POLICY BRIEF

REVIEW OF THE COMMUNITY SHARE OF MINERAL ROYALTY DISBURSEMENT AND ALLOCATION

Prepared by
Abdulai Darimani (PhD

FOR

LIVELIHOOD & ENVIRONMENT GHANA (LEG)

WITH SUPPORT FROM
STAR-GHANA FOUNDATION under the Action for Voice, Influence and Inclusive Development (AVID II) Project

FEBRUARY 2026

TABLE OF CONTENTS

1.0 INTRODUCTION

This is a report of a review of the legal & institutional framework for mineral royalty in Ghana. The review was commissioned by Livelihood & Environment Ghana (LEG), a human rights and livelihood advocacy non-governmental organization, for their "Advocacy for Improved Policy and Livelihoods in Mining Communities project" with support from the STAR-Ghana Foundation under the Action for Voice, Influence and Inclusive Development (AVID II) Project.

The study explores the legal and institutional framework regulating royalty in Ghana and proceeds to analyze the allocation, distribution and utilization of the mineral royalty in Ghana with particular focus on the community portion of the mineral royalty. The study determines the legal basis for the allocation and disbursement of the mineral royalty, based on which challenges were identified and policy recommendations made.

The report starts with an introduction to the role metals play in society and how metals contribute to the overall economic development of mineral-endowed countries. This is followed by a brief discussion of the basis of Africa-wide reforms of the mining sector since the 1980s and the debate regarding the benefits and burden sharing. The purpose is to give an outline of the economic importance of mining and the central role of mineral royalty in domestic revenue mobilization, helping to link the importance of mineral royalty to local-level development.

In the following sections, the mineral fiscal regime, mineral royalties, the study objectives and the methodology are described. The report puts a particular focus on the community share of the mineral royalties, including identifying the allocation and disbursement procedure as defined by law and institutional practices over time. The report goes on to discuss the legal and institutional framework regulating the allocation and disbursement of mineral royalties and the key challenges to that effect.

The report concludes with a set of policy recommendations for advocacy.

2.0 BACKGROUND OF THE STUDY

According to Bouterige Y., (2020) the extractive sector is of primary importance to African states. Of the 54 countries on the continent, 20 are considered by the International Monetary Fund (IMF cited by Bouterige Y., 2020) to be rich in natural resources. These are countries whose natural resources account for more than 25 per cent of total exports. All are sub-Saharan African countries: seven countries export mainly oil and gas, and 13 export mainly minerals: mostly gold, diamonds and precious stones. Ghana is the leading producer of gold the first in Africa and 8th globally in gold production. In 2018, Ghana surpassed South Africa to become the largest producer of gold in Africa with nearly 5 million ounces of gold (World Gold Council, 2020). It is thus not by accident that minerals and metals constitute a significant part of exports from Africa.

Minerals and metals make up a significant part of Africa's exports and foreign exchange earnings. Africa's exports reached $700 billion in 2023, with fuels, minerals, and metals forming the backbone of the continent's trade, totaling $480 billion (68% of total) (https://www.voronoiapp.com/trade/-Evolution-of-Africas-Export-Composition-20012023-3557). Fuels and related products led the composition at $247 billion (35%), followed by precious metals and stones at $127 billion (18%), and other minerals and metals at $107 billion (15%) (https://www.voronoiapp.com/trade/-Evolution-of-Africas-Export-Composition-20012023-3557). Mineral revenue is a vital source of revenue for the Government of Ghana (Boateng et al, 2025). At the end of 2023, the contribution of gold to the total mineral revenue of Ghana stood at 96.9 percent, while manganese, bauxite, and diamond accounted for 2.4 percent, 0.6 percent, and 0.1 percent, respectively (The Chamber of Mines, 2023).

The mining sector accounts for a significant share of tax revenues in many sub-Saharan African countries endowed with mineral resources. Bouterige Y., (2020) list twelve main taxes and levies due by the holders of mineral rights who prospect for or exploit gold on an industrial scale as fixed fees, surface fees, mining royalties, mineral resource rent tax, corporate income tax (CIT), minimum tax, capital gains tax (CGT), withholding taxes on dividends, interest and services, free equity for the State, value added tax (VAT) and customs duties on imports. In Ghana, the principal taxes prevailing in the mining sector from which mineral revenue is obtained are categorized into royalty, state equity participation, corporate income tax, personal income tax (Pay-as-you-earn), and duties from the importation of various mining equipment. The focus of this study is mineral royalty in gold sub-sector of Ghana

The Africa wide reforms of the mining sector since the 1980s triggered a boom in exploration, production and export of mineral resources. The Briton Wood's inspired reforms were primarily designed to attract foreign direct investment (FDI), which was expected to generate the needed revenue and foreign exchange earnings for the ailing economies of mineral endowed African countries. Decades after the reforms of the mining sector of Africa there is a new momentum for improving the benefits of the mineral resources. Following unmet expectations, several African countries decided to amend their mining codes, in particular their fiscal laws to increase revenue, a revision that targeted royalty tax. For instance, South Africa introduced a profit-based royalty in 2008 following the commodity boom during the period. Ghana which initially established a generous fiscal regime with huge incentives, protection and low taxes in the 1980s, later amended its royalty tax from flexible (3-12%) to a fixed rate of 5% for gold in 2010. In the same year, Burkina Faso increased its royalty rate, with the rates becoming variable and increasing with the price of gold. The royalty rate ranges from a minimum of 3% to 5% for gold prices above $1,300 per ounce. In 2012, Mali followed with an upward revision of its 1999 mining code that pegged the royalty rate at 3% for precious metals.

