



ADDENDUM TO 2020 GHEITI MINING REPORT

JUNE 30, 2023

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Introduction

This addendum report is produced as supplementary information to the 2020 Ghana Extractive Industry Transparency Initiative (EITI) report, covering the mining sector. It is intended to address gaps identified by the MSG through its review of the main report and feedback from some of its key stakeholders, including the country team at the EITI International Secretariat.

The addendum provides clarity on the policy context of some of the disclosures, where such clarification is necessary to help stakeholders better appreciate the issues at stake.

Finally, the addendum documents efforts by the MSG to address specific EITI implementation challenges to improve the quality and relevance of the initiative going into the future.

Ongoing Reforms in the Mining Sector

The 2020 GHEITI report on mining contains information on ongoing reforms in the sector without detailing the specifics. The table below provides supplementary information on the specific changes being proposed.

Table 1: Ongoing reforms in the mining sector

POLICY / LEGISLATION	SPECIFIC CHANGES BEING PROPOSED	REMARKS
Proposed amendements to the Minerals and Mining Act, 2006 (Act 703)	<ul style="list-style-type: none"> ● The amendment is to provide legal backing to contract disclosure in the mining sector. ● The Stability & Development provisions are to be reviewed and streamlined to ensure that while providing predictability for investors, would not be one-sided but also assure equity. ● The voluntary Corporate Social Responsibility practice is planned to be formalized by requiring a mining lease holder to enter a Community Development Agreement with communities impacted by it. ● To strengthen human resource localization provisions. ● Provide better clarity on the definition of illegal mining, as well as make the applicable penalties stiffer and deterrent. 	
Proposed amendements to the Minerals	<ul style="list-style-type: none"> ● Disbursement of the part of the Fund in support of some mining sector institutions is being reviewed and streamlined to ensure those which do not have other significant sources of funds are given more: 	

POLICY / LEGISLATION	SPECIFIC CHANGES BEING PROPOSED	REMARKS
Development Fund Act, 2016 (Act 912)	<p>I. Ghana Geological Survey Authority's portion to be increased from 8% to 13%;</p> <p>II. The Ministry of Lands & Natural Resources to be increased from 4% to 5%.</p> <ul style="list-style-type: none"> ● The 2% allocated by the Act for the expenses of the Fund are deemed inadequate and is expected to be increased to 2.5%, in line with the trends noted over its 7-year existence. ● Governance is to be streamlined by: <ul style="list-style-type: none"> I. The Administrator of the Fund being appointed by the President in line with Article 195 of the Constitution, rather than the Board as is presently; and II. The key stakeholders, the Administrator and also the Ghana Geological Survey Authority are to be made members of the Board. 	
Proposed amendments to Office of Administrator of Stool Lands Act, 1994 (Act 481)	<p>The functions of OASL are being expanded beyond the provisions of Act 481 to include:</p> <ul style="list-style-type: none"> ● The development of guidelines on the utilisation of stool land revenues apportioned to District Assemblies. ● Monitoring and reporting on the utilisation of stool land revenues apportioned to District Assemblies in accordance with guidelines issued under the Act. ● Facilitation of the establishment and strengthening of customary land secretariats in collaboration with the Lands Commission in accordance with the provisions of the Land Act, 2020 (Act 1036). ● Facilitation of customary boundary demarcation and rural parcel rights demarcation of stool lands in collaboration with the Lands Commission in order to minimise conflicts and secure land rights. ● Resolution of customary land disputes by alternative dispute resolution mechanisms in accordance with the Alternative Dispute Resolution Act, 2010 (Act 798). ● Public education on matters relating to customary land administration and management. ● Assessment and review of rents, dues, fees, compensations, and premiums or other payments relating to stool lands. ● Research into customary land matters, and ● Performance of functions assigned under any other enactments. <p>In addition, sanctions have been proposed to deal with ground rent and other stool land revenue defaulters. These include:</p> <ul style="list-style-type: none"> ● Interest for failing to pay stool land revenue. 	

