the development of their people. Besides, there are no transparency and accountability mechanisms on how the revenues are received and utilised. The lack of community stakeholder engagement and no proper regulation accounts for this (Boachie- Danquah, 2011)

Besides the central and traditional authorities, the district assemblies also play a crucial role in the mineral resource governance in Ghana. Mineral revenues that go to the district assemblies are also supposed to be used for development purposes. However, with the current system of the district assemblies where only two third of assembly members are elected, with the District Chief Executive appointed by the President, some authors have argued that this system makes the institution vulnerable to political cronyism and patronage (Boachie- Danquah, 2011; Standing, 2014; Debrah, 2009). Previous financial audit in the district assemblies have raised serious financial irregularities including, misappropriation of revenues, improper auditing systems, among others (Extractive Industry Transparency Initiative, 2016). Similarly, the IMF (2012:101) had in its poverty reduction strategy confirmed that "weak financial management practices is rampant and there is general lack of accountability and transparency in the utilization of the District Assemblies Common Fund and other resources at the district level".

As a result, the mineral governance sector of Ghana lacks transparency, accountability and effective regulation guidelines on how mineral revenues should be utilised. This has led to the misuse and embezzlement of mineral resource revenues. The Minerals and Mining Act 703 of 2006 which is the main legislative policy that governs the mining sector of Ghana has a gap on these good governance strategies, which in effect thwarts the development of Ghana.

3. Research methodology

The study adopted the concurrent procedures as its strategy of inquiry, as a result, the researcher converged quantitative and qualitative data in order to provide a comprehensive analysis of the research problem. Both numerical and descriptive forms of data were collected at the same time and integrated the information in the interpretation of the overall results (Creswell, 2010). Consequently, the study used questionnaires and archive documents to collect data. It explored multiple sources of data, that is, primary data (sourced from mainly quantitative research methods) and secondary data (data from secondary sources). Semi-structured questionnaires and interview guide were used to collect primary data from 100 heads of households in the Western Region of Ghana. The Western Region of Ghana was the case study area. Data was collected in 2 Municipalities and 1 Metropolitan area namely, Takwa Nsueam, Prestea Huni Valley and Secondi –Takoradi respectively. Takwa Nsueam and Prestea Huni Valley are Municipalities with populations of 90, 477 and 159,304 respectively, Secondi – Takoradi Metropolitan area has a population of 559,548. 90 (Ghana Statistical Service, 2013). The area was selected on the basis of its mineral resource wealth and socio economic circumstances. The stratified, random sampling was used to select 100 households for questionnaires. The population was initially divided into sub groups called strata and then elements randomly selected from it. The households were selected from Takwa Nsueam, Prestea Huni Valley and Secondi - Takoradi. The study selected 30 households from each of the two Municipalities, Takwa Nsueam and Prestea Huni Valley whiles 40 households were selected from Secondi – Takoradi Metropolitan area. The study used questionnaire to collect data from heads of households. Closed and open questionnaires were used in collecting data from the heads of the households in the three selected Districts. Resultantly, 120 questionnaires were administered to the heads of the households. The 120 questionnaires ensured that the study got 100 well responded, returned questionnaires for good analyses and credible findings. The research generated quantitative data largely from questionnaires and document content analysis as well as responses from the in-depth interviews.

4. Presentation and analyses of data

Transparency and accountability are pivotal to the governance concept and the definition and measurement of development in general. As a result, the study explored the extent to which the current mining system is transparent and promotes accountability with the aim of reducing corruption and promoting development.

The respondents were asked whether they or other members of their households benefit from the mining sector. Figure 1 gives the proportion of their responses and indicates that a vast majority of the respondents representing 85% indicated that neither they nor other members of their household benefit either directly or indirectly from the mining revenues and royalties while a minority of 14% indicated that either they or other members of their households has benefited directly or indirectly from the mining sector.

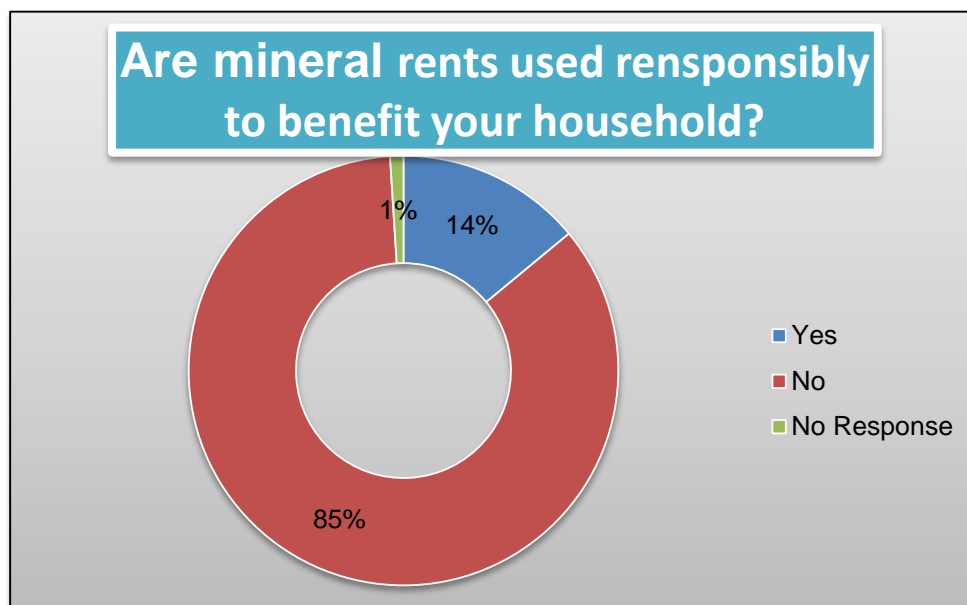


Figure 1. Benefits of the mining sector to the household (Source: Fieldwork, 2016)

Some of their explanations for those who responded in the affirmative are that, only the chiefs and those closely related to the royal stools benefit from the royalties and other opportunities related to the mining sector. This situation is so due to the lack of transparency and accountability in the access and utilization of the royalties and mineral revenues. Others still maintained that the cost of living is very high and that the mining sector has not helped them in anyway, adding that only those who work directly with the mining companies and its related sectors benefit from the wealth of the minerals. Irresponsible use of the mineral funds were also once again identified by the respondents as being a major reason why they think they don't benefit from the mining sector. They particularly did not understand why all the colossal amount of money from the mining sector has not been used to fund socio- economic development in their communities. The field data and particularly this assertion is similar to the study findings arrived at by WACAM (2012: 63), an NGO working in mining communities across Ghana, that "mining communities surveyed perceive mining as not being beneficial to them..." .Contrary to this, those who opined that they have benefited from the sector explained that either they or other members of their household works or has ever worked with a mining company in the area.

