

Country Mining Vision – An Overview

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The Need for Country Mining Vision

- There is need to align mineral policy with industrial and trade policies,
- plan and execute infrastructure development programmes timely and adequately,
- schedule skills development in consonance with identified needs,
- encourage innovation, and
- establish effective inter-ministerial coordination,
- and platforms for continued multistakeholder dialogue and collaboration.

Country Mining Visions

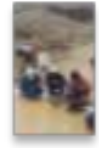
Countries' alignment to goals and objectives of the African Mining Vision

- stakeholder engagement, Coordinating, country ownership, optimal rent capture and management, transparency

- Fiscal Regime and Revenue Management;
- Geological and mineral information systems;
- Building Human and Institutional capacity;
- Artisanal and small-scale mining;
- Mineral sector governance ;
- Linkages, investment and diversification ;
- Environment and social issues
- Research and Development
- Mobilising Mining Infrastructure



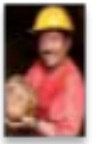
Mining revenues
and mineral rents
management



Artisanal and
small scale mining



Environment
and social issues



Geological and
mining information
systems



Mineral sector
governance



Linkages and
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Building human
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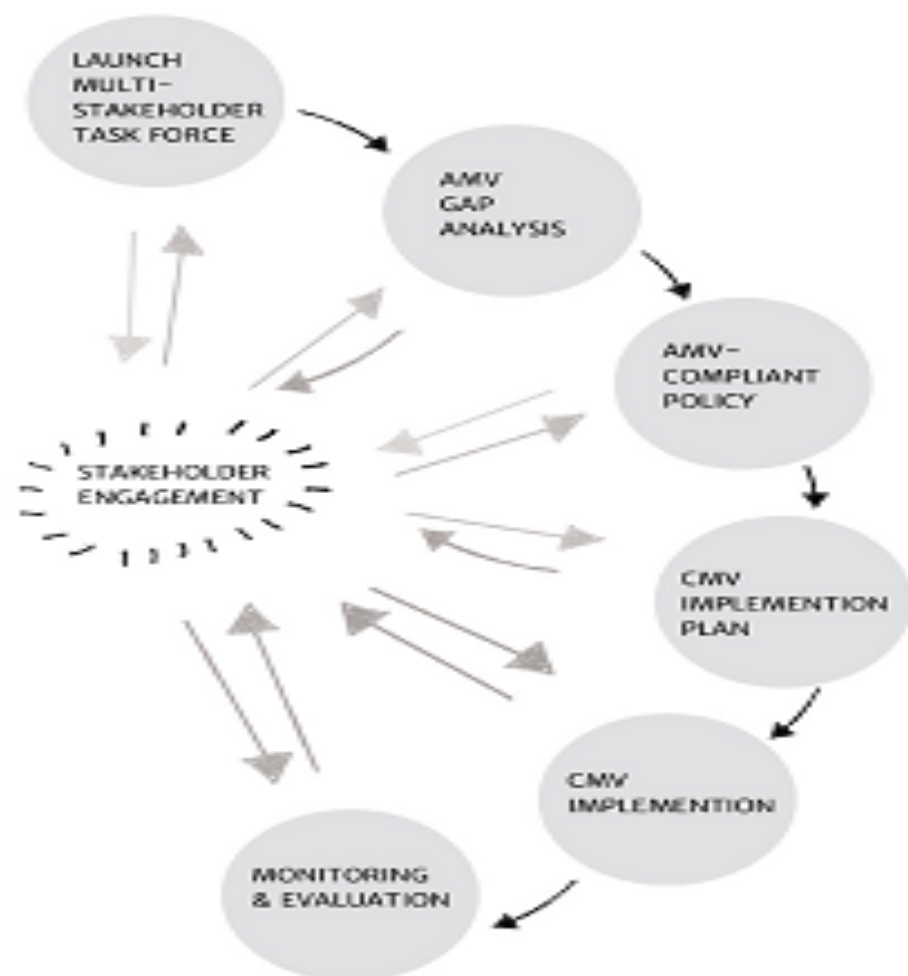
Research and
development



Mobilising mining
and infrastructure
investment

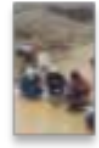
- The CMV will allow countries to articulate their respective vision statements of the potential contribution of mining to their national development goals. This integrated vision should be a vision that **outlasts political cycles**
- **STAKEHOLDER ENGAGEMENT:** The involvement of a broad range of stakeholders from society (mining affected communities), trade unions, CSOs, business and government in developing the CMV will create support rooted in collective national ownership, to ensure continuity beyond electoral cycles.
- **Good understanding of the challenges** confronting the extractive sector is key element for the design of a successful CMV process: MVM tool, local and international scan of the sector; strategic assessment, etc.

