

# 2023 Mining District Development Scorecard (MDDS) League Table

Strengthening Transparency and Accountability in the Use of Mineral Revenues to Promote Socio-economic Development in Mining Districts in Ghana





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## LIST OF ABBREVIATIONS

|           |   |
|-----------|---|
| CDD-Ghana | Ghana Center for Democratic Development             |
| CPE       | Citizens Participation and Engagement               |
| DAs       | District Assemblies                                 |
| DPAT      | District Performance Assessment Tool                |
| DPCUs     | District Planning and Coordinating Units            |
| EITI      | Extractive Industries Transparency Initiative       |
| FIT       | Fiscal Transparency                                 |
| GHEITI    | Ghana Extractive Industries Transparency Initiative |
| GRA       | Ghana Revenue Authority                             |
| IGF       | Internally Generated Fund                           |
| LED       | Local Economic Development                          |
| LGE       | Local Government Effectiveness                      |
| LMCs      | Local Management Committees                         |
| LMCE      | Local Management Committee Effectiveness            |
| MCDS      | Mining Community Development Scheme                 |
| MDF       | Minerals Development Fund                           |
| MDF-UE    | Mineral Development Fund Utilization Efficiency     |
| MDDS      | Mining Districts' Development Scorecard             |
| MIIF      | Mineral Income Investment Fund                      |
| MLNR      | Ministry of Land and Natural Resources              |
| MMDAs     | Metropolitan, Municipal, and District Assemblies    |
| MoF       | Ministry of Finance                                 |
| OASL      | Office of Administrator of Stool Lands              |
| RGI       | Resources Governance Index                          |
| RWI       | Revenue Watch Index                                 |



# EXECUTIVE SUMMARY

## Introduction

Revenues from extractive mineral resources, such as gold, bauxite, and diamond, significantly contribute to government revenue in many resource-rich African countries, including Ghana. If well managed, these revenues have the potential to improve local economic growth and provide social infrastructure, positively impacting the lives of citizens<sup>1</sup>. However, across Africa, the abundance of mineral resources and their revenues have not led to inclusive socio-economic development outcomes, particularly in rural communities where mining activities occur, resulting in the phenomenon known as the 'local resource curse'<sup>2</sup>. Ghana is among a few African countries that have committed to decentralizing a portion of mineral royalty revenues to communities to address the challenges of the local resource curse and transform mineral resource-rich communities<sup>3</sup>.

Despite having a large extractive

sector and a well-structured decentralized mineral revenue-sharing framework between the central government and local government authorities and entities, mineral resource-rich districts and communities in Ghana remain among the poorest<sup>4</sup>. This observation suggests that mineral royalties are not used efficiently to improve social development outcomes.<sup>5</sup> Again, there is a widespread perception that mining has brought little to no benefit to affected communities,<sup>6</sup> and the failure to translate mineral wealth into broad base socio-economic development at the district level is attributed to governance failures. The governance failures are manifested in weak transparency and accountability practices and mechanisms surrounding mineral royalties' transfer, management, and utilization<sup>7</sup>.

To contribute to efforts to improve mining revenue governance and to address the 'local resource curse' in

Ghana, the Ghana Center for Democratic Development (CDD-Ghana) secured support from the Ford Foundation to pilot an intervention to strengthen social accountability in mineral royalty governance to promote socio-economic development in Ghana. The project, titled "**Strengthening Transparency and Accountability in Mineral Revenue Utilization for Socio-economic Development in Ghana's Mining Districts**," aims to track the transfer, management, and utilization of mineral royalties in selected mineral resource-rich districts in Ghana. The project aims to enhance transparency, participation, and accountability in managing mineral revenues to promote socio-economic development outcomes in mining districts in Ghana. To achieve these project goals, CDD-Ghana developed and piloted a "**Mining Districts' Development Scorecard (MDDS)**".