The issue of ownership of the mineral resources is equally important, as such, the respondents were made to indicate who owns the minerals in the Western region. Figure 2, gives the distribution of the ownership of

the mineral resources and shows that 97 out of the 100 respondents did not respond to this question. The possible owners that were provided are, Government of Ghana, the people in the community, mining companies of Ghana and the traditional leaders in the mineral wealth communities.

Figure 2, indicates that majority of the respondents constituting 64% were of the opinion that the mineral deposits belong to the Government of Ghana, 21% opted for mineral companies, 11% opted for the traditional leaders and 1% opined that it belongs to the people in the community. This means that the ownership of the minerals resources by the Government of Ghana is widely acknowledged by most people Ghanaians.

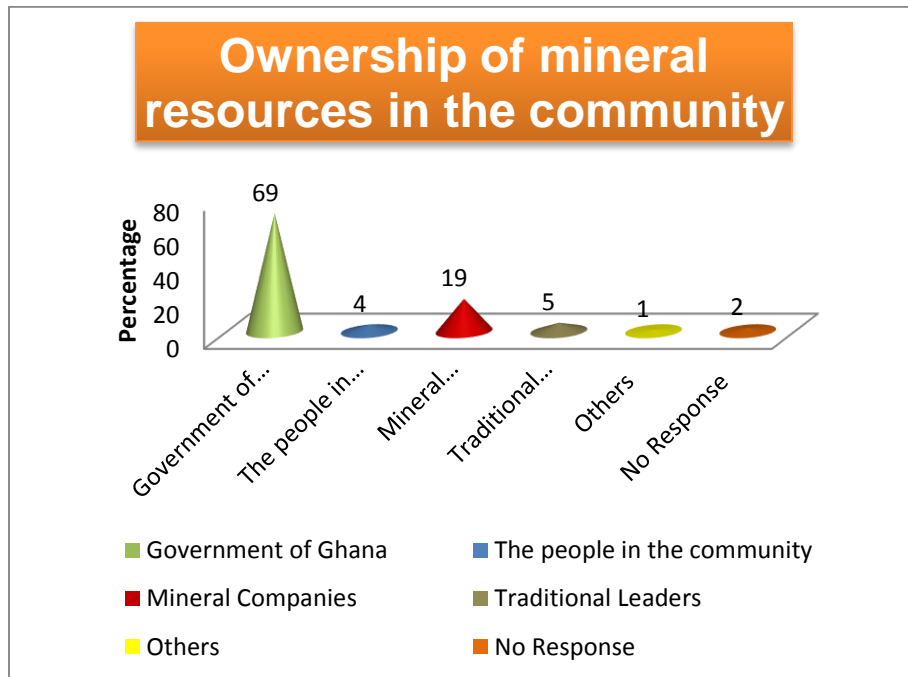


Figure 2. Ownership of mineral resources (Source: Fieldwork, 2016)

Similarly, the control of the mineral resources is also very important in its governance system. Consequently, the respondents were asked the study asked the respondents to indicate who they think controls the minerals resources and the revenues from it. Figure 3 gives the distribution of their responses and indicates that 97 out of the 100 respondents did not respond to this question. The options given are government of Ghana, the people of Ghana, the minerals commission and the traditional leaders.

Figure 3, shows the distribution of their responses and indicates that majority of the respondents constituting 64% were of the opinion that the mineral resources are controlled by the Government of Ghana, 21% opined that they are controlled by the mining companies, 11% indicated the traditional leaders and 1% indicated that it controlled by the people in the community.

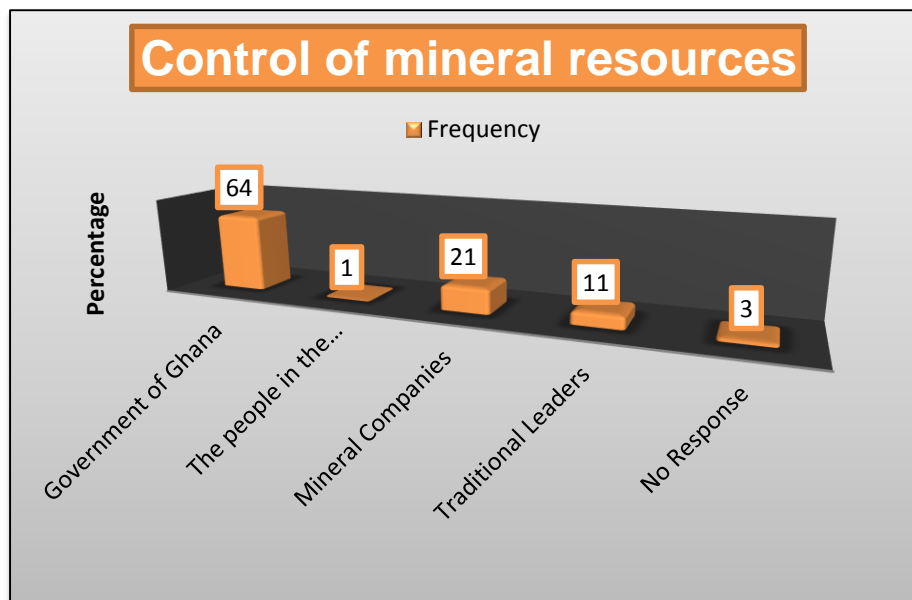


Figure 3. Control of mineral resources (Source: Fieldwork, 2016)

The study further explored the management of the mineral resources. The respondents were asked who manages the mineral resources. The various options for the management of the resources are Government of Ghana, the people of Ghana, mining companies, traditional leaders. Figure 4 shows the distribution of their responses and indicates that 98 out of the 100 respondents did not respond to this question. The figure however shows that majority of the respondents constituting 69% responded that the Government of Ghana manages the mineral resources and its revenues. Only 1% indicated that the community is in charge of the management, 22% indicated that the mining companies are in charge with the management with 6% opting for the traditional leaders.