- ❖ **vision on mining and development** – including what can be exploited, what shared opportunities exist, what the challenges are and what does not work: result of an integrative thinking of the different sectors of government, the private sector and society
- ❖ Key element of a new social contract for promoting economic transformation, inclusive growth and mineral resources based industrialization;
- ❖ It will enrich and not replace national plans
- ❖ CMV needs to be informed by key AMV focus areas, i.e. fiscal regime, geological information system, human and institutional capacity, mineral sector governance, linkages, environmental and social issues.





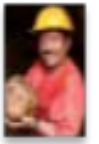
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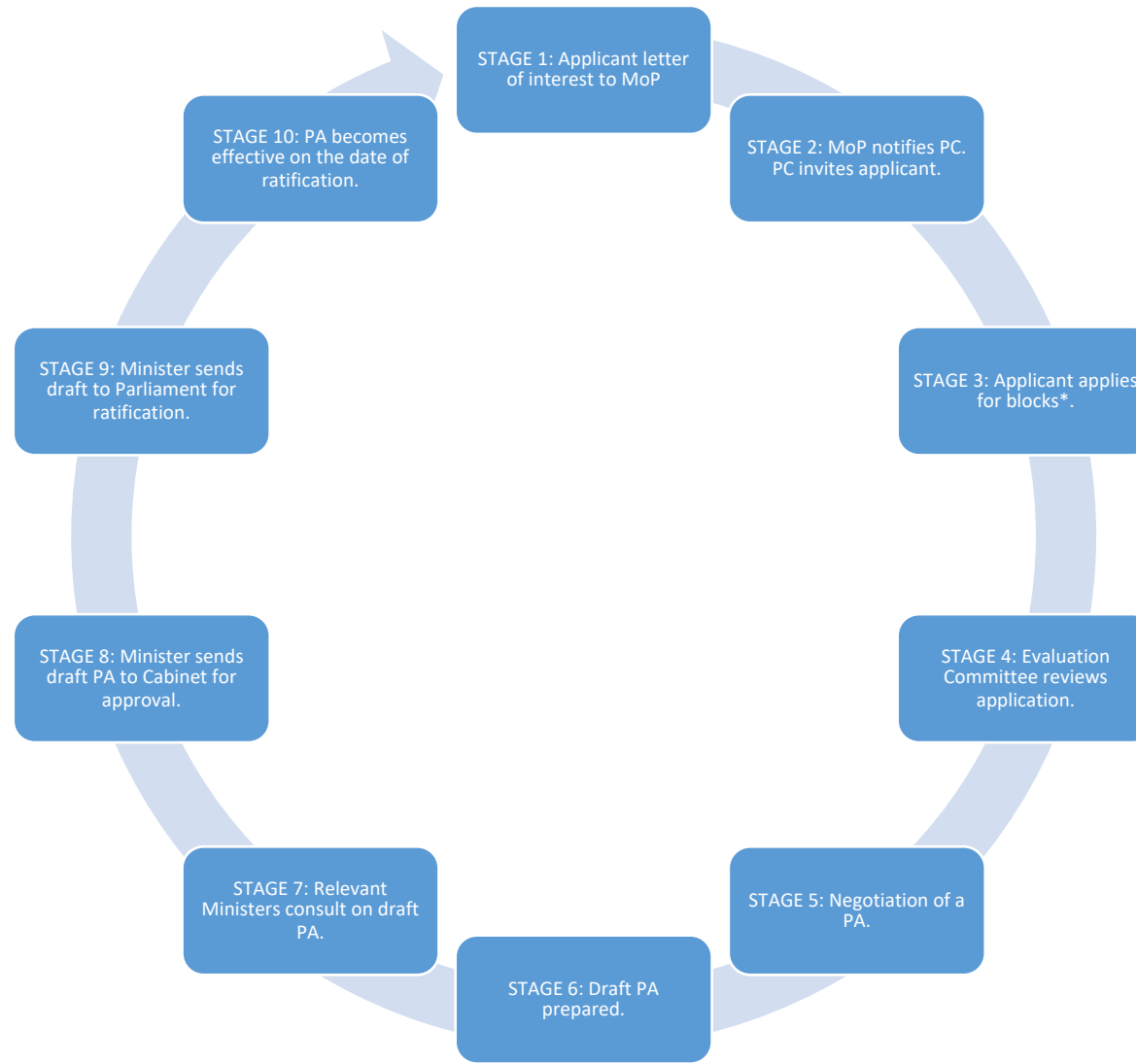