The revision of the mineral royalty has generated concerns regarding the fair and equitable distribution of the mineral revenue. Currently across Africa CSOs from the community level through national to supranational levels are engaged in advocacy about the disproportionate benefits earned by foreign investors compared to host countries and local communities; pressure for greater transparency in the relations between companies and national governments over the transfer and use of mining revenues, demands for greater corporate accountability in relations between companies and mining affected communities. The lack of linkages between service delivery in mining communities and the mineral wealth extracted from those communities have attracted demands from citizens groups for a re-examination of the formular for the distribution of the mineral royalty. These range of issues about mining sector economics and governance have motivated this study into the distribution of mineral royalty in Ghana.

In Ghana, the revision of the mineral royalty has sharpened and widened public debates about the equitable and fair distribution of the mineral wealth. The Minerals Commission reported how a traditional ruler from a mining affected community lamented over the unfair and unequitable distribution of mineral royalty in Ghana at a public meeting. The report quoted the traditional leader as having said: "Sadly, over the years, the true custodians of the land – the chiefs and our people – have not benefitted equitably. In many cases, we have been shortchanged in our own land." The traditional leader expressed dissatisfaction with the current mineral royalty disbursement regime, describing the allocations as woefully inadequate, and lamented that this issue of inequity has been a longstanding concern consistently raised, not only by the Bono East Regional House of Chiefs but also by the National House of Chiefs. The traditional leader emphasized "We have persistently appealed to government and relevant agencies to revisit the structure and disbursement regime of the mineral royalties. The current model does not reflect the sacrifices and responsibilities of traditional authorities, especially in mining communities, who suffer the environmental and social consequences of extraction," (https://www.mincom.gov.gh/mincom-news/review-of-ghanas-minerals-and-mining-policies-and-legal-regime-bono-east-region-house-of-chiefs-calls-for-streamlining-royalty-disbursement/). Inequity and unfair distribution of mineral royalty was one of the most recurring concerns expressed by stakeholders during a recent nation-wide stakeholders engagement conducted by Livelihood and Environment Ghana-LEG (LEG, 2025).

The study explores the legal and institutional framework regulating mineral royalty in Ghana and proceed to analyze the allocation, distribution and utilization of the mineral royalty in Ghana with particular focus on the community portion of the mineral royalty. The study determines the legal basis for the allocation and disbursement of the mineral royalty based on which challenges were identified and policy recommendations made.

3.0 MINERAL FISCAL REGIME

Generally, mineral resources are vested in a State as is the case of Ghana. However, most governments rely on foreign and domestic investors to extract these resources. Governments therefore, design a mining regime that seeks to promote the optimum realization of the resource rent, facilitate equitable distribution of the mineral wealth while catalyzing the achievement of other developmental objectives.

The key instrument available to government to achieving these objectives is the fiscal regime a system of imposts, incentives and other similar measures governing and regulating the entire value chain of the mineral wealth. The principal imposts available to governments are: (1) Royalties, (2) Income or profit-based taxes mainly corporate income tax, (3) Mineral rent tax – taxes that target profits in excess of those generally required to attract investments, and (4) State equity participation. The focus of this paper is the allocation, disbursement and payment of the community level portion of mineral royalty in Ghana.

4.0 MINERAL ROYALTY

A mining royalty is an amount paid to the government for the right to take the minerals vested in the state or a private owner (Mullins & Burns 2016 cited in Ericsson and Löf 2020). The International Monetary Fund (2016 cited in Ericsson and Löf 2020) states that royalties are levies on production, charged either as a fixed fee per unit of production ("specific" royalties) or as a percent of (a measure of) the value of production ("ad-valorem" royalties. Mining royalty is the counterpart of the exploitation of the resource. In Ghana, as in most countries in Africa, natural resources including those beneath the soil and subsoil, including under territorial waters, are by law the property of the State. The State only grants exploitation to the mineral right holder for an area that is valid for a defined period, over a defined area and for a specified mineral. Legally, the mineral royalty then appears as the counterpart of the private appropriation of a public resource (Bouterige Y., et al., 2020). Secondly, mineral royalty is relatively secured source of revenue as it is production based making the State to rake in revenue regardless of the profitability of the mine. In other words, royalty payment by the mineral right holder is not based on profit made during the financial year under assessment.

Mining royalty rates are not the same for all minerals or for the same mineral in different countries. This means that the royalty rate for gold can be different from the royalty rate charged for diamond, and the royalty rate for the same mineral like gold in one country can be different from the rate charged for the same mineral in another country. According to Bouterige Y., et al. (2020) mining royalty rates in Benin are 5% for precious stones (diamond, emerald, ruby, sapphire), 2% for precious metals (gold, platinum, silver, etc.) and 3% for base metals (lead, zinc, copper, etc.) and other mineral substances". Mining royalty rates can also be fixed, variable or progressive. The fixed royalty rates depend on the quantum of mineral production, flexible rate varies according to sales while the progressive rates vary according to the profitability of the mine. The most popular rate in Africa is the fixed rate. Bouterige Y., et al. (2020) report that more than three-quarters of 21 African countries surveyed in 2018 operated fixed royalty legislation. Ghana operates a fixed mining royalty rate of 5% based on the Minerals and Mining Act, 2006 (Act 703) and the Minerals (Royalties) Regulations, 1987 (LI 1349). Although there was amendment in 2015 (Act 900) which removed the fixed 5% rate from the primary legislation, a saving clause in the Act 900 allows the 5% fixed rate to remain until the Minister of Lands and Natural Resources makes new regulations to alter the 5% fixed rate.

Generally, the variables needed for the estimation of royalty are production quantity, production period, approved expenditure or overhead for the period, and the applicable rate. However, countries use different ways in estimating their mineral royalty. Countries like Niger, Tanzania, and Zimbabwe use market value or gross turnover; Democratic Republic of the Congo uses commercial" value or sales value; and others such as Ghana, Cameroon, Chad, and Congo use the value of the ore once it is extracted and stored, ready for shipment (Bouterige Y., et al., 2020).