Figure 4, shows the responses of which the managers of mineral resources are, majority of Ghanaians are of the opinion that the mineral sector is managed by the Government of Ghana. The current mineral governance structure places the ownership, management and control of the mining sector on the central government. The study wanted to investigate whether the community can equally play a role in the ownership, control and management of the mineral resources. Figure 5, shows the distribution of the respondents on their take on whether they think the community can play a role in the ownership, control and management of the mining sector. The figure indicates that 95 out of the 100 respondents responded to this question and shows that majority of the respondents constituting 66 % responded that they don't think the community can play a role in the ownership, control and management of the mineral resources with 29% responding in the negative.

The respondents gave varied views to substantiate their options. Some of those who responded in the affirmative responded that when the community is given the role to own, control and manage the mineral it will enhance participation and accountability and ensure that the people in the mining communities are actually part of the decision making process. Others also added that when the community is given role to own,

manage and control the resources, it will help to create jobs for most people in the community and help to redistribute wealth which for them will bring sustainable development. On the contrary, those who responded in the negative also had the following to say; for some, the community leaders (mainly the chiefs and other traditional leadership, the assemblymen, the members and the District Chief Executives) are corrupt and will misappropriate the funds generated from the minerals. Some went a step further that the traditional leaders and the politicians are the same (they are all corrupt and dishonest). They explained that currently, the royalties which the chiefs and other traditional leader receive are not spent in a transparent and accountable manner. Again, some explained that the community has not got the technical capacity to manage the mineral resources.

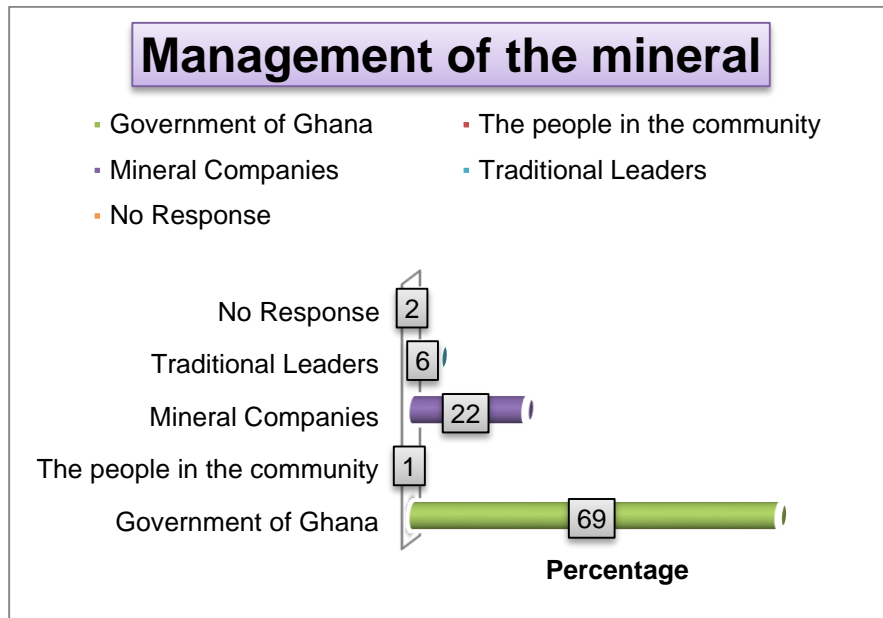


Figure 4. Who managers the mineral resources? (Source: Fieldwork, 2016)

Furthermore, explanations were given that when the community is given the opportunity to own, control and manage the resources, the revenues and royalties will not be used to support sustainable development initiatives. In the same way, others were of the opinion that the revenues gotten from the mining sector should be used to subsidise the cost of basic social amenities such as water and electricity in the communities. For such people, such a move will ensure the equitable distribution of the mineral revenues.

The study also wanted to find out if the respondents would want to have a voice in the decision making processes that leads to the selection of mining companies to operate in the communities. Figure 6 gives the distribution of their responses and indicates that 48 of the respondents responded to this question. From the figure, 33% responded that indeed they would want to have a voice in the processes of company selection to the communities, whiles the remaining 15% responded in the negative. There is therefore the general interest and willingness of the communities to participate in mining related decision making to grant them the opportunity to express their views and concerns in the sector.

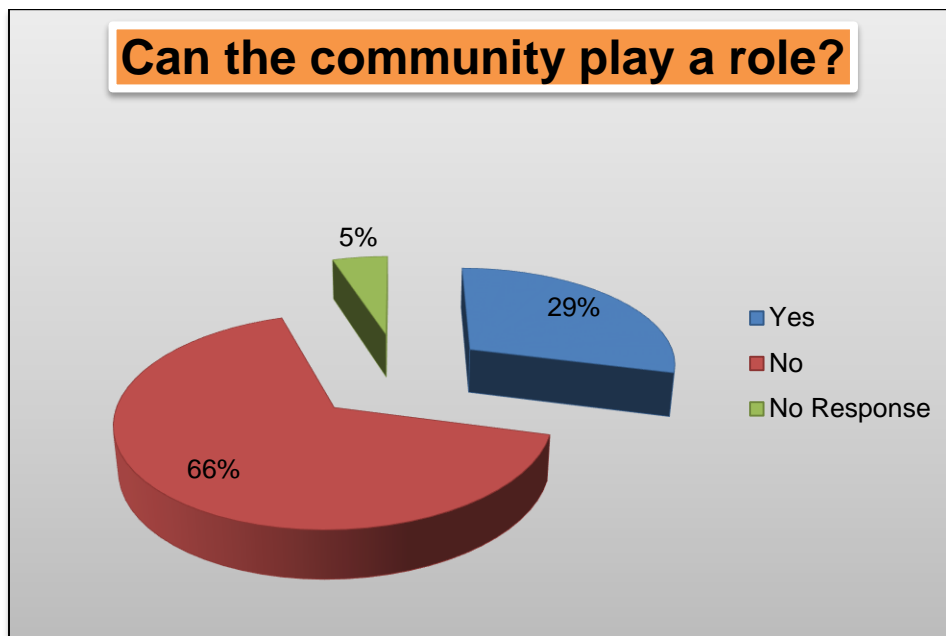


Figure 5. Can the community play a role in resource management? (Source: Fieldwork, 2016)

