

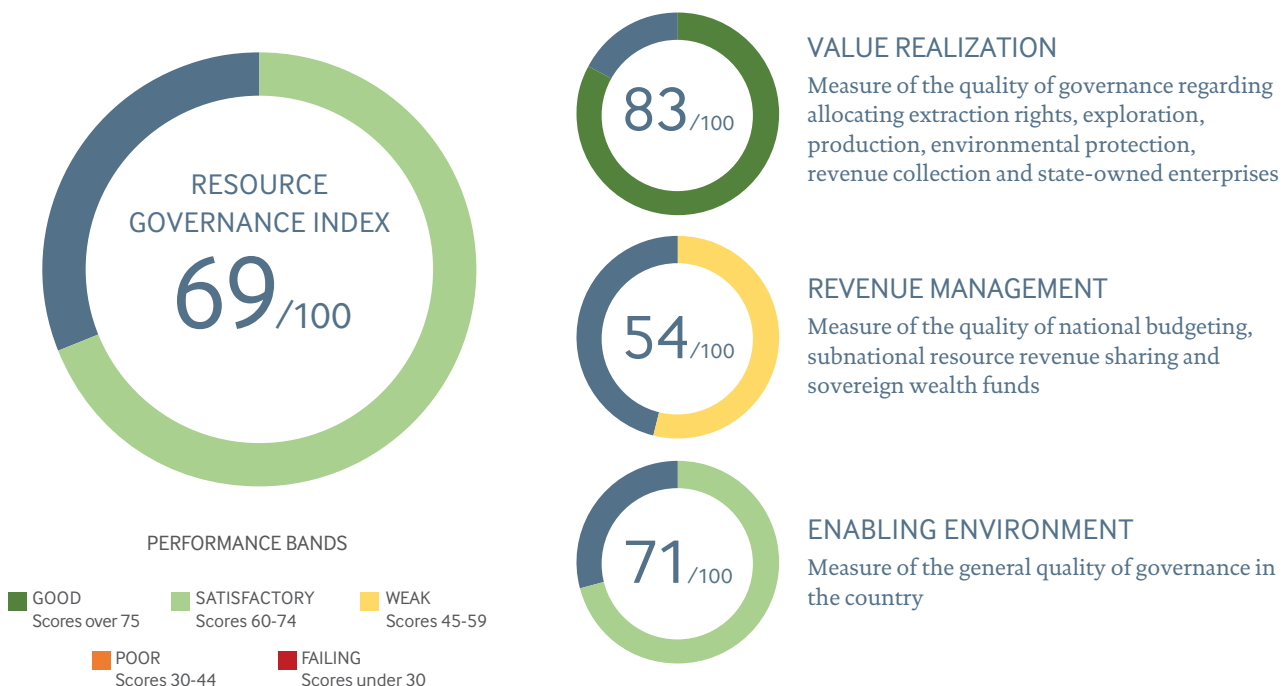
2021 Resource Governance Index Ghana



Ghana’s gold mining sector scored 69 out of 100 points in the 2021 Resource Governance Index (RGI), improving by 13 points since the 2017 RGI. Stronger resource governance was driven by improvements across both the index’s value realization and revenue management components, with notable increases in governance of local impacts and national budgeting.

- Key areas within the licensing and subnational resource revenue sharing subcomponents were still classified as “failing,” reinforcing the need for legislation and further disclosures.
- Within value realization, the taxation subcomponent increased by 10 points to score 82 out of 100 points, moving it into the “good” performance band, while local impact improved by 29 points, scoring 100.
- Ghana’s national budgeting governance improved due to the adoption of, and adherence to, fiscal rules.
- While both law and practice scores improved since the 2017 RGI, the gap between them grew from -8 to -15 points. Enacted laws and rules must be adhered to by relevant state authorities to prevent the implementation gap from growing wider.
- Weak adherence to open data standards, as well as the absence of online data portals related to the extractive sector, has held the mining sector back.
- Ghana’s oil and gas sector outperformed the older gold mining sector owing to enhanced transparency and accountability in the oil and gas sector legislative framework.

Ghana mining: 2021 Resource Governance Index and component scores



2021 Resource Governance Index

RESOURCE GOVERNANCE INDEX RESULTS SUMMARY

Ghana's mining sector performance improved in value realization and revenue management

Ghana's gold mining sector is one of the oldest in Africa, and retains a crucial role in the Ghanaian economy. [In 2019 gold exports were valued at \\$10.8 billion, comprising 50 percent of all merchandise exports.](#) The governance of the mining sector has improved since the 2017 RGI, driven by a 22-point increase in the index's value realization component, and a 17-point increase in revenue management. Ghana's enabling environment has continued to provide a good foundation for resource governance.