POLICY / LEGISLATION	SPECIFIC CHANGES BEING PROPOSED	REMARKS
	<ul style="list-style-type: none"> ● Penalty for failing to pay stool land revenue. ● Penalty for impeding stool land revenue collection. ● Offences by entities. ● The offence of aiding and abetting, and ● Causing harm to the staff of OASL in their line of duty. 	
<p>Following the explosives accident at Apiate in January, 2022, during the transportation of explosives along a public road, reforms by way additional measures have been introduced to strengthen the existing Regulations and protocols for transportation of explosives as set out in Regulations 95 to 115 of the Minerals and Mining (Explosives) Regulations, 2012 (L.I. 2177) and also provisions of the Minerals and Mining (Health, Safety and Technical) Regulations, 2012 (L.I. 2182). The intent of these reforms, pursuant to Regulation 5 of L.I. 2177, is to protect the health and safety of the public as well as the environment.</p>		
<p>Proposed amendments to the Minerals and Mining (Health, Safety and Technical) Regulations, 2012 (L.I. 2182)</p>	<ul style="list-style-type: none"> ● Expressly requires project-affected persons adequately engaged to ensure public safety, before, during and after any emergencies or accidents. ● Expressly include SSM and Mine Support Services providers among those required to comply with the LI. ● Enhanced specification of Qualification, Establishment and Operations of Rescue Brigade. ● Enhanced requirements for working with hazardous materials/chemicals like cyanide 	
<p>Proposed amendments to the Minerals and Mining (Explosives) Regulations, 2012 (L.I. 2177)</p>	<ul style="list-style-type: none"> ● It provides more stringent rules on supervision and transportations on explosives. ● It prohibits the transportation of Ammonium Nitrate Fuel Oil (ANFO) on a public road to a mine or civil site, except where expressly exempted in writing by the Chief Inspector of Mines/Explosives. 	
<p>Proposed amendments to the Minerals and Mining (Ground Rent) Regulations, 2018 (L.I. 2357)</p>	<p>The current rate of GHS 778.38 per Cadastral Unit, which approximates to GHS15 per acre is under review to reflect current economic conditions.</p>	

Figure 1: Level of Fiscal Devolution in the Mining Sector (Req. 2.1) is shown in the figure below:

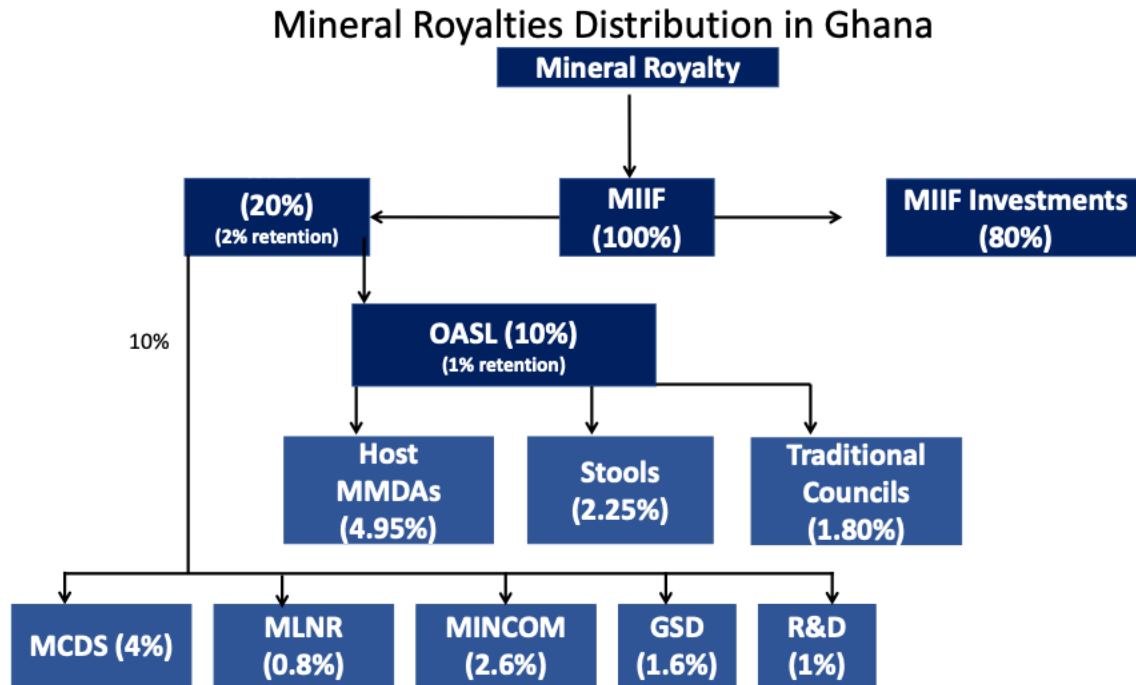


Table 2: Revenue Streams, Allocation and Classification

Revenue Stream	Budget Record	Allocation	National Revenue Classification	International Classification
Royalty	Yes	Consolidated Fund ¹	Taxes on Income & Property	1415E1
Corporate Tax	Yes	Consolidated Fund	Taxes on Income & Property	1112E1
Dividends ²	Yes	Consolidated Fund	Non-Tax Revenue	1412E2

¹ As per Section 28 of the MIIF Act, 2018 (Act 978), as amended by MIIF Act, 2020 (Act 1024), royalties assessed and collected shall be paid directly into the Mineral Income Investment Fund.

²MIIF is engaging the Ministry of Finance to re-align dividends accruing to the State from the mining sector to the Fund, in line with Section 27 of Act 978, as amended.

Revenue Stream	Budget Record	Allocation	National Revenue Classification	International Classification
Mining Licenses	Yes	Internally Generated Fund (IGF) ^[1]	Non-Tax Revenue	114521E
Environmental Fees	No	IGF	Non-Tax Revenue	116E
Mining Permit	No	IGF (Minerals Commission)	Non-Tax Revenue	116E
Service Fees	No	IGF (Minerals Commission)	Non-Tax Revenue	116E
Property Rate	No	IGF (Local Authority)	Tax Revenue ³	113E
Ground Rent	No	IGF	Non-Tax Revenue	116E

Number of license awarded in the FY 2020

In 2020, 1032 total licenses were issued, comprising mining leases, export licenses, prospecting, reconnaissance, etc. The details of categories of mining licenses issued can be found in Table 3 below: Details on all licenses awarded up to 2023 is available at: <https://miningrepository.mincom.gov.gh/license>

Once the link takes you to the page it is possible to navigate the year of interest, ownership, mineral type and region.

³ Property rate is classified as a tax revenue but collected by the local authority in accordance with Section 146 the Local Governance Act, 2016 (Act 936).

Table 3: Total Mineral Licenses Granted in 2020 disaggregated by Mineral Right Type

Type of Mineral Rights	Number of Licenses Granted
Export License (Mining Lease Holders)	1
Gold Exports (Buying and Selling)	36
Mining Leases	33
Prospecting Licenses	119
Reconnaissance Licenses	7
Restricted Mining Leases	99
Restricted Prospecting Licenses	1
Small Scale Mining Licenses	727
Support Service (Class A)	7
Support Services (Class B)	2
Total	1032

Source: Minerals Commission (2023)

The Minerals Commission keeps a very comprehensive repository of license data. However, the MSG notes that the Minerals Commission’s disclosures do not include transfers of licenses. According to the Minerals Commission, recommendations were made to the Minister in respect of transfer of licenses but they did not receive any feedback on those approved by the Minister. The MSG will follow up with the ministry and will report on the number of transfer approvals in subsequent reports.

Existence of any non trivial deviation from statutory procedures in license awards

No licenses were awarded for the year 2020.

The MSG reviewed the outlined procedure for the award of licenses as spelt out in the Minerals and Mining (Licensing) Regulations, 2012 (L.I. 2176), and compared it with the practice in the award of five leases indicated in Table xx, and can confirm that there was no deviation from the procedure as set out in L.I. 2176.