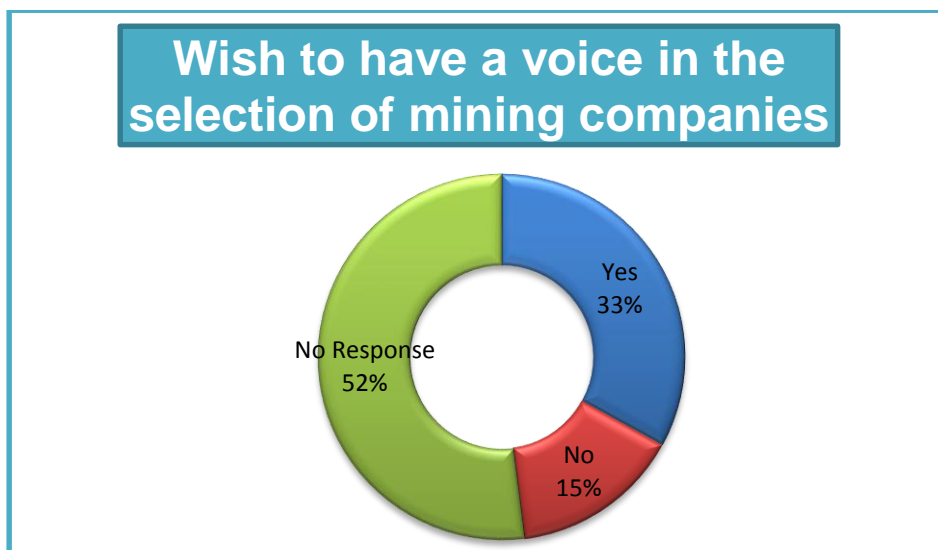


Figure 6. Do you wish to have a voice in the current governance system (Source: Fieldwork, 2016)

In order to find out how transparent the current governance system is, they respondents were asked if they can easily access contractual agreements between the government of Ghana and the mining companies. Figure 7 shows the proportion of their responses and indicates that 2 out of the 100 respondents did not respond to this question.

Figure 7, shows that a vast majority of 95% responded that they can't access such information whereas responded in the affirmative that they are able to access such information.

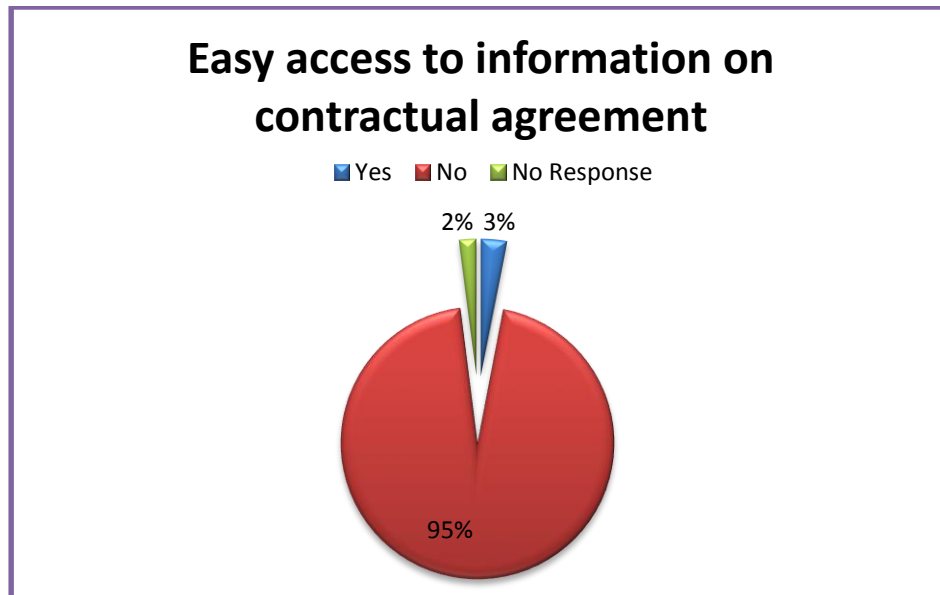


Figure 7. Access to information on contract agreements (Source: Fieldwork, 2016)