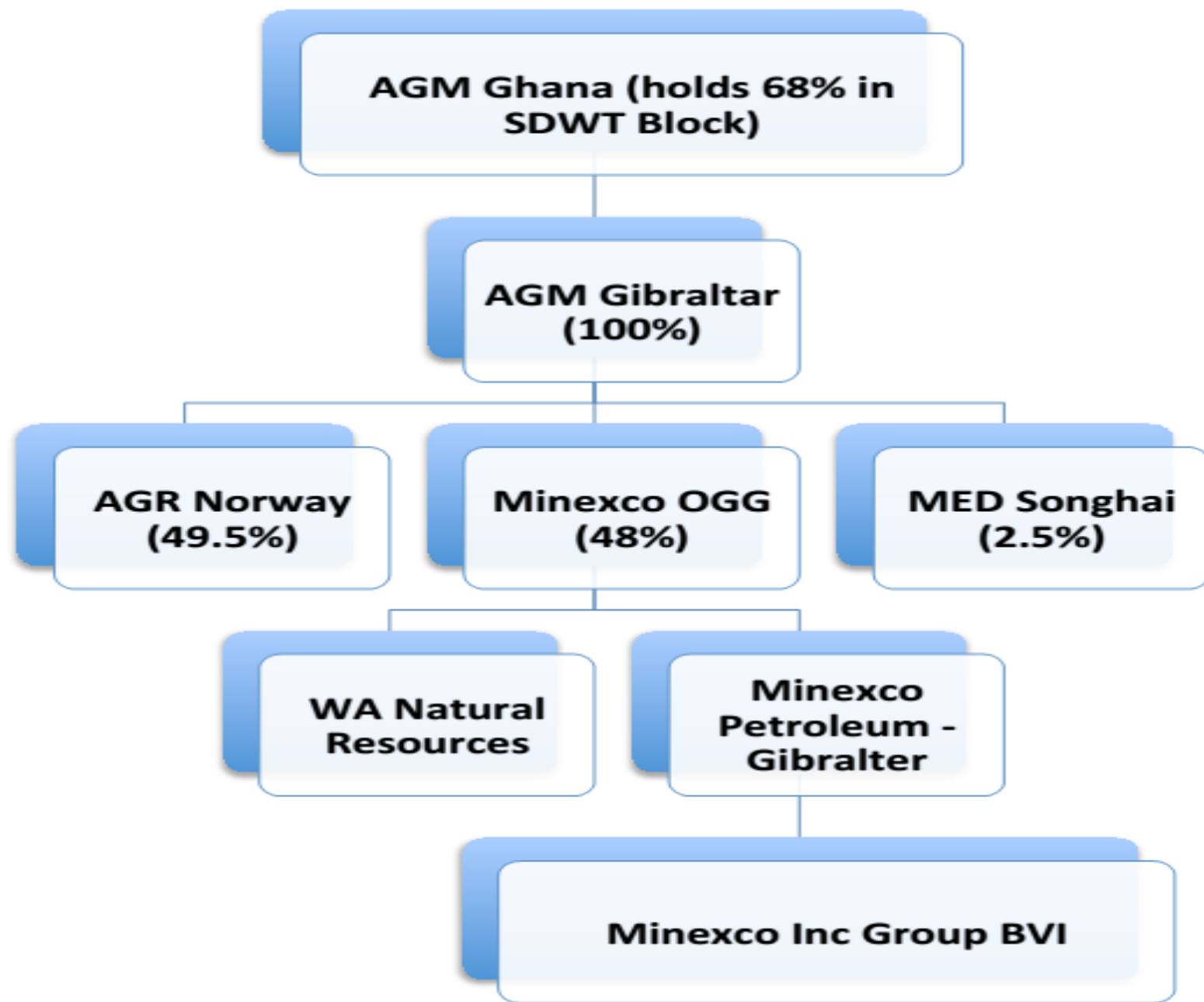
Mobilising mining
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Mining Revenues and Mineral Rent Management

