

**PRESIDENTIAL ADDRESS BY MICHAEL EDEM AKAFIA ESQ., PRESIDENT OF THE GHANA
CHAMBER OF MINES, ACCRA, 7 JUNE 2024**

**Honourable Samuel Abu Jinapor, MP for Damongo and Minister for Lands and Natural Resources,
Esteemed Past and Present Executives of the Chamber,
Your Excellencies, Members of the Diplomatic Corps,
CEOs and members of the Ghana Chamber of Mines,
CEOs and Heads of Institutions,
The Media,
Distinguished Ladies and Gentlemen,**

It is an honour and privilege to deliver the 97th Annual Presidential Address of the Ghana Chamber of Mines.

I recognise the responsibilities which come with the role of being President of the Chamber and I am challenged by the opportunity to serve at this critical time.

I am confident that with the support and collective expertise of Chamber executives and technically savvy members, we will achieve continued success and serve the best interests of the industry and Ghana.

I would like to take a moment to acknowledge my predecessor, Ing. Joshua Mortoti, for his exceptional leadership over the past two years. Under his stewardship, the Chamber made significant strides in advancing its vision, mission, and objectives. We thank Josh for his dedicated and exemplary service and wish him success in his future endeavours.

Our institution, the Ghana Chamber of Mines, has achieved wide-ranging success in skills development and application in a very challenging multi-disciplinary structured technical industry for almost a century.

Whilst promoting nation-building during the past few decades, the Chamber has achieved remarkable international recognition with the transformation of processes and systems to suit changing conditions and locations.

Honourable Minister, distinguished ladies and gentlemen, the comprehensive review I present highlights the Chamber's efforts and achievements in fostering industry growth and national and regional relevance. It will also reflect what the Chamber did to ensure responsible mining practices and the determined efforts we made as a group to address significant operational challenges in 2023.

Distinguished Ladies and Gentlemen, the past two years were characterised by some emerging pressures, requiring a combination of flexibility and an increasing need for resilience and growth. Threats and new challenges had to be contained with a range of heightened advocacy and anticipatory policy initiatives to avoid a possible decline within our industry.

We also recognise the challenges ahead, from economic uncertainties to environmental concerns, community issues, fiscal, security, and geopolitical tensions. In navigating these complex uncertainties, we must adopt innovative strategies and foster collaboration to ensure the sustainable development of Ghana's mining sector, as well as deepen the relevance of our Chamber.

In 2023, we observed a dynamic environment marked by opportunities and challenges for the mining landscape. The world economy continued its recovery from the COVID-19 pandemic, uneven growth, and to some extent, changing weather patterns and geopolitical tensions, such as the conflict between Russia and Ukraine.

These factors exerted significant pressure on commodity prices and supply chains. Moreover, the transition towards renewable energy sources underscored the importance of sustainable and ethical mining practices in meeting the growing demand for critical minerals.

In the African context, our continent's mining sector demonstrated resilience, given the numerous challenges, including a remarkable surge in global interest in green and other strategic metals on the continent. Other issues included security concerns, regulatory uncertainties, and infrastructure deficits. However, Ghana, endowed with considerable mineral resources, maintained a strong performance in 2023, contributing significantly to GDP performance, export earnings and employment figures.

Central to our Chamber's objectives is the promotion of responsible mining practices and enhanced collaboration within the industry. Another cardinal objective of the Chamber is to provide leadership for the resolution of national issues related to mining. In this regard, we intensified our engagement with government agencies, regulatory bodies, and local communities, underscoring our commitment to responsible mining.

Initiatives such as the Tertiary Education Fund, workshops on the local Supplier Development Programme etc, exemplify our dedication to social, economic, and environmental stewardship.

Our investments in local community development projects continued to improve livelihoods and foster inclusive growth through strategies for wealth creation. In 2023, mining companies spent more than 0.54 percent of their mineral receipts on community development initiatives and programmes.

The economic contributions of the mining sector have been substantial, with increased local content and participation in the value chain. In 2023, our producing members made significant contributions to government revenue through taxes and royalties, further bolstering Ghana's economic resilience.