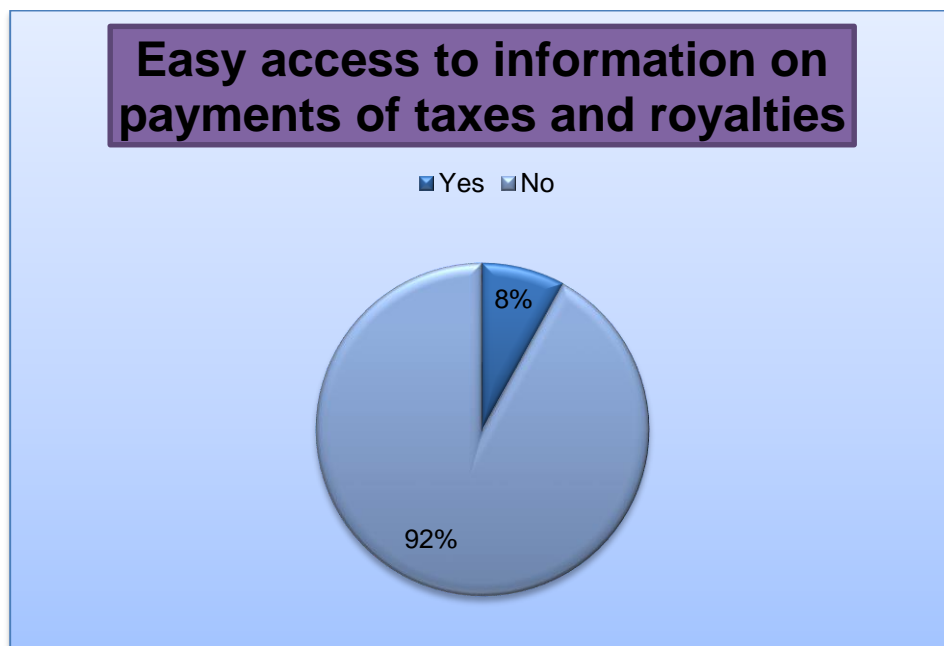


Figure 8. Access to information on payments (Source: Fieldwork, 2016)

Those who assented to the question explained that they are able to access such information on the radio stations in the communities, local government leaders and those close to them, community Non-governmental organizations whose focus is in the mining sector and the annual budget of the mining companies. Furthermore, a specific question of whether the respondents know the amount of royalties and taxes paid by the mining companies to government of Ghana and whether these amounts are made public.

Figure 9, shows the proportion of their responses and illustrates that almost all the respondents constituting 99% responded that they don't know how much royalties the mining companies pay to the government except 1% who assented to this question. As a result of this there seems to be a limited information flow between the government, companies and the communities.

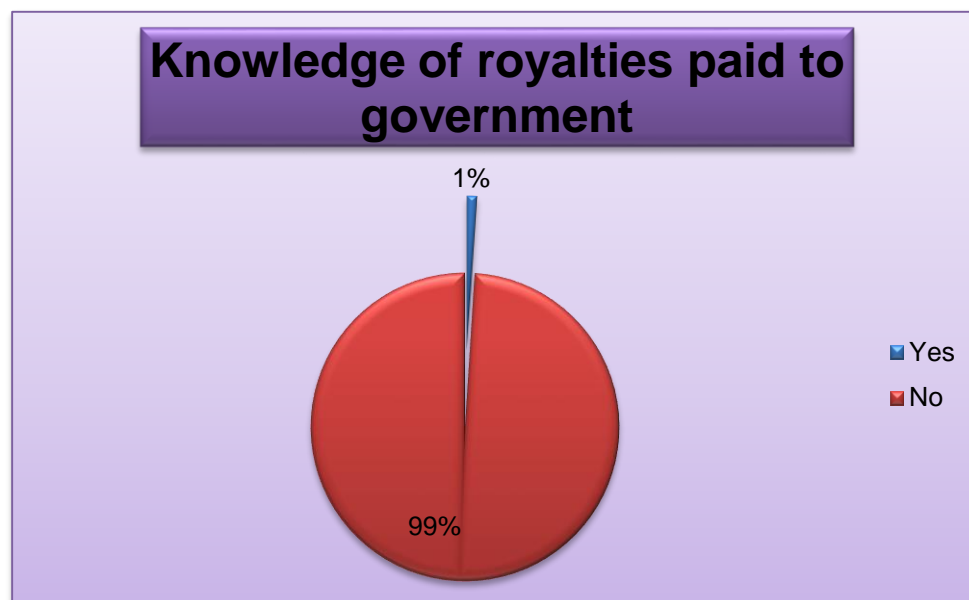


Figure 9. Information on royalties paid to government (Source: Fieldwork, 2016)

Narrowing it further, the respondents were asked their knowledge of the amount of monies the central government disburses to their local governments in the mining communities through their community heads. Figure 10 shows their proportion with regards to this and indicates that nearly all the respondents representing 99% of the respondents responded that they are not aware of the amount with only 1% who assented to this question.

Equally important are groups, organizations or institutions that represent the interests of the communities in the process of contracting and disbursement of mineral revenues and how they are spent in the country as a whole the Western region specifically. In view of this, the heads of the household selected for this study were asked if there exist such groups or organizations and their knowledge of them. Figure 10, illustrates the proportion of their responses on their knowledge of civil society organizations that advocates

for the development needs of the Western region and show that 97 out of the 100 respondents expressed their opinion on this question.



Figure 10. Knowledge of amount of royalties paid to the community (Source: Fieldwork, 2016)

Figure 11 shows that 87% representing a vast majority of the respondents were of the opinion that they are not aware of such groups and organizations with 10% indicating that they are aware of such organization or groups. Some of the respondents who responded in the affirmative identified some of the organizations as community radio stations, Non- Governmental Organization such as WACAM and some local community leaders.

Moreover, the respondents were asked to express their opinions about what they think can be done to ensure that government officials, who superintend over the mineral funds; mining companies and local community leaders who receive mineral royalties on behalf of the people utilize the funds in a transparent and accountable manner. From their responses, some suggested that, there should be a legislation to promote transparency and accountability or if such legislations exist already in the county's status books then there should be strict enforcement of such laws. Others were also of the opinion that corrupt officials should be prosecuted to serve as a deterrent while others called for honest leadership to control and manage the resources from minerals. Besides these, others opined that there should be the encouragement of community participation and sensitization backed by legal framework. Others suggested that, instead of the current arrangements where the mining companies directly pay taxes and royalties to the government, rather, the mining companies will do a better job if given the mandate to use the percentage due the community to directly develop the community. This to them will see a massive improvement in social interventions and infrastructural development. There was also the call for there to another regulatory body

aside the minerals commission to have an oversight responsibility on the spending of mineral rents. This will ensure that mineral rents are used judiciously for socio economic development of the country.