## About the Mining Districts' Development Scorecard (MDDS) Initiative

The Mining District Development Scorecard (MDDS) is a tool designed to assess and rank the levels of transparency, accountability, and citizen participation in managing mineral royalties in mineral resource-rich districts in Ghana. It aims to improve the socioeconomic development outcomes in these districts. The MDDS is an innovative and robust tool that provides stakeholders, including local government authorities, traditional authorities, mining companies, civil society actors, media, and citizens, with evidence of how districts are performing in the governance, management, and utilization of mineral royalties. This informa-

tion can then be used to strengthen accountability in managing mineral royalties. Additionally, the MDDS will serve as a social accountability tool, facilitating public dialogue to enhance policy and practice in sub-national level governance of mineral royalties, with the ultimate goal of fostering inclusive development. Specifically, the MDDS has three main objectives:

*1. Make freely available information about the state of transparency and accountability practices in the management of mineral royalty in mining districts to improve citizens' and*

*other community-level stakeholders' awareness and knowledge;*

*2. Support evidence-informed dialogue between local government authorities, citizen groups, and communities on the governance, management and utilization of mineral royalties; and*

*3. Incentivize the use of evidence to foster transparency, and citizen engagement as a mechanism to strengthen accountability in the use of mineral royalty at the national and sub-national levels*

## MDDS Methodology and Approach

The MDDS tool aims to assess the performance of Ghana's mineral resource-rich districts in terms of governance, management, and utilization of mineral royalties. Its goal is to promote accountable governance in the management of mineral royalties for better social development outcomes. The MDDS tool utilizes the following five key dimensions to

evaluate the quality of district-level governance in the management, and utilization of mineral royalties:

**Fiscal Transparency (FIT)** – measure the adherence to public financial management information disclosure practices and the available channels, for sharing information and reports relating to mineral royalties' transfers

and expenditure by local government authorities at the district level;

**Local Government Effectiveness (LGE)** – measures the quality of planning and budgeting processes, program implementation, and local resource mobilization capacity of District Assemblies (DAs) in mineral resource-rich district;

**Local Management Committee Effectiveness (LMCE)** – measures the organizational, operational, and management effectiveness of the Local Management Committees (LMCs) in overseeing the management of the Mining Community Development Schemes (MCDS)

**Citizen Participation and Engagement (CPE)** – measures citizens’ participation and engagement (including vulnerable groups such as youth and women) in local government decision-making processes (planning and budgeting)

**Mineral Development Fund Utilization Efficiency (MDF-UE)** – measures the efficiency in the utilization of mineral royalty revenues by DAs and LMCs to promote inclusive local socio-economic development

These ‘good’ governance practices in the governance, management, and utilization of mineral revenues constitute the five major components of the MDDS. The five components have 22 sub-components and 115 measurement indicators. To assess district performance, the MDDS tool combines administrative

data and key community informant experiential survey data to score and rank district performance on these components. The community key informant experiential survey provides data for 97 measurement indicators for 10 out of the 22 sub-components. The surveys in the districts were conducted in November 2022. Administrative data sources provide 18 measurement indicators for 12 sub-components of the MDDS. The baseline year for the key administrative data sources is 2020.