Challenges Confronting Operations in 2023

Ladies and gentlemen, the industry has faced a few challenges over the past few years, including the year under review:

- **Fiscal Issues - Growth and Sustainability Levy (GSL):** This levy, has been pegged at 1% of production, and is not tax deductible. This is unfair and potentially harmful to the industry's viability. We therefore call for a review to arrive at a mutually beneficial point.
- **Petroleum Product Pricing:** The Chamber is calling for market-driven pricing for diesel oil and the removal of certain unjust levies and margins that inflate costs exponentially.
- **Income Tax Act, 2015 (Act 896): Ring Fencing:** The Chamber seeks clarification and amendments to make compliance practical.
- **Limitations on Deductibility:** The Chamber is requesting a reconsideration of non-resident service payments and thin capitalization rules for the mining industry.
- **Update on the Mining List:** The Chamber still believes that the exclusion of consumables from the Mining List will increase operational cost and make our mines less viable. We urge the Minerals Commission to expedite action on the review of Act 703 to take care of this issue.
- **Advocacy Issues: Incentives for Exploration Companies:** The Chamber continues to appeal for VAT exemptions on major cost items such as drilling and assaying to attract investments in exploration.
- **Mineral Revenue Retention Policy:** The Chamber prefers retaining existing retention agreements over the proposed standardized regime.
- **Infrastructure:** We continued to urge the government to revamp the western rail line to reduce haulage costs for bulk minerals, especially manganese and bauxite.

Stakeholder Engagement

In 2023, the Chamber maintained a collaborative and mutually respectful relationship with government and state institutions, while fostering a supportive environment for Chamber member companies.

The Chamber's interactions were particularly focused on the Ministries of Lands and Natural Resources, Finance, and Energy, along with the Minerals Commission and the Environmental Protection Agency (EPA).

Other key partners included the Ghana Revenue Authority, selected Regional Ministers, the Office of the Administrator of Stool Lands, and local government assemblies. Those engagements were aimed at promoting responsible mining and enhancing public service delivery to facilitate business operations and sustain a good corporate image.

External Relations and Communications

The External Relations and Communications Department was instrumental in achieving successful strategic engagement and communication initiatives, promoting responsible mining and adherence to ESG principles in Ghana.

In 2023, the department strengthened media relations, locally and internationally, to ensure that industry stories were reported accurately and objectively.

The Chamber's CEO and his team visited Chirano Goldmines, Perseus Mining, AngloGold Ashanti, traditional authorities, youth groups, and local government leaders. The CEO also visited some affiliate member companies based in Accra.

In 2023, the Chamber organized noteworthy events including the 5th Ghana Mining & Energy Summit (GMES), the Mining for Development Forum on Security, a mine tour for journalists, a seminar on sustainability communication, and the 9th Ghana Mining Industry Awards (GMIA).

Environment

The Environmental and Social Affairs Committee (ENSOC) was pivotal in advancing environmental and social initiatives among Chamber members.

Activities included environmental compliance assessments, stakeholder workshops on emission monitoring, addressing illegal/community mining, developing sustainability communication strategies, and implementing Reclamation Security Agreements.

The Chamber continued to enjoy the support and collaboration of the Environmental Protection Agency and the Water Resources Commission.

Analysis, Research, and Finance

The overarching objective of the department was to anchor the Chamber's advocacy objectives into a research-backed information database while fostering an enabling fiscal environment for mining-related businesses.

The scope of activities in 2023 included the analysis of policies, laws, and edicts which had a bearing on the minerals and mining sector.

In addition, the department coordinated the health and safety and technical aspects of mining. It also worked to ensure security in the supply of fuel and electricity and coordinated the Chamber's carbon reduction strategy.

In 2023, the department also coordinated the activities of various committees, including Technical, Security, Energy, Finance & Budget, as well as Legal & Legislative Affairs.

Human Resources & Operations (HRO)

The Human Resources and Operations Department (HROD) strategically developed programmes and initiatives to help achieve and promote the competencies, culture, and behaviours needed to attain the Chamber's goals.

As part of its responsibilities, the department is currently responsible for six (6) committees of the Chamber. These committees are Supply Managers, Affiliates, Exploration, Human Resources, and Contractors' Committees as well as the Governing Board of the Ghana

Chamber of Mines' Tertiary Education Fund. The HRO department also managed HR, affiliates, contract miners, supply managers, and exploration committees.

At the end of 2023, the workforce of Chamber members included 12,588 Ghanaian employees and 86 expatriates, with Ghanaians constituting 99.3% of total employment.