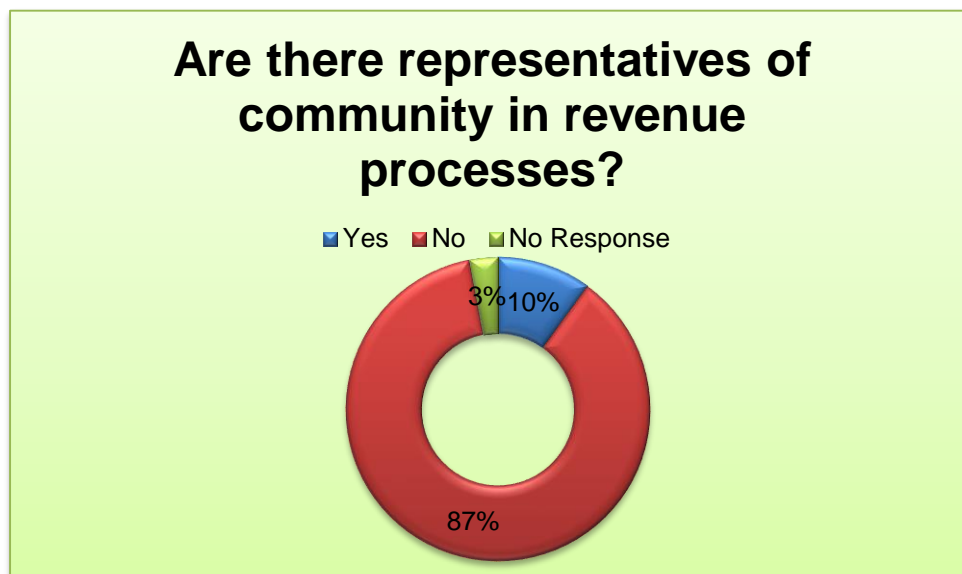


Figure 11. Are there groups/ organizations that represent the interests of the community? (Source: Fieldwork, 2016)

Unlike the respondents who were optimistic that there can be improvements provided the right things are done, there were others who were pessimists and responded that the situation indeed looks hopeless to the extent that nothing can be done about it to bring improvement to especially mining communities and regions such as the Western of Ghana.

5. Critical evaluation of findings

Transparency and accountability are two very important elements of good governance that promote socio-economic development. These elements cannot exist in isolation but are enforced by institutions and legal framework. People in the communities revealed that the mining companies are exploiting them of the resources leaving them and their communities poor. This perception if not well managed can instigate violence and acrimony between the local people and the mining companies, which are mainly foreign owned.

Moreover, the respondents revealed that their communities would have been better off without mining. This is simply tied to the structural dependency theory which explains that the extractions of raw materials by Western countries in their former colonies are detrimental to the development of the local people in these countries (Gunder Frank, 1967). Agriculture in particular has suffered due to the destruction of agricultural lands and water bodies by mining activities. The benefits of mining are not clearly evident in the lives of the people in the communities because the revenues are not used in ways that will enhance improvements in the

lives of the people. This could be due to the capital intensive nature of the mining sector; which by nature heavily relies on modern machinery and equipment but less human labour.

One question that begs for answers is how mineral rents can be used to promote socio- economic development. Several interviewees expressed their views on this issue; however, their opinions vary from each other. This include, establishing mining community fund and enacting mineral revenue management laws.

The government of Ghana owns, controls and manages the mineral resources on behalf of the people of Ghana. The minerals and mining Act of 2006 (Act 703) clearly affirms this. Under the Act (703) of 2006, Minerals in their natural state, which is in, under or found on Ghana's land, streams, rivers, water- courses across the country is the property of Ghana and are vested in the President of the country in trust for Ghanaians. The President of the Republic of Ghana has the mandate under the Act to compulsorily acquire any land for the utilization or development of mineral resources. Moreover, on the granting of mineral rights, the Acts gives power to the Minister responsible for that sector the power to act on behalf of the president to "negotiate, grant, revoke, suspend or renew mineral rights in accordance with the Act" (Acts 703, 2006:6).

The community ownership concept of mineral resources where the local community owns, manages and controls the mineral resources is not likely to work in Ghana. This is because there is a huge mistrust of the local community leaders by the people. The percentage of royalties that goes to the local government and traditional leaders are not spent in a transparent and accountable way. As a result, these local leaders are perceived as corrupt and will misappropriate the funds should the community be given the ownership mandate. Aside this, the local community leaders do not have the competent managerial skills to effectively manage the mining sector. These local leaders include the traditional leaders such as Chiefs, Queen mothers and other non- traditional leaders including District Chief Executives (DCE's), Members of Parliament, Assembly men and other opinion leaders.

The study revealed that the issue of access to information in the mining sector of Ghana remains a huge challenge. Ghanaians do not have access to information on contractual mining agreements between the Government of Ghana and mining companies. On his part, the official of the Minerals Commission responded that:

"People have representatives in Parliament. I'm yet to see a country where the ordinary people are given copies of mining contract agreements. But as a standard practice, when the agreements are made by the Attorney General and our legal team, and then it goes through Parliament. The people's representative is in Parliament. So for example if there is something wrong (it will not benefit the people of Tarkwa) with an agreement between the government of Ghana and AngloGold Ashanti in Tarkwa, the Member of Parliament for Tarkwa is supposed to raise it for it to be addressed in Parliament". (Interview with the Manager, Sectorial Policy and Planning, Minerals Commission of Ghana, 4th July, 2016).

Similarly, the study revealed that Ghanaians have no knowledge and information about taxes and royalties paid by mining companies to government to government of Ghana and traditional leaders respectively. With

specific reference to mining contractual agreements, once Parliament passes the bill, it then becomes a public document and information. Such classified information may be derived from Parliamentary hansards at a fee. Ghana currently do not have a law that gives citizens the right to access classified information from government institutions and organizations. Currently, accessing such classified information from the Parliament of Ghana comes with a fee and not many people are aware of such information and where they can be accessed.

However, when the official of the Ghana Chamber of Mines was asked if they think Ghanaians are aware of how much revenues the mining companies pay to government in the form of corporate tax and royalties local to traditional leaders, he responded that

“Yes, there is for example a billboard on the Tetteh Quashie round about that Newmont and Goldfields advertises how much they paid to government in 2015. They publish some in the daily papers. Not all the mining companies do that but Newmont and Goldfields especially do that. The two companies do that in their interest.