- ❑ Direct negotiation for the award of licences. In Tanzania, license areas are clearly delineated and have been assigned to specific entities on a first come, first served basis (competitive bidding applies in petroleum sector)
- ❑ In Ghana, According section 48 of Minerals Act 2006, stability agreement should not exceed 15years.
- ❑ According to Action Aid, Ghana lost a lot of revenue due to stability agreement from mining sector. An amount of US\$54 m is lost annually
- ❑ In order to curb transfer pricing, the Parliament of Ghana passed into law the Ghana Transfer Pricing Regulations (TPR) in July 2012. In accordance and with the power conferred on him by the Revenue Act Section 114 (1) (d), the Minister responsible for Finance in Ghana issue an official Gazette on the TPR, L.I. 2188, 2012 September 2012

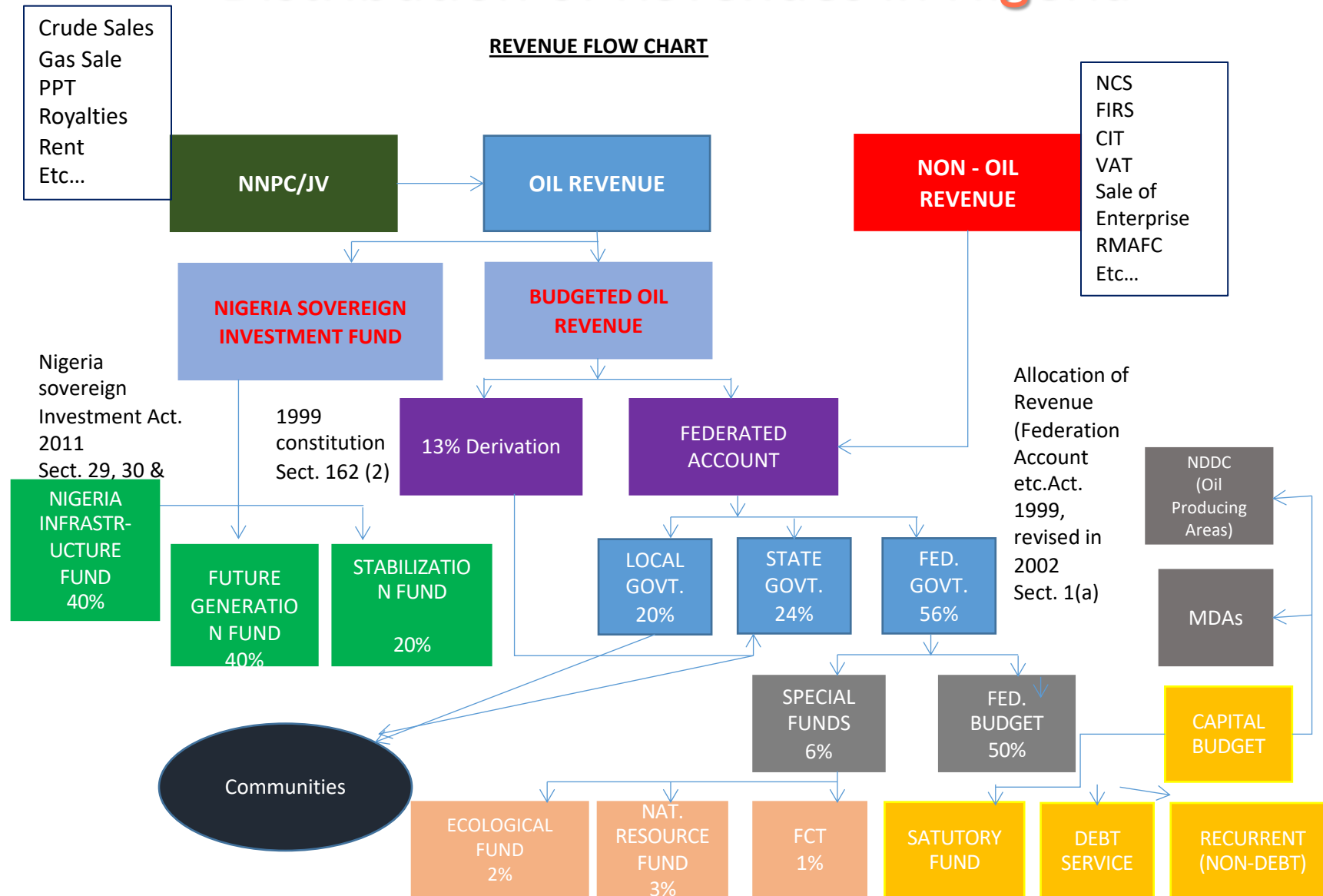
- Creation of Tanzania Mining Audit Agency (TMAA), which carries out financial, mineral and environmental audits, has also led to increased auditing capacity over mining projects, though lack of cooperation between the two remains an issue.
- The government has renegotiated Mining Development Agreements for the Geita gold mine (AngloGold Ashanti) and four other mines (Africa Barrick Gold), to incorporate changes from the 2010 mining act.
- The State Mining Corporation (STAMICO) has recently been revived to play a role in joint ventures between the government of Tanzania and private companies in gold, tanzanite and coal.