The HRO department also helped the Chamber to maintain strong relations with the Ghana Mineworker's Union and other industry unions.

Performance of Ghana's Mining Industry in 2023

Ghana saw an increase in the production and export of traditional minerals, except manganese. Gold production rose from 3.7 million ounces in 2022 to four million ounces in 2023, an 8.3% increase, driven by the expansion of small-scale mining.

However, large-scale gold production declined from 3.1 million ounces in 2022 to 2.9 million ounces in 2023. Small-scale production saw a significant increase of 70.6%, from 0.66 million ounces to 1.1 million ounces.

Mineral Production Outlook for 2024

Broad-based growth in traditional minerals is expected, with gold production projected between 4.3 million and 4.5 million ounces.

New projects like Newmont's Ahafo North and Cardinal Resource's Namdini Gold Mine will contribute to this growth.

Manganese production is expected to increase to 5 million tonnes, bauxite to between 1.2 million and 1.5 million tonnes, and diamond exports to about 220,000 to 250,000 carats.

Contributions to Merchandise Exports and Balance of Payments

The mining sector is crucial for foreign exchange supply, contributing to financial stability. Mineral export receipts increased from US\$6.8 billion in 2022 to US\$7.8 billion in 2023, with gold contributing US\$7.6 billion.

Bauxite and diamond revenues also saw significant increases, while manganese export proceeds declined slightly.

Impact of Mining on the Local Economy 2023

Producing member companies realized US\$5.9 billion in mineral revenue in 2023, repatriating US\$4.2 billion to Ghana.

This included US\$2.7 billion through commercial banks and US\$1.5 billion through the Bank of Ghana. The mining sector also spent US\$7.29 billion in the local economy, exceeding mineral revenue, with significant expenditure on non-energy goods and services, electricity, diesel, salaries, taxes, and corporate social investment.

Let's note that contrary to media reports, a large portion of mineral revenue was paid to the state. This was equivalent to 59.1 percent which was higher than the 25.8 percent recorded in 2022.

Health and Safety

Honourable Minister, our members are committed to adhering to strict health and safety standards to ensure that the mining environment is safe for employees and communities.

This position has evolved after decades of collaboration with site officials and communities, local authorities and regional and national bodies.

In partnership with the Inspectorate Division of the Minerals Commission and St. John Ambulance, the Chamber continued to improve the annual Inter-Mines First Aid and Safety Competition to ensure maximum benefit for member companies, host communities and the public. A component of the event was broadcast live on GTV and Radio Ghana's *What Do You Know* quiz show.

The mining industry reported an improvement in all classes of measured incidents, except Fatal Injuries and First Aid Injuries.

Statistics from the Minerals Commission, indicate a 35 per cent decline in Serious Injuries, from 26 in 2022 to 17 in 2023. On the contrary, First Aid Injuries rose to 162 in 2023 relative to 156 in 2022.

To improve safety practices of third-party contractors of producing member companies, the Chamber worked with the Technical Committee to organize webinars on best practice in health and safety in October and November 2023. These seminars will continue in 2024.

Conclusion

Hon. Minister, Distinguished ladies and gentlemen, overall, the Chamber's activities in 2023 centered around enhancing the mining sector's operational environment, advocating fair fiscal policies, and ensuring sustainable growth through strategic stakeholder engagements and communication initiatives.

I commend member companies for staying resolute in the face of economic, fiscal, and legal challenges.

We should continue to ensure that our operations become beacons of best practice in sustainable and responsible mining across the continent and a cornerstone to the growth of Ghana's economy. We are proud of the immense positive impact our operations bring to a broad range of stakeholders.

I thank our Sector Minister, Hon. Samuel Abu Jinapor, for his understanding and support for our industry on several fronts. We hope to continue the cordial working relationship with all our regulators and stakeholders to make Ghana the hub of mining in Africa.

To colleagues on the Executive Committee as well as the Council, your advice and support would be invaluable to our collective success.

To the CEO of the Secretariat and his team, we are grateful for the diligence and commitment you have shown over the years at the Chamber.

I pledge to you all that during my tenure of office, the Chamber will continue to lead the steady and responsible transformation of the minerals sector.

Thank you for your attention.

MICHAEL EDEM AKAFIA ESQ.
PRESIDENT, GHANA CHAMBER OF MINES
ACCRA, JUNE 7, 2024