5.0 OBJECTIVES OF THE STUDY

The study explores the legal and institutional framework regulating royalty in Ghana and proceed to analyze the allocation, distribution and utilization of the mineral royalty in Ghana with particular focus on the community portion of the mineral royalty. The study determines the legal basis for the allocation and disbursement of the mineral royalty based on which challenges were identified and policy recommendations made.

5.1 Specific Objectives of the Study

a. Review the legal & institutional framework for mineral royalty in Ghana.
b. Examine the scope of beneficiaries of community share of the mineral royalty.
c. Identify challenges with respect to the allocation and disbursement of the community share of the mineral royalty.
d. Make proposals for addressing the identified challenges

6.0 METHODOLOGY

The reference period of this study was from October 2025 to January 2026 focusing exclusively on mineral royalty mainly from gold operations in Ghana. The study employed qualitative method for the data collection. The qualitative method focuses on the exploration and analysis of the legal and institutional framework as well as the disbursement, allocation, and utilization of the mineral royalty with emphasis on the community level portion.

Primary and secondary data were collected and used to achieve the study objectives. Primary data were collected through key informants (KIs) interviews. The key informants for this study comprise institutions with mandate and or interest in mineral royalty in Ghana, and they include the Minerals Commission (MinCom), Minerals Income Investment Fund (MIIF), Minerals Development Fund (MDF), Office of the Administrator of Stool Lands (OASL), and the Ministry of Lands and Natural Resources (MLNR). Other sources of primary data and information included staff and officials of selected civil society organizations (CSOs), District Assemblies, Traditional Councils and Stools in gold mining areas in Ghana. At least one Queen Mother was interviewed. Unfortunately, the Ghana Chamber of Mines declined to participate in the interview but are willing to participate in the validation. Also, the Minerals Development Fund (MDF) and the MIIF failed to respond to our request for interviews. The study interviewed experts in the area of their mandate.

In addition to the primary data, secondary data and information were obtained from review of relevant literature. The literature reviewed include reports, minerals and mining sector laws and publications of the Ghana Minerals Commission, Ghana Chamber of Mines, World Bank, International Monetary Fund IMF), various peer-reviewed articles and laws relating to the mineral royalty. Specifically, the study reviewed the 1992 Constitution of the Republic of Ghana; Minerals and Mining Act 2006, Act 703; the Minerals and Mining (Amendment) Act, 2015, Act 900; Office of the Administrator of Stool Lands Act, 1994, Act 481; Office of the Administrator of Stool Lands Regulations, 2019, (L.I. 2377); Minerals (Royalties) Regulations, 1987 (LI 1349), among others.

The study used content analysis approach to analysis the data collected. Content analysis is a method for analyzing the content of a variety of data (Harwood and Garry 2003). Content analysis helps in reducing phenomena or events into defined categories so as to better analyse and interpret them. The data collected were sorted and categorized under specific themes of the study. Data analysis was guided by the trustworthiness criteria of Stahl N. A. and King J. R. (2020) for sound qualitative research. In addition to the use of more than a single type of data to establish findings the initial report was subjected to a validation. As part of the qualitative analysis direct quotes from participants were used in reporting the findings of the study. The study complied with ethical and confidential principles by respecting the views of participants if they chose not to answer questions, keeping their responses confidential and putting out names and photographs only with the expressed permission of the participant involved.

The draft report was validated at a validation workshop organized on 12th February 2026.

7.0 FINDINGS

The findings of the report are presented along specific themes namely: Policy and Regulatory Framework for Mineral Royalty; Institutional Framework for Mineral Royalty; Challenges; and policy recommendations.

7.1 POLICY AND REGULATORY FRAMEWORK FOR MINERAL ROYALTY IN GHANA

The section provides the policy and legal framework to help with an understanding of the ownership and extraction of mineral resources as well as the assessment, collection, disbursement and accountability of mineral royalty in Ghana.

1. **The 1992 Constitution of the Republic of Ghana:** The 1992 Constitution of the Republic of Ghana establishes the legal foundation for state ownership of natural resources namely land, water and all minerals. Clause (6) of Article 257 of the 1992 Constitution of Ghana states “Every mineral in its natural state in, under or upon any land in Ghana, rivers, streams, water courses throughout Ghana, the exclusive economic zone and any area covered by the territorial sea or continental shelf is the property of the Republic of Ghana and shall be vested in the President on behalf of, and in trust for the people of Ghana.” The article establishes the legal framework for the

state's ownership and stewardship of these resources and provides the foundation upon which other legislations are enacted for the management of the mineral resources of Ghana.

2. **Minerals and Mining Act, 2006 (Act 703):** The Minerals and Mining Act, 2006 (Act 703) is the principal law regulating the prospecting, exploration, production and distribution of the mineral wealth. Act 703 consolidated previous laws especially the Minerals and Mining Law, 1986 (PNDCL153) and Small-Scale Gold Mining Law, 1989 (PNDCL 218) PNDCL xx on small scale mining, it vested mineral ownership in the Republic, and established licensing (reconnaissance, prospecting, mining) for exploration and extraction. Act 703 mandates the payment of mineral royalty by the mineral right holder on mined minerals at royalty rate from a range of 3–6%. Section 25 of Act 703 states that a holder of a mining lease, restricted mining lease, or small-scale mining licence must pay the Republic any royalty not greater than 6% or less than 3% of the total revenue of minerals obtained by the mineral right holder, though this rate has been amended.

3. **Minerals and Mining (Amendment) Act, 2010 (Act 794):** In 2010, there was an amendment to Act 703 by the Minerals and Mining (Amendment) Act, 2010 (Act 794), which changed the applicable royalty rate from a range of 3–6% to a fixed rate of 5 percent. By the saving clause of section 112(5) of Act 703, the manner for the payment of royalties as prescribed in the Mineral (Royalties) Regulations, 1987 (L.I. 1349) continued in force notwithstanding the repeal of the Minerals and Mining Law, 1986 (PNDCL 153).