The Chamber collate data of how much the mining companies paid to government in the form of cooperate taxes annually. The data collected aggregates everything, all the taxes together so that for example Anglogold in Obuasi and Takwa, people in Obuasi wouldn't know how much exactly was paid in form of taxes.

The EITI is a very good platform for transparency for which the Chamber is a founding member. Here each company reports how much corporate taxes, royalties and property taxes they pay to the government, local assemblies, and regulators. It is published in a report and distributed in the districts. The distribution is done through stakeholder fora where NGOs, civil society organizations are invited”. (Interview with the Public Relations Officer of the Ghana Chamber of Mines, 10th July, 2016)

The Extractive Industry Transparency Initiative (EITI) is sponsored and supported by the UK Department for International Development (DfID). The EITI contains guidelines on how to report mining, oil and gas payments by domestic and international companies to governments. The EITI proposes a data aggregation and analyses methods by an independent third party (Rozner and Gallapher, 2007:34). This means that while the Ghana Chamber of Mines is trying to adopt the EITI, with the aim to promote transparency and accountability, there still remain challenges about contract agreements. The official of the WACAM responded that:

“I agree that EITI initiative is helping to promote transparency only to some extent. The EITI basically publishes receipts between mining companies and government, but then what about the contract agreements that spells out the amount that these companies are supposed to pay to government. The contract agreements are not made public to the general public, not even the

local mining communities". (Interview with the Public Relations Officer of WACAM, 16th July, 2017)

5.1. Transparency and accountability in the current minerals and mining act 703 (2006)

Transparency and accountability are crucial concepts and initiatives in the mining sector if it can promote national development. Some of the key stakeholders in the mining sector of Ghana gave their organizations stance on transparency and accountability.

The following are their responses;

"Transparency we will say is the involvement of all your stakeholders in the involvement of the whole process. It involves inclusiveness, meaning that you are including everybody in the management process as it is prescribed in our laws. And then with our subscription to the EITI mining companies should provide information for everybody to see and the reports and publicized for all to see what is coming in and it is used. We subscribe to EITI, and once information is made available it means the first step of accountable has been achieved, because you are providing information about how much revenue comes to government and how it is used. What the EITI aggregator does is that he goes to the mining companies and collects information about how much money, in the form of corporate taxes, royalties and property taxes they pay to government. He then proceeds to the government to get the information about these payments for the purposes of the reconciliation of these payments". (Interview with the Manager, Sectorial Policy and Planning, Minerals Commission of Ghana, 4th July, 2016).

"Transparency is showing what you been able to produce, how much the state is supposed to get out of it based on the agreement we have signed and making sure that everybody knows what went to the actors who are supposed to receive something from the mining process. It starts from contract transparency through the payments to the utilization of revenues. By everybody, I mean Ghanaians. Accountability has to do with what you are supposed to pay, how much you paid and how those proceeds are utilized". (Interview with the Public Relations Officer of the Ghana Chamber of Mines, 10th July, 2016)

"Transparency is about full disclosure of full information with no strings attached. The current Minerals and mining Act restricts the general public from accessing information. People are supposed to pay some money to get information. If you look at most mining communities where the people are poor, such fees limit their ability to access mining information. Accountability is adopting procedures to give proper information about whatever you are doing and how it affects people". (Interview with the Public Relations Officer of WACAM, 16th July, 2017)

The above mentioned conception of transparency and accountability underscores the views expressed by Rozner and Gallgher, (2007:33) that transparency is "making information available for the general public".

Accountability in the mining sector means, giving information to the general public about how much taxes and royalties are paid to the government by the mining companies, and reporting on how these proceeds are spent.

The current Minerals and Mining Act of 2006 (Act 703) provides a framework for regulating the mining sector. It clearly indicates how the proceeds from mining should be shared among the various stakeholders; these are central government, local government (District Assemblies in mining communities) and local traditional Authorities. The breakdown of the proceeds indicated that 80% goes into the consolidated fund (a pool of all government funds), 10% goes into another fund (used to support government mineral related institutions such as the Minerals Commission) and the remaining 10% which is shared among the local governments and traditional leaders of mining communities.

However, there is a lacuna in the current Mineral Act of 2007 (Act 703) when it comes to transparency and accountability. The current Mineral Act fails to touch on promoting transparency and accountability and also does not indicate unequivocally how mineral rents should be spent to promote general development. When asked whether there are mechanisms in Act 703 of 2007 that promotes transparency and accountability, the official of WACAM responded that;

“The minerals and mining Act clearly spells out how mineral revenues should be shared, what percentage should go to whom? What is however missing from the Act is how those revenues should be used. We don’t have a Mineral Revenue Management Act that would regulate the spending of these revenues. This makes proper accountability difficult. If you look at the EITI reports, you will realize that there have been some kinds of reckless spending on the part of government and the local chiefs. Some of the chiefs feel that the monies (royalties) paid to them are for their upkeep. Furthermore, the EITI also reports that some local governments spend their portion of their royalties on waste management. This makes the calculations difficult. As a result of that the impact of the revenues are not felt by the people”. (Interview with the Public Relations Officer of WACAM, 16th July, 2017).

It is worth noting that in Ghana currently, revenues from minerals are seen and treated as being part of general revenues in the consolidated fund. Money from the consolidated funds is used by government to run its day to day business as well as investments in all the other sectors of the county’s economy. This practice dilutes the important contribution of mining in the eyes of the general public and also does not convert revenues from minerals into sustainable human development interventions. In the utilization of the fund, no regional considerations or community considerations are given; as such people from mining communities are not given preferential treatment.