## MDDS Components, Sub-components, Indicators, and Data Source

| Components  | Sub-components  | No. of Indicators                        | Source of Data   | Year |
|---|---|--|--|------|
| <b>Fiscal Transparency (FIT)</b>                                | Citizens’ Awareness of MDF Allocation to Districts  | 3  | CDD-Ghana Experiential Survey                                  | 2022 |
|   | MDF Information Dissemination Platforms   | 56                                       | CDD-Ghana Experiential Survey                                  | 2022 |
|   | Preparation and Submission of District Quarterly Financial Reports  | 1  | District Performance Assessment Tool (DPAT)                    | 2020 |
|   | Availability of Approved Annual Budget and Action Plan  | 1  | District Composite Budget/Annual Action Plans/Progress Reports | 2020 |
|   | Presentation of the Auditor General’s Report to the General Assembly                                      | 1  | Progress Reports/Auditor General’s Report                      | 2020 |
| <b>Local Government Effectiveness (LGE)</b>                     | Regularity of Opportunity for Citizens’ Participation in the DA Planning and Budgeting Process            | 3  | CDD-Ghana Experiential Survey                                  | 2022 |
|   | Approval of the DA Budget and Annual Action Plan for 2020)  | 1  | District Annual Progress Reports                               | 2020 |
|   | Availability of District LED activities in the Annual Action Plan   | 1  | District MTD/ Annual Action Plans                              | 2020 |
|   | The plurality (90%) of Implemented Activities in Annual Action Plan                                       | 1  | District Annual Progress Reports                               | 2020 |
|   | The proportion of the Annual Action Plan Implemented  | 1  | District Annual Progress Reports                               | 2020 |
| The ratio of IGF to MDF Funds Disbursed                         | 1   | District Composite Budget/ GHEITI Report | 2020   |      |
| <b>Local Management Committees Effectiveness (LMCE)</b>         | Awareness of LMC Establishment and Projects Implemented   | 13                                       | CDD-Ghana Experiential Survey                                  | 2022 |
|   | LMC - Citizens’ Engagement in Development Planning Processes  | 4  | CDD-Ghana Experiential Survey                                  | 2022 |
|   | LCM Prepares and Submits Project Implementation Plan and Budget to MDF                                    | 1  | MDF Secretariat  | 2020 |
|   | LCM Prepares and Submits Progress and Annual Reports to MDF   | 1  | MDF Secretariat  | 2020 |
| <b>Citizen Participation and Engagement (CPE)</b>               | Citizens Participation in DAs Development Plan Preparation  | 2  | CDD-Ghana Experiential Survey                                  | 2022 |
|   | Participation (including the vulnerable) in DA Budget Preparation   | 2  | CDD-Ghana Experiential Survey                                  | 2022 |
|   | DAs Organization of Town Hall Meetings and Engagement with Communities                                    | 1  | District Annual Progress Report                                | 2020 |
| <b>Mineral Development Fund Utilization Efficiency (MDF-UE)</b> | Awareness of MDF Funded Infrastructure by the District Assembly & LMCs                                    | 10                                       | CDD-Ghana Experiential Survey                                  | 2022 |
|   | MDF Projects Relevance and Satisfaction with District Development Efforts in Communities                  | 2  | CDD-Ghana Experiential Survey                                  | 2022 |
|   | LMC Projects Impact and Citizens’ Satisfaction with their Work  | 2  | CDD-Ghana Experiential Survey                                  | 2022 |
|   | Socio-economic Infrastructure, Sustainable Livelihood Programs, and Recurrent Expenditure funded from MDF | 7  | GHEITI 2020 Report   | 2022 |

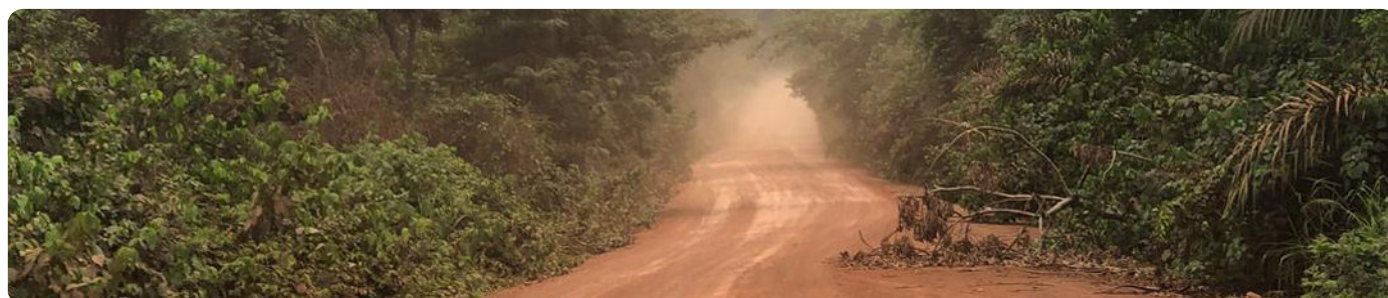
The MDDS overall composite scores is computed as the sum of the mean scores of the five component scores. The MDDS overall composite and component scores is scored on a scale of 0-100, where values less than 30 correspond to “poor” performance; values from 30 to 44 correspond to “weak” performance; values from 45-59 correspond to

“satisfactory” performance; values from 60-74 correspond to “good” performance; and values greater than 75 correspond to “very good” performance in mineral royalty revenue governance and management practices.

The MDDS tool was piloted in eight out of 21 mineral resource-rich

districts spread across Ghana. The selected districts are:

Asutifi North District, Bibiani Anhwiaso Bekwai Municipal, Birim North District, Prestea Huni-Valley Municipal, Tarkwa Nsueam Municipal, Obuasi Municipal, Upper Denkyira West District, and Wassa East District.