4. **Minerals and Mining (Amendment) Act, 2015 (Act 900):** In 2015, there was further amendment to Act 703. The 2015 Amendment (Act 900) removed the 5% fixed royalty rate by mandating the Minister responsible for mining to make Regulations prescribing the applicable royalty rate. In addition, Act 900 mandates the Minister to spell out the manner for the payment of royalties. This Amendment also repealed Act 794 but provided that until the existing royalty rate of 5% was altered it will continue to be in force.

5. **Ghana Revenue Authority Act, 2009 (Act 791):** Act 791 mandates the GRA to ensure compliance with all relevant tax laws in order to guarantee a sustainable revenue stream for government, promote trade facilitation, including a controlled and safe flow of goods across the country’s borders. The Income Tax Act, 2015 (Act 896) and the Value Added Tax Act, 2013 (Act 870) mandates the Domestic Tax Revenue Division (DTRD) of the GRA to assess, collect and account on behalf of the State. In respect of mineral royalty, GRA assess, collect and account for mineral royalty on behalf of the State.

6. **Minerals Income Investment Fund Act, 2018 (Act 978):** The MIIF Act, 2018 (Act 978) was established to, among others, receive mineral royalties and other related income due the Republic from mining operations. Key function of the MIIF includes disbursement of the twenty percent of minerals income received by the Fund to the Minerals Development Fund (MDF). Section 31 (1) of Act 978 requires the MIIF to distribute the amount due and payable into the designated account of the Minerals Development Fund within three days upon receipt of such mineral income due the MDF. The MDF was established in 2016 by the Minerals Development Fund Act, 2016 (Act 912).

7. **Minerals Income Investment Fund (Amendment) Act, 2020 (Act 1024):** In 2020, Act 978 was amended by the Minerals Income Investment Fund (Amendment) Act, 2020 (Act 1024 primarily to clarify the parameters for the operation of the Minerals Income Investment Fund. The amendment was also meant to provide legal basis for managing mineral royalties, allowing the Fund to invest in mining-related opportunities for sustainable growth, including allowing equity participation in Special Purpose Vehicles (SPVs) for value addition, while ensuring returns for Ghana's future generations through strategic, risk-managed investments in the mining value chain, infrastructure, and other sectors.

8. **Minerals Income Investment Fund (Amendment) Act, 2025 (Act 1137):** Further amendment was affected and assented to in April 2025. Act 1137 introduced a number of far-reaching provisions which include the introduction of the Minerals Income Holding Account to be hosted by the Controller and Accountant General's Department (C&AGD). The amendment also requires the Minister of Finance to give directives for the disbursement of mineral royalty paid into the Mineral Income Holding Account. Again the amended Act 1137 provides that 78% of the mineral royalty receipted into the Mineral Income Holding Account shall be paid into the consolidated account for infrastructure; 2% to the MIIF and 20% to Mineral Development Fund. This amendment significantly shift the focus of MIIF from a primary sovereign wealth fund (SWF) model to a major domestic source of budgetary support for infrastructure development.

9. **Minerals Development Fund Act, 2016 (Act 912**): Act 912 mandates the Minerals Development Fund (MDF) to disburse the royalty money as follows as follows: (1) fifty percent to the Office of the Administrator of Stool Lands; (2) twenty percent to the Mining Community Development Scheme; (3) four percent to supplement the mining operations of the Ministry; (4) thirteen percent to supplement the mining operations of the Minerals Commission; (5) eight percent to supplement the mining operations of the Geological Survey Department; and (6) five percent of the moneys shall be allocated for research, training and projects aimed at the promotion of sustainable development through mining of which at least forty percent shall be allocated for the Geological Survey Department (Act 912). The Act 912 also allocates not more than 2% of the 20% received as mineral royalty to cover the operations of the MDF.

10. **Office of the Administrator of Stool Lands Act, 1994 (Act481):** The Office of the Administrator of Stool Lands act establishes the OASL to establish a stool land account for each stool and collect paid rents, dues, royalties, revenue and any other payments whether in the nature of income or capital from the stool lands. The Act 481 also requires the OASL to take responsibility for the disbursement of the revenues determined in accordance with section 7. Section 7 (1) of Act 481 states "*In accordance with clause (6) of article 267 of the Constitution, ten percent of the revenue accruing from stool lands shall be paid to the Office to cover administrative expenses and the remaining revenue shall be disbursed in the following proportions by the Administrator:*
    (a) twenty-five percent to the stool through the traditional authority for the maintenance of the stool in keeping with its status;

(b) *twenty percent to the traditional authority; and*
(c) *fifty-five percent to the District Assembly within the area of authority in which the stool lands are situated*."

Regulation 20 (1) to 20 (7) prescribes the procedure to access stool land revenue, including royalties to the Stool, Traditional Council and the District Assembly where the mine operates (L.I. 2377).

7.2 INSTITUTIONAL FRAMEWORK FOR MINERAL ROYALTY IN GHANA

This section presents the state institutions with direct responsibility for the assessment, collection, allocation, disbursement and accountability of mineral royalty in Ghana so as to help in the appreciation of the institutional framework and structure for the management and accountability of mineral royalty.

1. **Ministry of Lands and Natural Resources (MLNR):** Section 11 of the Civil Service Law, 1993 (PNDCL 327) established the MLNR to provide overall policy oversight for the sustainable management and utilisation of Ghana's lands, forests, wildlife and mineral resources for socioeconomic growth and development. The ministry has specific task of ensuring the efficient management of mineral resources, associated operations, and sector agencies, to catalyse sustainable development. Section 5 of Act 703 mandates the Minister for Lands and Natural Resources, who is responsible for mines, on behalf of the President of Ghana to negotiate, grant, revoke, suspend or renew mineral rights. However, the rights granted for the extraction of a mineral must be ratified by Parliament. The Minerals and Mining (Amendment) Act, 2015 (Act 900) mandates the Minister to formulate regulations for setting royalty rates.

