

LEADERS URGED TO OPTIMIZE MINING REVENUES

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The Environmental Programme Officer of Third World Network (TWN)-Africa, Mr. Abdulai Darimani has indicated that while mineral resources have been integral to the social and economic development prospects of mineral endowed countries and local communities in Africa, domestic measures have not been adequate to optimize the benefits of the resource.

According to him this has occurred largely because of the process of globalization which has emerged as policy, law and practices for all countries and local communities who suffer the direct impact of policy inadequacy and poor practice have employed a variety of demands to address their concerns which has contributed to the instability in the sub-region.

To salvage this situation Mr. Darimani has called for an integrated national and regional strategy for mining which would have a rural development strategy as key element since most mines are based in local communities.

The Environmental Programme Officer said this at the opening of a three-day conference organized by TWN-Africa in collaboration with Review of African Political Economy on the theme Beyond Foreign Direct Investment in Africa's Mining Sector in Accra.

He further called for the need to improve the marginal gains by considering an upward review of the levels of some of the taxes particularly royalty and reintroduce some taxes such as capital gain tax and additional profit/windfall tax where applicable.

According to Mr. Darimani, stocks of non-renewable natural resources such as metals and minerals represent potential catalyst for the social and economic development of host countries and communities in mining areas.

He said that despite this potential, both statistical and anecdotal evidence available suggest that massive mining investment has limited if at all transformative effect on the national economies and local communities.

According to him community demands for improved revenue distribution and management is both a response and an illustration of policy failure to translate mineral wealth into integrated rural and national development.

The Environmental Programme Officer said that currently the main sources of mineral revenue to host countries are state equity participation in each mine, royalty as well as traditional taxes such as corporate profit tax, reconstruction or development levies etc.

He indicated that royalty taxes are largely the largest and more stable source of revenue to host States than taxes on profits which companies rarely pay due to excessive taxable allowances granted to them by most mineral codes.

According to him, the level and range of royalties imposed on mining companies operating in the sub-region have been terribly low and relate more to protecting the short-term commercial interests of investors than the long-term economic interest of host countries.

Mr. Darimani further called for the creation of a permanent mineral resource investment fund backed by national law and managed by clearly defined institution.

"A review of experiences elsewhere would be valuable as a precursor and some of the experiences that are worthy a review include Alaska Permanent Fund, Alberta Heritage Fund and Norwegian Petroleum Fund," he added.

In addition, he called for a fiscal devolution principles which transfer and reverse revenue sharing arrangement to the local centres and such principles must be consistent with the larger integrated national development agenda.

"The Principles should also come with clear definition of guidelines for the distribution and utilizes of the mineral wealth," he said.

He also called for the introduction of special production-based fees, taxes based on source principle example being the stumpage fees concept in the timber sector.

The Coordinator of TWN-Africa, Dr. Yao Graham said that the conference formed part of the organization's quest for a better mining regime for the continent.

According to him, the aim of the conference is to ensure that policies adopted by African leaders would enhance and improve positively the livelihood of rural communities.

Dr. Graham said that currently the continent has subjected itself to mining mineral resources that are needed by foreign investors and not necessarily local use.

He called on African leaders to take initiatives to also consider extracting other resources that are not really needed by foreigners but would be beneficial to the domestic industry.

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