## The 2023 MDDS League Table Results: Summary of Key Findings

The following are the highlights of the key findings from the maiden 2023 MDDS district performance league table results:

**Birim North District emerged as the top-ranked district overall in the 2023 MDDS league table, scoring 42.4 out of 100 points. Tarkwa Nsuaem Municipal is ranked 2nd with a score of 41.9 points, and Wassa East District is ranked 3rd with 41 points.**

- The three bottom-ranked districts are Obuasi Municipal, which ranked 6th with a score of 35.4 points; Asutifi North District, which ranked 7th with a score of 34.2 points; and Prestea Huni-Valley Municipal, which ranked 8th with a score of 33.1 points.

**The MDDS average district performance score across the eight mineral resource-rich districts is 38.4 out of 100 points.** This score indicates poor overall quality of governance in managing and utilizing mineral royalties at the district level.

- This evidence of weak governance practices in mineral revenue management has significant implications for the potential to achieve sustainable and inclusive social development outcomes in Ghana's mineral resource-rich districts and communities.

**However, there are significant variations in the performance scores and ranks of individual districts across the components of the MDDS, as well as among rural and urban mineral resource-rich districts.**

- Five mineral resource-rich districts scored above the average MDDS district performance score.
  - » The five districts are Birim North District (42.4 points); Tarkwa Nsuaem Municipal (41.9 points); Wassa East District (41.0 points); Upper Denkyira

West District (40.1 points); and Bibiani, Anhwiaso Berkwai Municipal (39.0 points).

- The three districts that score below the MDDS average performance score are Obuasi Municipal (35.4 points), Asutifi North District (34.2 points), and Prestea Huni-Valley Municipal (33.1 points).

Districts generally performed well on the MDDS league table in three component areas: Fiscal Transparency (FIT), Local Government Effectiveness (LGE), and Citizen Participation and Engagement (CPE). The overall district's average performance score on these three components is higher than the overall MDDS average district performance score. However, we observe a common trend among these three components that has facilitated the improvement in districts' MDDS scores.

- All districts had high administrative data scores on the three MDDS components.
  - » All districts had 100 points in the three sub-components used to measure FIT. The three sub-components are: a) *Preparation and publication of the District Quarterly Financial Report*; b) *Availability of approved annual budget and action plan*; and c) *Presentation of the 2020 Auditors General's Report to the General Assembly*. This means that all districts performed very well in these areas of assessment.
  - » All districts had a 100-point score on the single sub-component used to measure CPE, namely a) *"DAs Organization of Town Hall Meetings and Engagement with Communities."*
  - » All districts had a 100-point score in three of the five sub-components used to measure LGE. These sub-components are a) *Approval of the DA*

*Budget and Annual Action Plan for 2020, b) Inclusion of Local Economic Development (LED) activities in the Annual Action Plan, and c) Plurality (90%) of Implemented Activities in the Annual Action Plan. This means that all districts performed very well in these areas of assessment.*

- However, district scores based on a key community informant survey show very poor citizen evaluation of the districts' performance on the three components. Citizens scored districts poorly (an average score of 24.0 points out of a possible score of 100 points) on the two sub-components used to measure FIT, namely: a) *Citizens' awareness of MDF Allocation to Districts*; and b) *Availability of MDF Information Dissemination Platforms*
  - » Citizens scored district poorly (an average score of 17.7 points out of a possible score of 100) on the only sub-component used to measure LGE, namely: *'Regularity of Opportunity for Citizens' Participation in DAs Planning and Budgeting Process'*;
  - » Citizens rated districts poorly (an average score of 17.2 points out of a possible score of 100 points) on the two sub-components used to measure CPE, namely a) *Citizens Participation in DAs Development Plan Preparation in 2020* and b) *Participation (including the vulnerable) in DAs Budget Preparations*.

- The spectacular performance of districts, as indicated by administrative data sources, raises concerns about the accuracy and quality of the data.
  - » This is particularly evident when comparing the assessments provided by key community informants (such as





Assemblymen/women, unit committee and area council executive members, representatives of women, youth, disability, and civil society organizations, traditional leaders, and media personnel) with the self-appraisal conducted by the districts themselves, as documented in their administrative reports used for the assessment and scoring.