2. **Ministry of Finance (MoF):** The MoF has overall responsibility for the formulation and implementation of fiscal largely through specialized Agencies like the Ghana Revenue Authority (GRA) and the Ghana Gold Board. Fiscal policy management includes the design of the mining fiscal regime, management of revenue from the mining sector and disbursement of budgetary allocations to mining sector agencies. The Ministry also collaborates with the Bank of Ghana to manage monetary policy. For the mining sector, the Minerals Income Investment Fund (MIIF) and per the Minerals Income Investment Fund (Amendment) Act, 2025 (Act 1137) the Controller and Accountants General Department (C&AGD).

3. **Ghana Revenue Authority (GRA):** The Ghana Revenue Authority (GRA) was established in 2009 by an act of Parliament the Ghana Revenue Authority Act, 2009 (Act 791) as a merger of three independent revenue agencies namely; the Customs, Excise and Preventive Service (CEPS), the Internal Revenue Service (IRS), and the Value Added Tax Service (VATS). Act 791 mandates the GRA to, among others assess and collect taxes, interest and penalties on taxes due to the Republic with optimum efficiency. The Act 791 provides that the GRA shall have Domestic Tax Revenue Division, Customs Division, Support Services Division, and any other division that Parliament determines. Section (2) of Act 791 empowers the GRA to retain not more than 3% of the net annual revenue collected. The Bulk Tax Unit of the Domestic Tax Revenue Division (DTRD) is

responsible for assessing, collecting and accounting for mineral royalty taxes. Section 11 of Act 791 imposes obligation on the Board of the GRA to comply with policy directives from the Minister of Finance.

4. **Minerals Income Investment Fund (MIIF)** was established by the Minerals Income Investment Fund Act, 2018 (Act 978) as amended by the Minerals Income Investment Fund (Amendment) Act, 2020 (Act 1024), and as amended by the Minerals Income Investment Fund (Amendment) Act, 2025 (Act 1137), to manage and invest inflows to Government from mineral royalties, equity and other interests of the State in mining operations, thereby contributing to maximizing the value of the mineral wealth generated by the mining sector.

5. **Minerals Development Fund (MDF)**, under Minerals Development Fund19 Act, 2016 (Act 912), to provide financial resources for the benefit of mining communities, and related matters, receives and disburses 20 percent of mineral royalties and manage the Mining Community Development Scheme in local communities in which mining takes place and other beneficiaries in accordance with Section 21(3) of Act 912.

6. **Office of the Administrator of Stool Lands (OASL**) is established under the Administrator of Stool Lands Act, 1994 (Act 481), to collect stool land revenue (ground rent, dues, royalties and other revenues), and to disburse same to beneficiaries (Metropolitan, Municipal and District Assemblies, Stools, and Traditional Authorities).

7.3 CROSS-CUTTING ISSUES

1. **Institutional Structure**: There are seven (6) state institutions directly responsible for the assessment, collection, disbursement and payment of mineral royalties to central government and local level beneficiaries. These institutions are the: (1) Ministry of Lands and Natural Resources (MLNR), (2) Ministry of Finance, (3) Ghana Revenue Authority (GRA), (4) Minerals Commission (MinCom), (5) Minerals Income Investment Fund (MIIF), (6) Minerals Development Fund (MDF), and (7) Office of the Administrator of Stool Lands (OASL). With the coming into force of the Minerals Income Investment Fund (Amendment) Act, 2025 (Act 1137) the number of institutions will increase by one as the Controller and Accountant General's Department (C&AGD) will play key role and the role of the Minister of Finance will be more direct than just providing ministerial oversight on fiscal policy. The Act 1137 requires the Minister to direct the disbursement of the portion of the mineral royalty for central government.

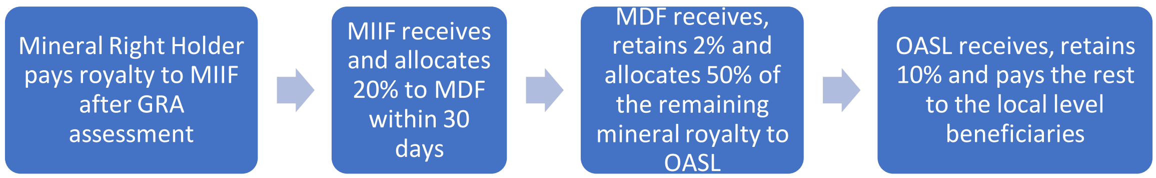
2. **Institutional Mandate**: The mandate, roles and responsibilities of each of the institutions are clearly defined in laws, helping to diminish role conflict while ensuring clarity on the releases of the community share of the mineral royalty.

3. **Distribution Criteria**: The criteria for the distribution of the community portion of the mineral royalty are clearly spelt out in law. MIIF disburses 20% of the royalty received form the mineral right holder to the MDF. The MDF retains up to 2% of the 20% received from the MIIF for administrative and other expenses related to the management of the Fund, converts the 18% into 100% and allocates 50% of to OASL. The OASL converts the

50% received from MDF into 100% and deduct 10% for its administrative and other operation expenses. The 90% is further converted into100% and disburse as follows: 25% to the Stool Land; 20% to the Traditional Authority; and 55% to the district in whose administrative jurisdiction the mine operates.

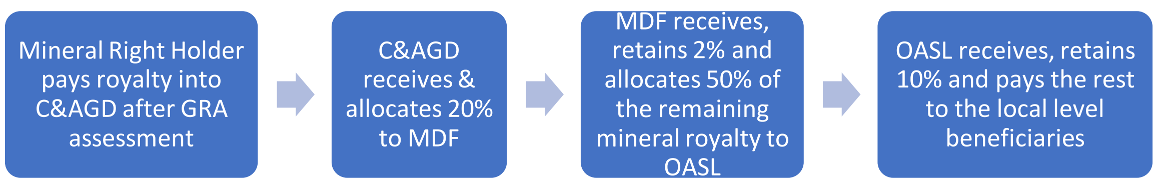
4. **Allocation and Disbursement Procedure**: There is clarity in the allocation and disbursement procedure through which the local level portion of the mineral royalty flows back to the communities where the mine operates. This procedure is followed once, the mineral right holder pays the royalty after an assessment by GRA. Figure 1 presents the process at the time of this study.