Ghana's mining sector 2017 and 2021 Resource Governance Index scores

	2017 RGI Score	2021 RGI score	Trend
RGI COMPOSITE SCORE	56	69	13
VALUE REALIZATION	61	83	22
Licensing	62	66	4
Taxation	72	82	10
Local impact	71	100	29
State-owned enterprises	41	.	.
REVENUE MANAGEMENT	37	54	17
National budgeting	36	70	34
Subnational resource revenue sharing	39	39	0
Sovereign wealth funds	.	.	.
ENABLING ENVIRONMENT	70	71	1
Voice and accountability	90	89	-1
Government effectiveness	60	60	0
Regulatory quality	76	74	-2
Rule of law	83	82	-1
Control of corruption	79	79	0
Political stability and absence of violence	78	80	2
Open data	27	31	4
LAW	61	83	22
PRACTICE	53	68	15
GAP (PRACTICE LESS LAW)	-8	-15	-7

VALUE REALIZATION

Governance of taxation and local impacts improved, but contract and beneficial ownership disclosures require attention

Governance of taxation improved by 10 points since the 2017 RGI, driven mostly by the adoption of the Revenue Administration Act, which empowers the Ghana Revenue Authority to audit all businesses, including mining companies. Rules and oversight measures also prevent tax revenue leakage, and mandate external audits of all government agencies, including the Ghana Revenue Authority.

The index's local impact subcomponent score, which measures adherence to environmental and social impacts has improved to 100 in the 2021 RGI. All gold mining companies commissioning new projects or beginning extraction have disclosed environmental and social impact assessments, as well as environmental mitigation plans.

However, within the licensing category issues remain. The government currently has no requirement or policy in place to publicly disclose mining sector contracts. Without the financial information contained in mining contracts, citizens are unable to assess the potential benefits of these projects. Financial asset and beneficial ownership disclosures are still inadequate, despite some progress. While the 2017/2018 Ghana Extractive Industries Transparency Initiative report included some beneficial ownership disclosures, there are still significant gaps around information on the owners of mining companies and projects. But progress is apparent in the 2019 Companies Act, which now requires all firms, including those in the extractive sector, to maintain a register with information on beneficial ownership and politically exposed persons. The government should now ensure that reporting and enforcement occur, and that disclosures are made public by the Registrar-General's Department and the Minerals Commission so that civil society actors can identify any potential conflicts of interest in the extractive sector.

REVENUE MANAGEMENT

Management of mining revenues has improved with the adoption of new fiscal laws, but revenue sharing mechanisms remain poor

The most substantial improvement across Ghana's mining assessment stems from a 34-point increase in the national budgeting subcomponent. The adoption of the 2018 Fiscal Responsibility Act introduced concrete numerical fiscal rules governing public expenditure, preventing unrestrained spending in times of high resource revenues. The law states that Ghana's fiscal balance shall not exceed a deficit of five percent of GDP, and the Fiscal Responsibility Advisory Council was appointed in 2019 as an external body charged with monitoring compliance of these rules by the government. These steps have pushed the 2021 RGI's national budgeting subcomponent score to 70 points, placing this subcomponent in the higher end of the satisfactory performance band.

There has been no meaningful evolution in the governance of subnational resource revenue subcomponent, which retained its score of 39 across both the 2017 RGI and the 2021 RGI. While the Extractive Industries Transparency Initiative (EITI) process was used to audit the transfer of revenue to subnational governments, there are currently no rules at the national level and no oversight bodies have been appointed to audit these transfers.

2021 Resource Governance Index

ENABLING ENVIRONMENT

Poor scores in open data are mirrored in the extractive sector

While Ghana's overall enabling environment has been crucial in facilitating the country's improved resource governance, the "poor" rating on the open data subcomponent requires immediate attention.

The lack of a centralized online data portal with key information on gold reserves, production statistics and annual exports prevents citizens from holding the government fully accountable on its management of the gold mining sector. Ghana's government must actively work on improving its online data portals across all key areas and particularly in the extractive sector.