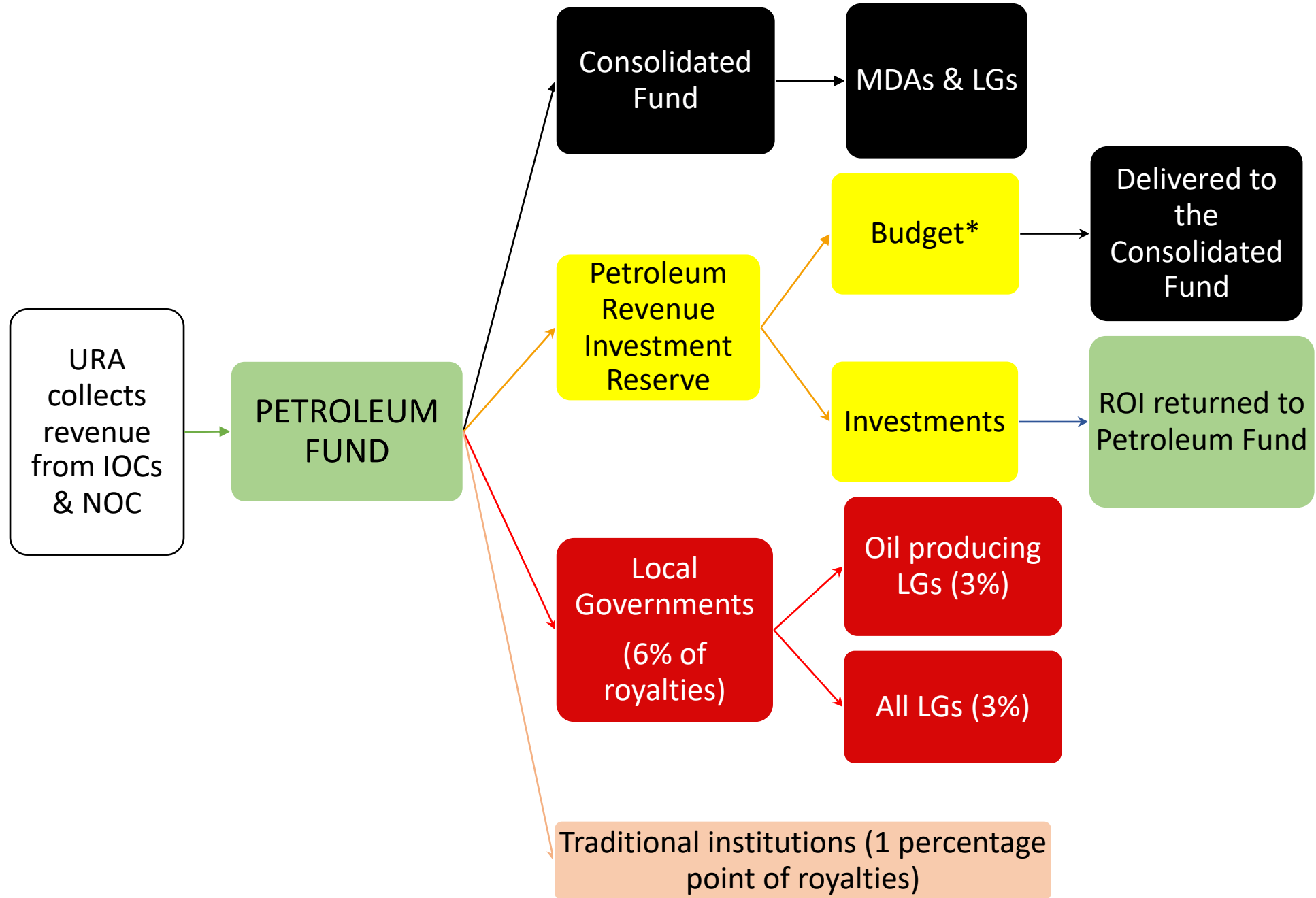


❑ There is a framework for managing oil rents but not for solid mineral rents

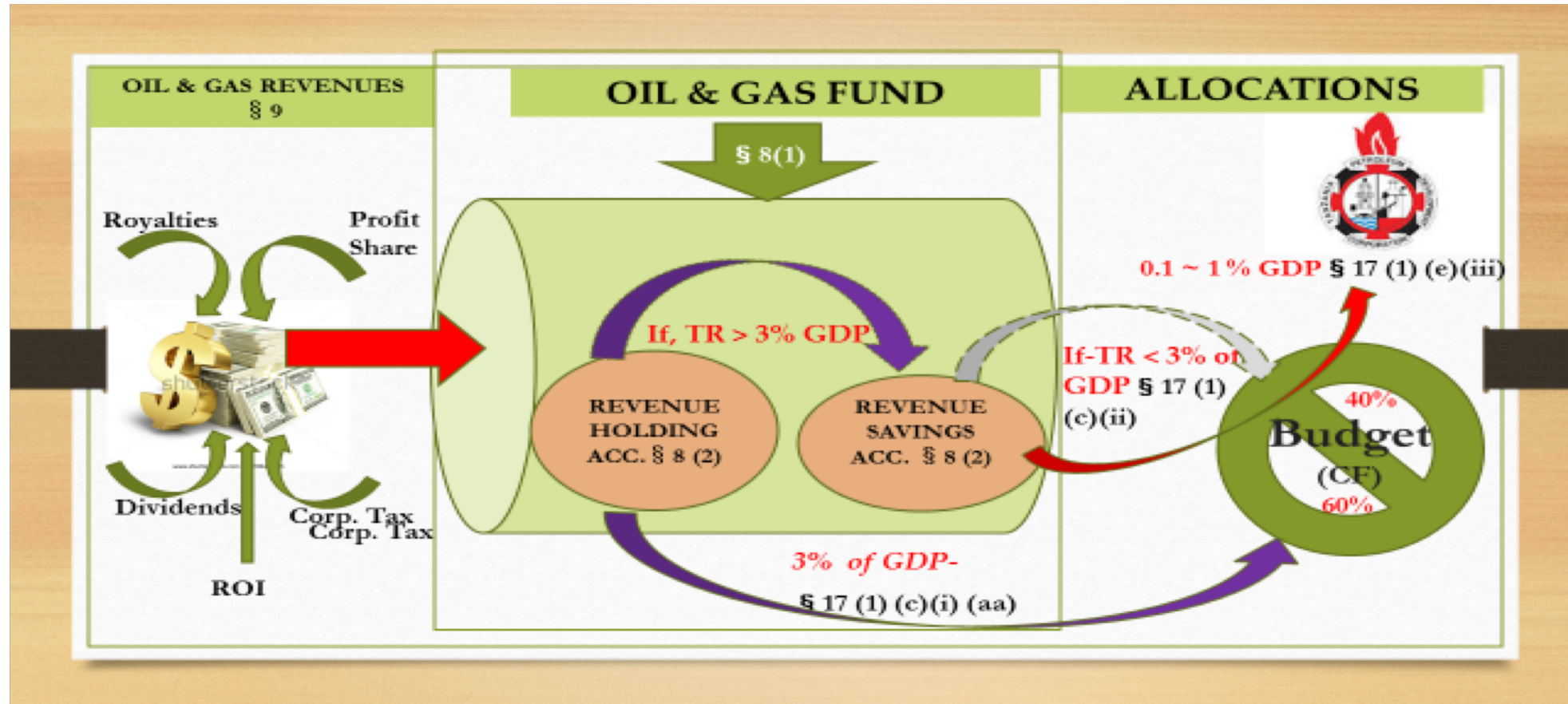
Distribution of Revenues in Nigeria

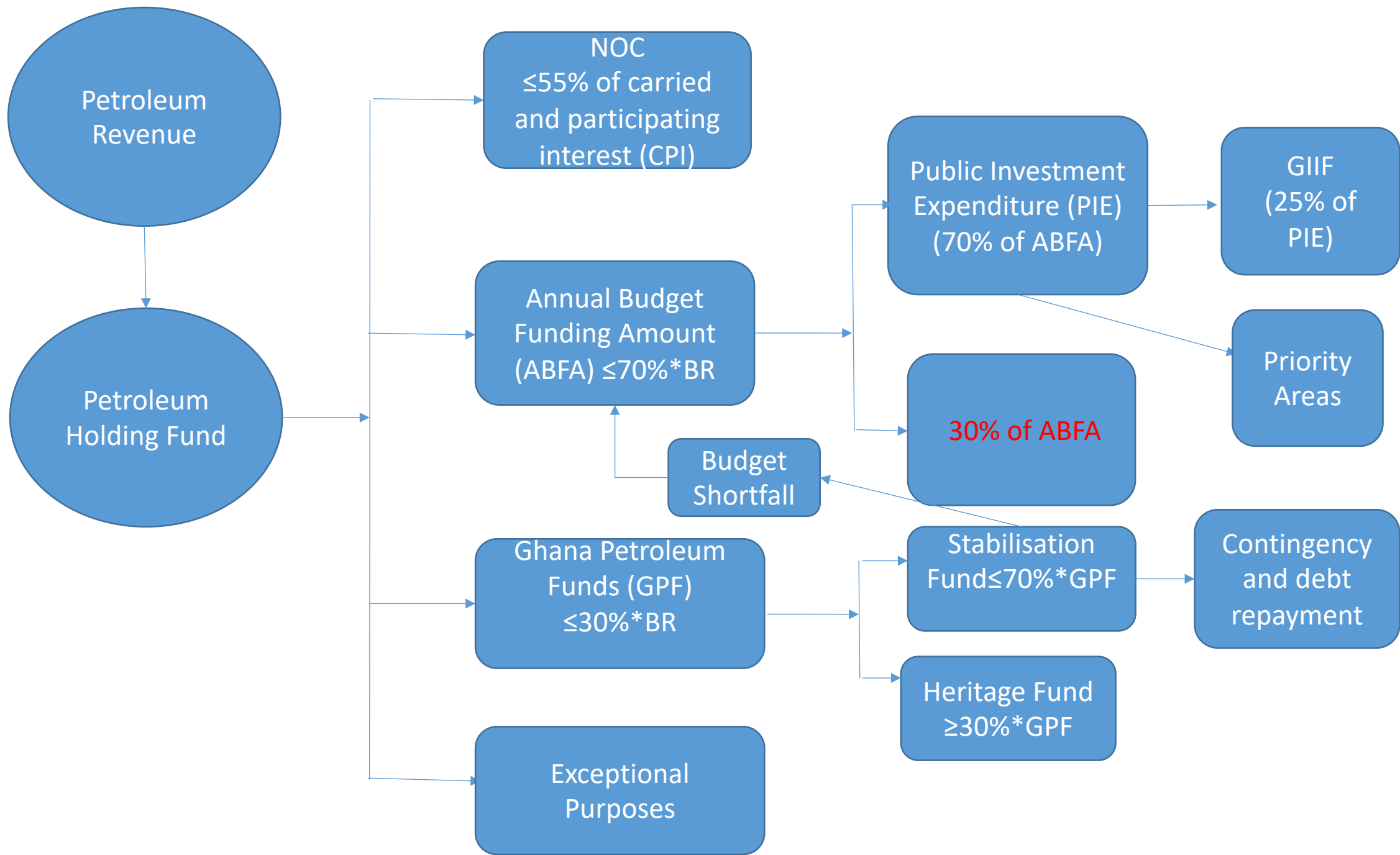


Uganda



Tanzania





Disclosure Beneficial Ownership Information

COUNTRY	ADOPTED/ NOT ADOPTED	PROVISIONS		COMMENT/ IMPLEMENTATION STATUS
		Petroleum Law	Voluntary	
Cameroon	Not Adopted			
Chad	Not Adopted			
Congo Republic	Not Adopted			
DR Congo	Not Adopted			EITI currently piloting beneficial ownership
Egypt	Not Adopted			
Equatorial Guinea	Not Adopted			
Gabon	Not Adopted			
Ghana	Not Adopted			