Figure 1: Allocation and payment of mineral royalty to community level beneficiaries



The study noted that this process will change once the Minerals Income Investment Fund (Amendment) Act, 2025 (Act 1137) is in operation. Figure 2 presents the amended process once Act 1137 is in operation.

Figure 2: Allocation and payment of mineral royalty to community level beneficiaries



5. **Direct Recipients of Mineral Royalty**: The local level beneficiaries of the mineral royalty allocated to OASL by the MDF after the 10% are three (3) namely; the Stool, the Traditional Authority, and the District Assembly within the area of authority in which the mine operates. The three beneficiaries receive unequal proportions of the payment made the OASL as noted in paragraph 33.

8. 0 CHALLENGES

1. **Bureaucracy**: The involvement of many institutions in the allocation, distribution and payment of the mineral royalty creates bureaucracy along the disbursement chain with the potential for delay in the payment of the community level portion of the mineral royalty. Delay in the payment of royalty at the community level was one of the most reported challenge respondents report.

2. **Disbursement Timelines**: A review of the various laws on the allocation, disbursement and payment of mineral royalty showed that only the MIIF Act made clear provision for

timeline for the disbursement of mineral royalty to MDF. Neither the MDF Act nor the OASL Act and its accompanying regulation provide for timeline within which the mineral royalty should be allocated and disbursed to the rightful recipient. Again, this is another area of discretion with the potential to causing delay in the payment of mineral royalty to the community.

3. **Exclusion of Landowners**: Landowners constitute one of the key actors that is adversely and disproportionately affected by the extraction of mineral resources. While in fact, there is no land acquisition in the strict sense, the deprivation of surface rights tends to deny allodial land owners their access and use of their land for a considerable period. Yet, the disbursement and payment of mineral royalty do not recognize land owners as beneficiaries. Both the Chieftaincy Act and the Office of the Administrator of Stool Lands Act define stool lands in a narrow sense that excludes family and clan lands. The Chieftaincy Act, 2008 (Act 759) interpret "stool" to include a skin; and the Office of the Administrator of Stool Lands Act, 1994 (Act 481) interpret "stool land" to include "any land or interest in, or right over, any land controlled by a stool or skin, the head of a particular community or the captain of a company, for the benefit of the subjects of that stool or the members of that community or company". The exclusion of land owners in the disbursement of mineral royalties coupled with the absence of guidelines that recognize their interest in the disbursement has been a subject for disturbances in mining communities.

4. **Diminished Size of Community Share**: The multiple institutions involved in the allocation and disbursement of the mineral royalty tends to reduce the size of the community share of the mineral royalty. In the current arrangement both MDF and OASL make legally determined disbursement to cover administrative expenses of managing the mineral royalty. Before disbursing the 50% to the OASL, the MDF is required to disburse not more than 2% of the 20% that it receives from the MIIF. Also, before payment to the communities, the OASL is required to disburse 10% of the amount it received from the MDF. These deductions effectively diminish the size of the final amount received by the Stool, Traditional Authority and the District Assembly.

5. **Capacity of OASL**: The OASL is the constitutional body with responsibility for the sub-national disbursement of mineral royalty and royalty from other natural resources as stipulated by the 1992 Constitution of Ghana. The study noted that the 10% disbursement to the OASL is not enough to support the delivery of its core mandate of mobilizing and disbursing stool land revenue as well as policy development and reforms. In effect, guidelines for the utilization of disbursement to Stool Lands, Traditional Authority and District Assemblies are yet to be published after several decades of disbursement.

6. **Lack of Utilisation Guidelines**: While there are clear criteria and procedure for the allocation, disbursement and payment of mineral royalty, there are no provision for the utilisation of the portion of the mineral royalty disbursed to the Stool, Traditional Authority and the district Assembly. This brings to fore the question of transparency in the utilisation of the mineral royalty paid to the Stool, Traditional Authority and the district Assembly.

7. **Mining Community Development Scheme**: Section 16 of the Minerals Development Fund establishes the *Mining Community Development Scheme* and proceeds to give the power of operations to the Board of the MDF under section 19 (5). Section 19 (5) states "*A Local Management Committee shall perform the functions assigned to it by the Board*." These sections of the Act appear inconsistent with the overall purpose of the Local Governance Act, 2016 (Act 936) which gives responsibility for the overall development to the District Assembly.

8. **Fiscal Policy Instability**: Ghana has been operating an unstable hybrid royalty rate since 1986 the period of implementation of the economic recovery programme (ERP). By PNDCL, 1986 (PNDCL 153) the mineral royalty rate ranged from 3-12%. After two decades of implementation PNDCL 153 was repealed by Act 703 in 2006 to reduce the upper limit and maintained the sliding mineral royalty rate range from 3%-6%. In 2010 barely four years of implementation, Act 703 was amended by the Minerals and Mining (Amendment) Act, 2010 (Act 794) and changed the mineral royalty rate from sliding to a fixed rate of 5%. However, due to the saving clause of section 112(5) of Act 703, the manner for the payment of royalties as prescribed in the Mineral (Royalties) Regulations, 1987 (L.I. 1349) continued in force notwithstanding the repeal of the Minerals and Mining Law, 1986 (PNDCL 153). Again, in 2015 Act 703 was amended by the Minerals and Mining (Amendment) Act, 2015 (Act 900) reversing to the sliding royalty rate by granting the Minister the discretion to prescribe royalty rates through regulations. This means that from 2006 to 2015 the government of Ghana has changed its mineral royalty tax three times, which means an average of once in every three (3) years. These frequent changes undermine policy credibility, investor confidence and government revenue potential from mineral resources. A mineral economist describes this instability as a major high-risk factor for the mining sector.