Table 4: MSG's assessment of sample mining leases

SRN	Start Date	Expiry Date	Owner Name	Type	Status	Mineral s/ Services	Regions	Compliance with Licensing procedure
1	2020-04-28	2030-04-27	Asanko Gold Ghana Limited	Mininig Lease	Active License	Gold	Ghana. Ashanti . Amansi e West	Complied
2	2020-04-27	2030-04-26	Asanko Gold Ghana Limited	Mininig Lease	Active License	Gold	Amansi e West. Ashanti . Ghana	Complied
3	2020-02-17	2035-02-16	AngloGold Ashanti (Iduapriem) Limited	Mininig Lease	Active License	Gold	Sekondi Takora di. Ghana. Western	Complied
4	2020-02-17	2035-02-16	AngloGold Ashanti (Iduapriem) Limited	Mininig Lease	Active License	Gold	Ghana. Western. Sekondi Takora di	Complied
5	2020-02-17	2035-02-16	AngloGold Ashanti (Iduapriem) Limited	Mininig Lease	Active License	Gold	Sekondi Takora di. Western. Ghana	Complied

SRN	Start Date	Expiry Date	Owner Name	Type	Status	Mineral s/ Services	Regions	Compliance with Licensing procedure
6	2020-08-25	2031-08-24	Golden Star Resources Limited (Wassa)	Mining Lease	Active License	Gold	Ghana. Sekondi Takoradi. Western	Complied
7	2020-04-07	2050-04-06	Asanko Gold Ghana Limited	Mining Lease	Active License	Gold	Ghana. Kumasi. Ashanti	Complied

Some of the companies may have more than one lease.

Financial Relationship Between the State and SOE

The MSGs reviewed SOEs statute of establishment, financial statement, management account and audited account filed with SIGA and can confirm the following details on the financial relationship between SOEs and the government:

- GISDEC AND GIADEC received budgetary allocation from the government, in line with the statute of their establishment, which formed the sole revenue for the fiscal year 2020.

Table 5: Financial relationship between the State and SOEs

SOE	Key Indicators	Government Transfers to SOE?	Dividends payments to the Government	Retained Earnings	Reinvestments in subsidiaries, JVs, and Associates	Third Party Financing? – Loans and bonds held by SOEs	Loans and guarantees to Government/Parastatal?
GIADEC	Is there a Statutory basis	Yes	Yes	Yes	Yes	Yes	No

SOE	Key Indicators	Government Transfers to SOE?	Dividend payments to the Government	Retained Earnings	Reinvestments in subsidiaries, JVs, and Associates	Third Party Financing? – Loans and bonds held by SOEs	Loans and guarantees to Government/Parastatal?
	Was there any Payment in Fy 2020?	Yes	No	No	No	No	No
GIISDEC	Is there a Statutory basis	Yes	Yes	Yes	Yes	Yes	No
	Was there any Payment in Fy 2020?	Yes	No	No	No	No	No
VALCO	Is there a Statutory basis	Yes	Yes	Yes	Yes	Yes	No
	Was there any Payment in Fy 2020?	Yes	No	No	No	No	No
PMMC	Is there a Statutory basis	No	Yes	Yes	No	No	No

SOE	Key Indicators	Government Transfers to SOE?	Dividends payments to the Government	Retained Earnings	Reinvestments in subsidiaries, JVs, and Associates	Third Party Financing? – Loans and bonds held by SOEs	Loans and guarantees to Government/Parastatal?
	Was there any Payment in Fy 2020?	No	No	No	No	No	No

Source: GHEITI’s Construct based on review of Legislations and Audit Reports (2022)

SOEs shareholding in the Mining Industry

The MSG reported on State’s equity interest in the mining sector in Table 2.7 of the 2020 GHEITI Mining Report. For purposes of clarification, this report wishes to state that all equity interests in the mining sector with the exception of bauxite, are held on behalf of the State by MIIF as per Section 30 of the MIIF Act, 2018 (Act 978), as amended. Government’s equity interest in bauxite is held by GIADEC.

Exploration

The 2020 GHEITI Report under section 3.1 contains information on specific exploration activities that took place during the reporting year, as follows:

Major exploratory activities in the mining sector undertaken in 2020, which improved prospectivity were carried out by Abooso Goldfields Limited (Damang Mine); Gold Fields Ghana Limited (Tarkwa Mine); Asanko Gold Mines Limited; and Newmont Ghana Gold Limited (Ahafo Mine).

This addendum serves to provide the broader context within which the activities took place.

Context

The broad framework for exploration in Ghana starts with the regional geological survey by the Ghana Geological Survey Authority, which results in the geological and minerals resource maps, establishing the base geology and minerals potential of the country.