Ivory Coast	Not Adopted			
Libya	Not Adopted			
Mauritania	Not Adopted			
Niger	Not Adopted			
Nigeria	Not Adopted			EITI currently piloting beneficial ownership
South Africa	Not Adopted			
Sudan Republic	Not Adopted			

Source: ACEP, 2015

Geological and Mining Information System

- ✓ Most countries are either not aware of the resource potential (in quality or Quantity) or have limited data which weakens the negotiation position of the resource owner.
- ✓ Investment in the knowledge infrastructure is therefore crucial to help; Attain equitable rent from resource contracts
- ✓ Adopt self-adjusting resource tax regimes based on profitability of the Trans-National Corporations (TNCs)
- ✓ adopt competitive auctioning for mineral blocks
- ✓ The Geological Survey of Tanzania (GST) holds limited pre-independence data

- ✓ The Geological Survey Department Bill 2015 is still in parliament not yet passed.
- ✓ The Ministry of Mines and Natural Resources, has issued more than 500 exploration licenses over the past 15 years,
- ✓ out of this 80 mining leases have been issued,
- ✓ only 14 are producing, among the 14, only one company is Ghanaian company.
- ✓ In Guinea, a penalty of **GF** 10million is given for companies that acquire production licenses and are not producing.
- ✓ Kenya is currently developing a mineral cadastre.