9. **More changes less revenue**: The study found that the frequent changes do not necessarily rake in the needed mineral royalty revenue. A review of the mineral royalty tax revealed that for the twenty years of implementation of PNDCL 153, except for few instances, no mineral right holder ever paid mineral royalty tax beyond the minimum 3%. A profitability formular was used in which mineral right holders stayed within the operating margin of 30% allowing them to legally pay 3%. Act 703 repealed PNDCL 153 to maintain the sliding mineral royalty rate but reduced the upper limit to 6% making the mineral royalty rate range from 3%-6%. The maintenance of the 3% in sliding royalty was simply a legal permission for mineral right holders to continue to pay the minimum because the principle of sliding royalty which allowed mineral royalty to pay within their operating margin was equally maintained. Even when Act 703 was amended in 2010 by the Minerals and Mining (Amendment) Act, 2010 (Act 794) to change the sliding royalty rate to a fixed rate of 5%, royalty payment still followed the principle of sliding royalty due to the saving clause of section 112(5) of Act 703. Section 112(5) of Act 703 permits the manner for the payment of royalties to be made as prescribed in the Mineral (Royalties) Regulations, 1987 (L.I. 1349) using the operating margin principle, which was allowed to continue in force

notwithstanding the repeal of the Minerals and Mining Law, 1986 (PNDCL 153). In 2015, Act 703 was amended by the Minerals and Mining (Amendment) Act, 2015 (Act 900) reversing to the sliding royalty rate by granting the Minister the discretion to prescribe royalty rates through regulations. Again, this amendment did not affect three mining companies because the stability and development agreement they have with the government of Ghana. These mining companies have over four operating mines and are the top three producing gold companies in Ghana.

10. **Unaccounted for Mineral Royalty**: There are some mineral royalties that are not paid into the MIIF as required by Section 28 (1) of the Minerals Income Investment Fund Act, 2018 (Act 978). Paragraph 302 of the GHEITI Report (2024) states "Mineral royalties are payable by companies engaged in the production of minerals, to the Minerals Income Investment Fund (MIIF), except that of bauxite, which is paid into the Consolidated Fund, with the GRA assessing, and accounting for the payments as provided for by Section 28 (1) of the Minerals Income Investment Fund Act, 2018 (Act 978)."This is not only shortchanged the community level share but also raises a question of transparency of government with communities in the equitable allocation of the mineral royalties. The MIIF Act exempts bauxite royalties from the revenues to be collected by MIIF. This is

9.0 POLICY PROPOSALS

11. **Whittling Down the Institutions**-The number of institutions should be whittled down to reduce the bureaucracy. We recommend disbursement of the portion of mineral royalty for community level direct to the OASL. The Constitution of the Republic of Ghana has already determined that the OASL should disburse stool land revenue including mineral royalty. The study found no justification to create an intermediary institution between the OASL and the GRA.

12. **Provide Timelines for Mineral Royalty Disbursement**: The study recommends that timelines should be provided for the disbursement of mineral royalty between institutions. This is important in curbing potential abuse of discretion and the delay in transmitting royalty from one institution to the other, particularly from the C&AGD to OASL.

13. **Inclusion of Landowners**. The study recommends the inclusion of landowners in the disbursement and payment of the community level portion of the mineral royalty. Land is a critical resource for social and economic development, and the Land Act 2020 (Act 1036) recognizes clan land as distinct from stool land and defines clan land to include "land, the allodial title to which, is held by a clan or a collection of clans for the benefit of the members of that clan or clans in accordance with customary law and includes land in the parts of the country where a clan or collection of clans is headed by a tendana". One approach is to identify landowners as a separate stakeholder where stool land is not applicable. The second approach is to identify landowners as a category of stakeholders within the umbrella Traditional Authority. The inclusion of landowners would not only address this legal gap but also help minimize conflicts in mining areas by putting

landowners in the forefront of facilitating the development of mines as noted among Chiefs.

14. **Review the Sharing Formular:** The study proposes a review of the formular by increasing the share that goes to community level stakeholders. The 20% formular was developed in 1960 and since remained the same, sixty-five years or more is long enough to review the formular. Secondly, an upward adjustment of the mineral royalty for the district is consistent in keeping with the constitutional provision for decentralized planning and development. The study proposes an increase of the **10% to 15%** of the royalty for disbursement as follows:
    a. **OASL-3% of the 15%**: for ensuring timely disbursement, monitoring for efficient utilisation of the disbursed mineral royalties, capacity building and training, forging collaboration between SLs, TAs and District Assemblies in the use of the mineral royalties, efficient resource mobilization by covering all revenue sources (rents, royalties, dues), promoting policy reforms, among others.

The remaining **12% converted** to 100% to be disbursed as follows:

b. **Stool-15%-:** for the maintenance of the Stool in line with its status (The guidelines should define clearly what constitute the maintenance and status of the stool through transparent stakeholders engagement and meaningful consultations of persons and stakeholders covered by the stool. The Stool is a beneficiary of the developmental activities of the district and shall be a part beneficiary of the 70% share of the district.

c. **Traditional Authority-10%** for the maintenance of culture and tradition, community development, management of the traditional council, social mobilization and such other areas as may be determined by the guidelines through transparent stakeholders engagement and meaningful consultations.

d. **Landowners -5%:** in payment of the bundle of alternative uses forgone for the mineral right holders. While compensation is paid for deprivation of the use of surface rights such payment is made to land users and not necessarily land owners.

e. **District Assembly-70%:** This is a public institution with mandate for the overall development of the district in which the mine is located. The increase is an opportunity to support the deepening of decentralization by allowing resources to follow functions. The guidelines should have two broad areas (a) Development and (b) Management cost/Administrative Overhead with clearly defined percentage ceilings and floors and indicators for the utilisation.