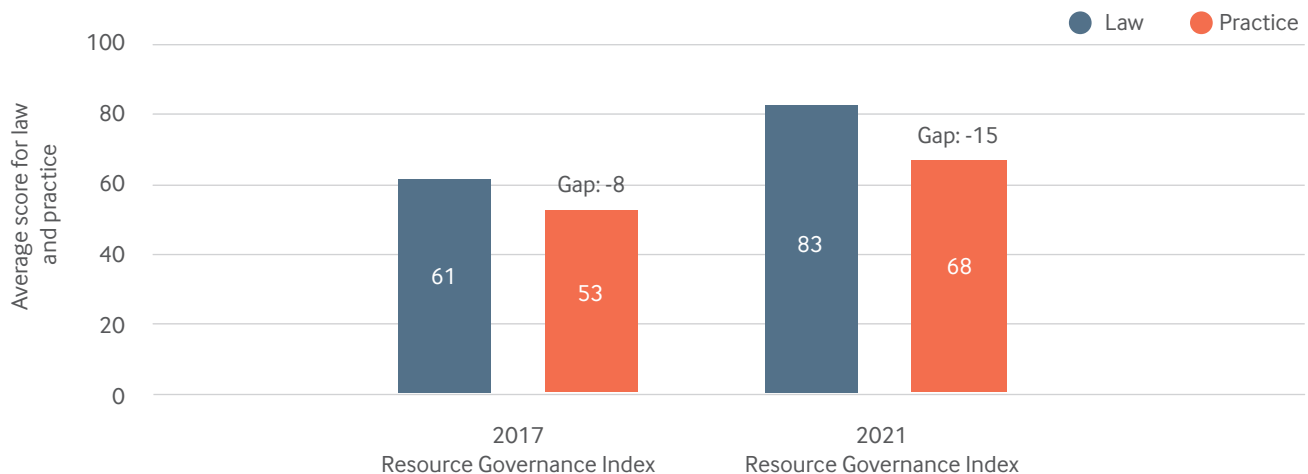
LAW AND PRACTICE SCORES

Both law and practice scores rise, but the implementation gap has grown wider

The quality of laws related to mining in Ghana and their enforcement have both improved since the 2017 RGI. Law scores registered a 22-point increase from 61 to 83, mostly driven by the passing of the 2018 Fiscal Responsibility Act and the appointment of the Fiscal Responsibility Council in 2019. During the same period, practice scores improved from 53 to 68, mostly due to enhanced environmental and social impact assessments for Ghanaian gold mining projects.

However, while both law and practice scores have increased, the gap between them has widened from -8 to -15. The government can address the growing gap between law and practice by ensuring that rules put in place are accompanied by disclosures and effective implementation.

Evolution of the gap between law and practice in Ghana's mining sector



2021 Resource Governance Index

COMPARISON OF THE MINING AND OIL AND GAS SECTORS

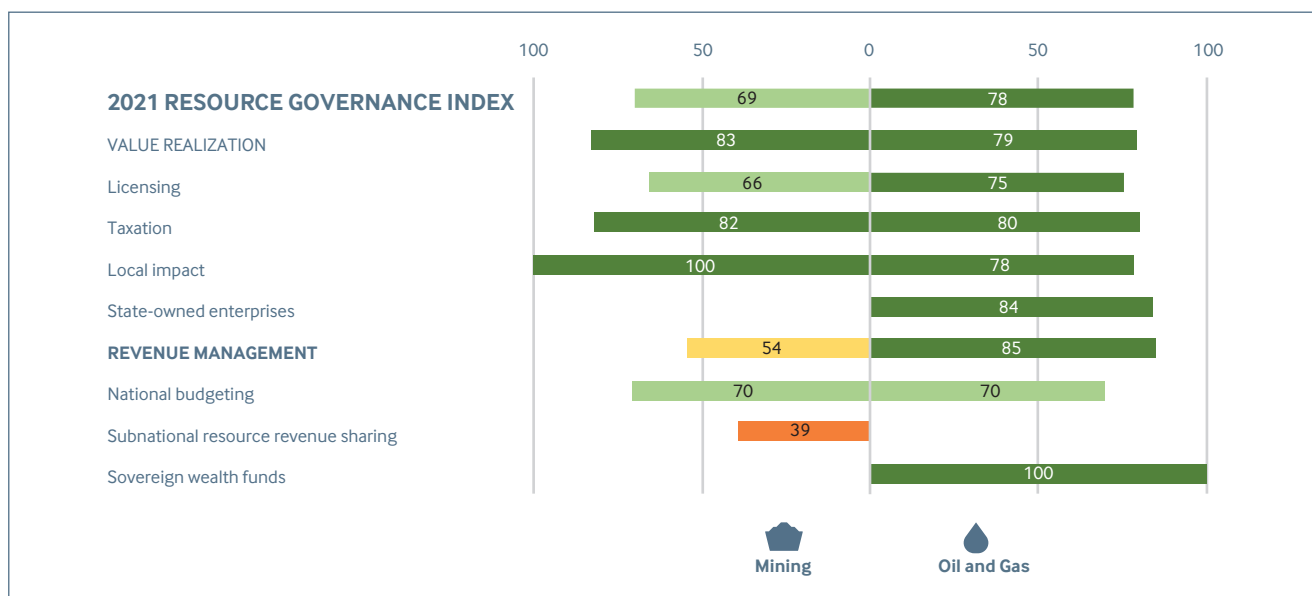
Ghana governs oil and gas better than mining