Artisanal and small scale activities

Small scale mining accounted for 34% of gold output in Ghana in 2012.

However, the sector is not well regulated leading to environmental pollution, tax evasion.

Policy initiated and spelt out in the policy seems to yield little results.

Ghana Situation

- ✓ All contracts should have a Ghanaian company with a minimum share of 5% of the total contract value.
- ✓ In addition, as part of the local content regulations petroleum companies are obliged to engage local firms for minor and other large sub-contracts.
- ✓ Small scale mining are the preserve of Ghanaians. The Minerals and Mining Act 2006 section 83 specified the procedure and requirement for granting mining license, (Ghanaians, 18yrs of age and registered with the commission).

MINERAL SECTOR GOVERNANCE

- In Ghana, transparency and accountability in the mining sector is still a challenge.
- Mining contracts are not published.
- In 2003, Ghana signed on to the EITI and revenue payment and disclosure is made with yearly reports.
- We do not have legal framework governing revenue disbursement.

ENVIRONMENTAL AND SOCIAL ISSUES

- ✓ In Guinea, the law on community engagement is explicit.
- ✓ Article 130 Section 5 of the Guinean Mining Code stipulates that companies come into agreement with locals with the aid of sector Minister to put together Local Development Agreement, with Local Community Development Fund to be drawn from 0.5% of company turn over.
- ✓ Weak Environmental Regulatory Institutions in some countries

COUNTRY	ADOPTED/ NOT ADOPTED	PROVISION			COMMENT/ IMPLEMENTATION STATUS
		Constitutional Law	Environmental Law	Petroleum Law	
Chad	-	-	-	-	No data found
Congo Republic	Adopted		Environmental Law		
DR Congo	Adopted		Environmental Law		
Egypt	Adopted		Environmental Law		
Equatorial Guinea	Adopted			Petroleum Law	
Gabon	Adopted	Constitutional Law			
Ghana	Adopted		Environmental Law		
Ivory Coast	Adopted	Constitutional Law			
Libya	Adopted	Constitutional Law			
Mauritania	Adopted		Environmental Law		
Niger	-	-	-	-	No data found
Nigeria	Adopted	Constitutional Law			
South Africa	Adopted		Environmental Law		
Sudan Republic	Adopted		Environmental Law		





✓ LINKAGES

- ✓ The linkages in the sector is weak, minerals processing company we have is VALCO, but it has had incessant shut down due to shortfalls in electricity demand.
- ✓ There is local content Mining and Minerals General regulations LI 2173 2012, it has three basic components; recruitment and promotion of local workers,
 - ✓ procurement of local goods and
 - ✓ services, licensing and reporting requirements.
- ✓ Indonesia bans the export of unprocessed minerals
- ✓ In Nigeria's local content rules, they require engineering service such as front end engineering service to be sourced in country.
- ✓ They also require that the integration works of FPSOs take pace in Nigeria. These are government roles to ensure value is retained in the country.

CMV Tanzania

- ✓ Tanzania joined the Extractive Industry Transparency Initiative (EITI) in 2006 and was deemed compliant in 2011 with its first publication;
- ✓ Vision 2030 leans heavily on the extractives sector as the engine of growth and development for the country.
- ✓ 2014, UNDP Country Office in Tanzania received a formal request from the government of Tanzania through the Ministry of Energy and Mining (MEM) for support in formulating a Country Mining Vision;
- ✓ UNDP-AMDC acted as facilitator of the CMV process and started working with Minister of Energy and Mining, as the lead government institution, in the development of a participatory CMV

Recommendations

1. Invest in Knowledge of the mining sector
2. Add infrastructure requirements as a condition for processing. For instance, power production for the mine and local Communities
3. Involve all stakeholders
4. Renegotiate legacy contracts based on new CMV guidelines
5. Competitive Bidding Process and Publication of Contracts
6. Align CMV to national development plans
7. Active Role of CSOs – From Contribution Policy Formulation to Community Engagement
8. Institute measures to curb illicit financial flows

- Proper framework for mineral revenue management for diversified integrated development
- Effective Communication
- Harmonisation of taxes