15. **Develop and Publish Utilisation Guidelines**: The study found that the OASL is in the process of developing guidelines for the utilization of mineral royalty. The Office should speed up to complete the development and publish them. It is expected that the guidelines

should cover the royalties it disburses to the Stools, Traditional Authority and District Assemblies, and include the manner in which landowners would be paid their royalty.

16. **Amend the MDF Act**: The study recommends that the MDF Act should be amended to remove and relocate section 16 as key function to be performed jointly by the local Office of the Minerals Commission and the District Assembly where the Scheme operates. This will help harmonize institutional roles at the local level. Part of the central idea of decentralizing the Minerals Commission is to ensure their outreach to the local level The District Assembly is already vested with the mandate for the overall development of the area under its administrative jurisdiction.

17. **Fiscal Policy Consistency**: Maintain policy consistency to restore investor confidence, reduce investment risk profile and increase mineral royalty revenue. Since mineral royalty tax is based essentially on production, a standard period for a consideration of royalty adjustment should be established in line with the average life of a typical mine.

18. **Fixed Mineral Royalty Tax**: This study proposes a fixed royalty tax to provide government and investors with a stable and predictable revenue stream that will lead to greater transparency in the fiscal regime. In the specific case of government, a fixed mineral royalty is easy to administer, ensures a reliable and often early flow of income for the government because it is paid regardless of whether the mining operation makes profit, and has the effect of reducing the scope for price manipulation such as the risk of transfer mispricing or profit-shifting schemes that mineral right holders might use to artificially reduce their taxable income in Ghana. Our proposed fixed mineral royalty rate is **10%**.

19. **Accounted for all Mineral Royalties:** The study proposes that all mineral royalties should be accounted for and the community share must be allocated from all such mineral royalties. This is because the extraction of all minerals take place on land and sea which also fall within customarily established communities and every community is located in a local authority in Ghana. Therefore, the same principle for gold should be followed for the other commercial minerals.

20. **Capacity Building and Training:** The study proposes an intentional capacity building and training to maximize the mineral royalty paid by mineral right holders. Mineral royalty tax is not just ordinary tax, it requires expertise from the assessing and collecting institution to have clear understanding of the working of the industry to help in the imposition of the mineral royalty tax in a proportionate manner.

10.0 REFERENCES

Boateng F., Wisdom E.G and Atiku O.S. (2024). A time series analysis of mineral revenue and economic growth in Ghana. Cogent Economics & Finance, Volume 13, 2025 - Issue 1 https://doi.org/10.1080/23322039.2025.2465986

Bouterige Y., de Quatrebarbes C., and Laporte B., (2020). Summary Brief Number 21 Mining Taxation in Africa: What Recent Evolution in 2018? Institute of Development Studies, UK.

Ericsson M. and Löf A. (2020). Analysis of Tax Regimes Comparative Analysis of Tax Regimes of Land-Based Mining in 15 Countries Report: Final Draft for The International Seabed Authority. Raw Materials Group-RMG Consulting. Stockholm, Sweden.

Ghana Extractive Industries Transparency Initiative (GHEITI). (2024). GHEITI Report on Mining Sector (2021-2022). (June 2024). Ministry of Finance, Accra.
https://www.gheiti.gov.gh/site/index.php?option=co (downloaded 29th December 2025)

https://www.mincom.gov.gh/mincom-news/review-of-ghanas-minerals-and-mining-policies-and-legal-regime-bono-east-region-house-of-chiefs-calls-for-streamlining-royalty-disbursement/

https://www.voronoiapp.com/trade/-Evolution-of-Africas-Export-Composition-20012023-3557

Harwood T.G and Garry T., (2003). An Overview of Content Analysis; The Marketing Review, Volume 3, Number 4, 1 December 2003, pp. 479-498(20), Westburn Publishers Ltd DOI: https://doi.org/10.1362/146934703771910080

Livelihood and Environment Ghana-LEG. (2025). Report of Community Level Education and Training on Ghana's Mining Laws. LEG, Sunyani.

Stahl N. A. and King J. R. (2020). Expanding Approaches for Research: Understanding and Using Trustworthiness in Qualitative Research Journal of Developmental Education Volume 44, Issue 1 Fall 2020

The Ghana Chamber of Mines. (2023). The Ghana Chamber of Mines 2024 Mining Industry Statistics and Data. The Ghana Chamber of Mines, Accra.

The Republic of Ghana. (2016). Minerals Development Fund Act, 2016 (Act 912). Ghana Publishing Company Limited (Assembly Press), Accra.

The Republic of Ghana. (2018). Minerals Income Investment Fund Act, 2018 (Act 978). Ghana Publishing Company Limited (Assembly Press), Accra.

The Republic of Ghana. (2015). Minerals and Mining (Amendment) Act, 2015 (Act 900). Ghana Publishing Company Limited (Assembly Press), Accra.

The Republic of Ghana. (2006). Minerals and Mining Act, 2006 (Act 703). Ghana Publishing Company Limited (Assembly Press), Accra.

The Republic of Ghana. (1994). Office of the Administrator of Stool Lands Act, 1994, Act 481. Ghana Publishing Company Limited (Assembly Press), Accra.

The Republic of Ghana. (2019). Office of the Administrator of Stool Lands Regulations, 2019, (L.I.2377). Ghana Publishing Company Limited (Assembly Press), Accra.

The Republic of Ghana. (1992). The 1992 Constitution of the Republic of Ghana. Ghana Publishing Company Limited (Assembly Press), Accra.

World Gold Council. (2020). Major global trading hubs. https://www.gold.org/gold-market-structure/global-gold-market Google Scholar