One other important area to focus attention on is the management of these resources and how they are used, especially the percentage that goes to the communities. Findings from the communities selected for this study revealed that, most Ghanaians especially those in mining communities do not feel that they benefit from the proceeds of mining or that proceeds from the mining are invested judiciously in interventions that directly or indirectly benefit them. On his part, the official of the Minerals Commission of Ghana was asked if

he agrees to the assertion held by the people that mineral rents are not utilized responsibly. He responded that;

“Yes, I do. They normally refer to it at recurrent expenditure, and sometimes they use part of the money to collect waste. We therefore normally tell them that mineral is are resources that deplete, therefore revenues from it that come to them should be used for sustainable projects such as schools, hospitals and other tangible things so that posterity can appreciate the contribution from mining. So that was a problem we encountered with the District Assemblies, so now the Commission and the Ministry of Finance have given them guidelines for the utilization of mineral revenues since last year 2015. We have also been encouraging the District Assemblies to have a dedicated account for the Mineral revenues that come to them”. (Interview with the Manager, Sectorial Policy and Planning, Minerals Commission of Ghana, 4th July, 2016).

The guidelines for the utilization of the mineral revenues is not backed by law and therefore do not compel the leaders who manage these resources on how the rents should be used.

Equally important to the study is the issue of equitable participation by various members of the Ghanaian society. Equitable participation has become one of the definitions of the concept of development. This is even more so since almost all known societies are made up of heterogeneous compositions in the form of social differences and social stratification in terms of gender, age, level of education, wealth, power, prestige, privileges among others (Nukunya, 2003). These social differences have led to an unequal access to the various social goods and services in society. On the issue of gender, the study revealed that whiles the mining sector employs both men and women, the sector is a male dominated in terms of employment.

Similarly, vulnerable people such as physically challenged people are denied opportunities to work in the mining sector. Whereas the Ghana Chamber of Mines indicates that the mining sector of Ghana is an equal opportunity sector, the findings from the study revealed that the sector is biased towards the able bodied people.

Employment opportunities in the mining sector favours very educated people whose qualifications are related to the work demands in the mining sector. Rarely do uneducated people get the opportunity to work in the sector. Most of the time when they do, it is normally in the small mining companies (with most of them operating illegally). There is little or no training for unskilled people who want to work in the sector especially the large scale mining companies. Employment is sometimes not based on merits. Most of the time even among highly educated and qualified people, there is the need to ‘connect’ to someone in top position, either politically, local traditional leadership or at top level management of the mining companies if one can get employment in the sector.

On the issue of mining and pollution, one of the respondents said that;

“We can’t go into farming in this area because the chemicals used for the mining activities have led to the pollution of the land and water bodies. The few who dared to venture into it have had

problems with low yields and some also have their farmlands taken over by both legal and illegal miners”.

Mining activities have contributed to the environmental pollution of the mining communities. Chemical that are used can be hazardous to people's health and also lead to the pollution of farmlands. This has contributed to the displacement of farmers and house owners especially in areas with mineral deposits. Many of such people have complained of lack of accountability on the part of mining companies in paying compensations to them.

6. Way forward

6.1. Legalizing policies to promotes transparency and accountability

Mineral resources and resource revenues can be effectively managed when governments take well- advised decisions. Such good decisions emerge and are sustained in an atmosphere of scrutiny and accountability, reinforced by transparency and the availability of relevant information in the mining sector. Accordingly, the government should legalize regulations that will promote transparency and accountability. If transparency mechanisms are introduced in the decision making chain throughout the mining cycle, it can promote government accountability to the various stakeholders in the Ghanaian mining industry. Effective accountability can be achieved through transparency, if the citizens, who are the owners of the mineral resources, are able to use the existing information to monitor to the actions of their governments. Governments should therefore establish mechanisms that will promote meaningful stakeholders engagements, systems that can monitor the use of mineral resources, and a platform where claims of negative large mining effects on the people and communities where they operate.

Besides, making information (such as revenue data, tax rates, volumes of production and taxable income) accessible to the citizens throughout the mining cycle will ensure that governments remain accountable to its citizens as well as all the other stakeholders in the mining industry and help to promote the efficient use of mineral rents and help to reduce corruption. The lack of transparency and accountability in the sector has contributed greatly to the upsurge of illegal mining activities. A recent secret investigation by the Bureau of National Investigation (BNI) of Ghana, prominent actors in the country's development, including members of parliament, top politicians (from the two main political parties), top security officials, local chiefs (especially in mining areas), and opinion leaders were all mentioned as actively engaging in illegal mining.

Currently, Ghana's Parliament is considering the passage of the Right to information bill which when passed will contribute enormously to the enhancement of transparency across all sectors. While the bill is waiting to be passed, government can enhance transparency by disclosing mining contracts to the general public. Keeping it confidential can generate mistrust, promote conflicts and raise the expectation of the general public, especially the local mining communities.

6.2. Introducing laws and policies on the utilization of mineral revenues

The current structure in Ghana where mineral revenues are treated as part of general revenues that goes into the consolidated fund and spent indiscriminately by Government dilutes the contribution of the mining sector in the eyes of the general public and does not ensure that mineral revenues are spent on sustainable human centered interventions for national development. As a result, the government should introduce a Mineral Revenue Management Act, to serve as a legal framework that will determine how mineral revenues should be spent.

6.3. Encouraging active participation of stakeholders throughout the mine life cycle

Participatory development ensures that stakeholders are able to influence development initiatives and make contributions to decisions and resources that affect themselves.

Ghana has a very vibrant Civil Society Organizations (CSO) that represents the general public. The contribution of these Civil Society Organizations in consolidating the political development in the country has been enormous. Since 1992, Ghana has held six different highly contested successful political elections every four years, with power swinging three times between the two main political parties (New Patriotic Party, NPP and National Democratic Congress, NDC). There are both national and international CSOs in the mining sector operating at both local and national levels. Currently, the system does not give the CSOs a more active and formal voice in the mining sector as it does in the political sector. Government as a lead stakeholder should encourage the active inclusive involvement of the general public, through their representatives at the various levels of the mining cycle, starting from contract negotiations to how mineral revenues are spent. This will help to promote transparency and accountability. The general public will be in a better position to understand the mining industry; such as the mining processes, the mining life cycle, the community legal rights and how government and local traditional leaders using mining revenues can be spent to promote the socio- economic development of the country. This will contribute greatly to managing the expectations of the general public, especially at the local level where mining are done.

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