In addition to the mining sector, NRGI has also assessed governance of Ghana’s oil and gas sector (presented in a separate profile). The oil and gas sector has outperformed the gold mining sector in the 2021 RGI, as it did in the 2017 RGI. While the mining sector improved by 13 points to achieve a score of 69 out of 100, a 9-point difference still remains between the two extractive sectors.

Ghana’s oil and gas sector features a more robust legal framework, especially in terms of licensing, where mandatory contract disclosures are required by law, and in taxation, where the Petroleum Revenue Management Act requires the full public disclosure on all payments and receipts from oil and gas producers to the government. Mining sector legislation lacks such good governance stipulations.

Significant differences also exist between the management of state-owned companies across the sectors. While the mining state-owned enterprise Prestea Sankofa Gold Limited was not assessed in the 2021 RGI due to a suspension of operations in 2016, the 2017 RGI highlighted significant shortcomings in governance, with a poor assessment resulting from a lack of rules related to government transfers and commodity sales. The oil and gas GNPC, has meanwhile bolstered its governance across several law and practice categories. The government is considering restarting Prestea Sankofa’s gold mining operations. If this plan materializes, they can draw some key lessons from GNPC regarding best practices in SOE governance.

Comparison between Ghana’s mining and oil and gas sectors in the 2021 Resource Governance Index



RECOMMENDATIONS



Ghanaian stakeholders can continue along a positive resource governance trajectory by pursuing the following actions:

- 1. The Ministry of Lands and Natural Resources and the Mineral Commission** should accelerate and leverage the on-going review of the Minerals and Mining Act 2006 to strengthen the legal framework governing the mining sector. Legislation must be improved to enhance disclosures in licensing, beneficial ownership information as well as asset declaration by public officials.
- 2. Relevant government agencies and ministries** should adhere to open data principles in line with commitments made through Ghana's Open Government Partnership National Action Plan.
- 3. The Ministry of Lands and Natural Resources, the Finance Ministry and the Minerals Commission** should ensure compliance and enforcement of existing laws in the mining sector. If the implementation gap widens, companies and citizens could lose faith in the legal framework. Newly passed laws, such as the local content law, may therefore not translate to improved local impacts in the mining sector.
- 4. Prestea Sankofa Gold Limited** should study GNPC's transparency practices and adopt best practice approaches to state enterprise governance before resuming operations.
- 5. The Ministry of Finance and the Ministry of Energy, along with other key governmental actors**, should collaborate with civil society organizations, and the Ghana EITI to ensure that Ghana meets the standard requirements of the EITI.

What is the Resource Governance Index?

The 2021 RGI assesses how 18 resource-rich countries govern their oil, gas and mineral wealth. The index composite score is made up of three components. Two measure key characteristics of the extractives sector – value realization and revenue management – and a third captures the broader context of governance – the enabling environment. These three overarching dimensions of governance consist of 14 subcomponents, which comprise 51 indicators, which are calculated by aggregating 136 questions.

Independent researchers, overseen by NRGi, in each of the 18 countries completed a questionnaire to gather primary data on value realization and revenue management. For the third component, the RGI draws on external data from over 20 international organizations. The assessment covers the period 2019-2020. For more information on the index and how it was constructed, review the RGI Method Paper.



The Natural Resource Governance Institute, an independent, non-profit organization, helps people to realize the benefits of their countries' oil, gas and mineral wealth through applied research, and innovative approaches to capacity development, technical advice and advocacy.

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