

Business News of Monday, 8 September 2014

Source: GNA

Ghana needs a law to manage mineral revenue - ACEP

The Africa Centre for Energy Policy (ACEP) has proposed the passage of a Mineral Revenue Management Law to ensure transparency and accountability in the mining sector.

The law would also ensure that proceeds from the mining sector are used for viable and sustainable projects instead of being spent on recurrent expenditure, the ACEP said.

At a multi-stakeholder Forum on the proposed Mineral Revenue Law in Takoradi, Mr. Nasir Alfa Mohammed, Senior Energy Policy Manager of ACEP, said the law would make it possible to track revenue from the mining sector and what it was utilized on.

The forum was organized by the ACEP, and the Friends of the Nation (FoN), with funding from Education in Development (IGIS).

Mr. Mohammed noted that mineral revenues were mainly used for consumption rather than investments, therefore, the sector's contribution to productivity had become limited.

He said transparency in the management of mineral revenues was limited to the Extractive Industries Transparency Initiative (EITI) process.

Mr. Mohammed said the fairness of the formula for sharing benefits had been contested as communities had come under very serious social, economic and environmental threats from mining.

He said the current revenue sharing formula was not legalized, and it had remained an administrative fiat for decades, "The proposal is to change the current regime and to legalize it," he added.

Mr. Mohammed said mineral revenues must be shared between the government and communities, which included stool lands, traditional authorities, and district assemblies.

He said the proposed law would create a Mineral Revenue Holding Fund and outline a new formula for distributing mineral revenues between the government and communities.

Mr. Mohammed said the government could use a share of revenues to set up a Sovereign Mineral Fund, which would be used for annual budget support and stabilization of the budget.

He said the community share of the revenues could be transferred to the Community Mineral Development Fund.

Mr. Mohammed said the Petroleum Revenue Management Law had worked remarkably, and it was time for the country to have a Mineral Revenue Management Law.