This is the base on which investors and other explorers build to find resources and build upon to establish reserves for exploitation.

Exploration Relating to the Informal Sector

The Minerals Commission has been actively collaborating with key stakeholders in recent years to identify suitable areas for small scale mining, as a way of incentivising informal/illegal miners to formalise their operations. Firstly, the Commission has worked with large scale miners to cede areas of their concession, which they have explored but find not viable, to Government for grant to small scale miners. Also, the Commission has collaborated with the Ghana Geological Survey Authority to explore and identify areas suitable for small-scale miners.

Infrastructure / Barter Arrangement

The 2020 GHEITI Report provides information on Barter arrangements in the mineral sector as follows:

In 2019, the Government of Ghana entered into a US\$ 2 Billion Chinese loan Agreement⁴ in exchange for Bauxite/Alumina from the Atiwa Forest. According to the July 2018 Joint Memorandum⁴³ to Parliament by the Hon. Ministers for Finance, and Roads and Highways, China will finance US\$ 2 billion worth of rail, road and bridge networks and in exchange China will be paid back by refined Bauxite/Alumina from Atiwa.

Phase one of the MPSA is valued at US\$ 646,637,879.74⁵. In 2020 an amount of US\$ 28,053,792.14 (obtained from the Ministry of Finance) was disbursed. As at September 2022, the value of projects financed under the agreement was US \$227,681,737.00. The total outstanding disbursements under the Phase is US\$ 418,956,142.74.

This information was obtained from annual updates provided in the National Budget Statement (2022), but this was not reconciled because mining in Atiwa had not commenced, and there is no facility to process bauxite into alumina, for which reason no revenues were recorded to be reconciled with the loan facility. The MSG will continue to monitor developments with regard to the obligations under the Master Facility Agreement.

⁴ <http://ir.parliament.gh/handle/123456789/1700>

⁵ <http://ir.parliament.gh/handle/123456789/1206>

Level of Disaggregation

The MSG has noted in Table 4.11 in the GHEITI 2020 Mining Report that while payment of environmental permit fees, mineral right license/lease and ground rent are levied at concession level, some companies and government agencies provide aggregated data. The MSG has noted this as a key challenge and has engaged the relevant agencies to understand the basis of this challenge. From initial engagements, it is apparent that the aggregation of some payments by companies arise out of a lack of synchronisation between company reporting and the need for EITI project level disaggregation. An orientation and training programme on the EITI Standard has been planned for all reporting entities. This is being financed by the World Bank EGPS grant.

Beneficial Ownership Disclosure

In the 2020 GHEITI Oil and Gas and Mining Reports respectively, the MSG provided information on the update of beneficial ownership disclosure policy in Ghana; statistics on the number of companies filed in the extractive sector and details of beneficial owners for in-scope companies. This section presents MSG's considerations and actions taken to confirm the reliability of BO information obtained from the Office of the registrar of Companies (ORC).

- GHEITI's MSG has worked collaboratively with ORC on BO implementation in Ghana since 2015, including the development of relevant legislations, BO data collection forms and more importantly data verification and reliability measures
- Based on multiple discussions under the Ghana Opening Extractive Programme (OEP) GHEITI is aware of the current level of verification measures implemented by the ORC, specifically the verification of beneficial owners' particulars with the National Identification Card's database. While this represents the first step to enhance accuracy in BO data collection, the MSG understands that there are plans to improve BO data verification after companies have filed details of their beneficial owners
- During the development of the 2020 Reconciliation report, GHEITI requested for BO and legal owners' information of both in-scope companies and all companies in the extractive sector from ORC
- The MSG further confirmed the legal ownership information, and where available, beneficial ownership information of in-scope companies with publicly available information including companies annual financial statements and annual reports, stock exchange filings, among others.
- In addition, under the OEP, the MSG has supported multiple case studies conducted by civil society representatives and journalists on verification and use of BO data in Ghana. For instance, a case study into the BO filings of sampled mining services companies showed some conformity between BO information submitted by the same company in Ghana and that of the UK, even though there were some discrepancies in the particulars of beneficial owners between Ghana's BO register and that of the UK's Persons with Significant Control Register.
- Based on the reasons mentioned above, the MSG's view is that the data is fairly reliable

