

Parliament passes Mineral Development Fund Bill

Parliament yesterday, passed into law the Mineral Development Fund (MDF) Bill 2014, to provide the legal basis for the disbursement and management of ceded royalties received by government.

The purpose of the bill is to establish a MDF to address the development challenges affecting communities by setting aside a higher proportion of royalties for development projects.

It introduces the mining community development scheme to directly sponsor socio-economic development in communities in which mining operations takes place or which are affected by mining activities.

The fund will provide financial resource for the direct benefit of mining communities, holders of interest in land as well as traditional and local government authorities within mining areas.

Sources of monies for the fund as stipulated in the bill includes, twenty per cent of mineral royalties received by the Ghana Revenue Authority (GRA) on behalf of the republic from mining leases in respect of the mining operations of the holders, monies approved by Parliament, grants, donations, gifts and monies from investment made by the Board of the fund.

The bill also prescribed guidelines for rolling out corporate social responsibility projects, set health and safety standards, tackle environmental issues and resolve issues relating to blasting activities of mining companies, among others.

The Government of Ghana, in 1993 by an Executive Fiat, established MDF meant to provide funds for communities which host mining operations to undertake development projects to mitigate the effects of mining on the environment and support the operating budget of mining sector institutions and some specific mineral related projects.

But after several years of existence, the fund has not been used for the purpose for which it was established, hence, the legislation to back it in order to avert misappropriation.

Ghana has a long history of mining, stretching back to the days of gold trading during the tenth century. Today, the country is the second largest gold producer on the continent after South Africa, and is indisputably the mining hub of West Africa.

According to the Ghana Statistical Service, the mining sub-sector grew remarkably by 14.3% in 2011 compared to the 8.3% it recorded 2010. By this growth, the mining industry was the third behind the Oil & Gas and Construction sub-sectors which were up by 192.2% and 20% respectively. Ghana's mining sector contributed in no small measure to the impressive 14.4% GDP growth the economy chalked in the year.

According to the Gold and Fields Mineral Survey, Ghana was the 9th leading producer of gold in the World and the 2 in Africa despite the 2% decrease in production from 92 tonnes in 2010 to 91 tonnes in 2011.

Source:ISD (Gilbert Ankrah)