**Districts scored poorly in two component areas in the MDDS league table: Local Management Committee Effectiveness (LMCE) and Mineral Development Fund Utilization Efficiency (MDF-UE).** District overall average performance scores and individual district scores on the two components compared to the overall MDDS composite score are very poor:

- The overall district average performance score on LMCE is poor, 14.5 points out of a possible score of 100 points; this is against the MDDS district overall average performance score of 38.4 points (**a difference of -29.9 points**).
  - » Average district scores across the four sub-components used to measure LMCE are poor: only in one out of the four sub-components was the district average performance score higher

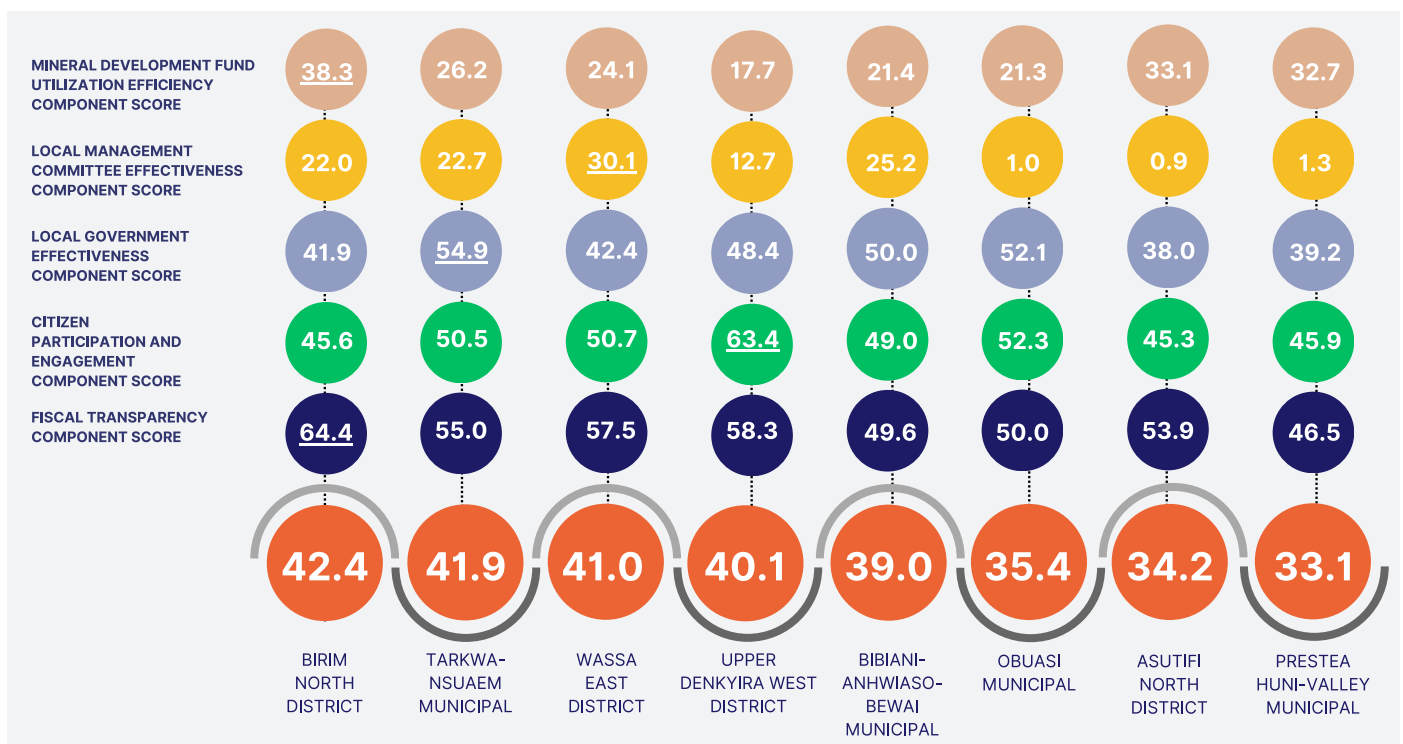
than the overall LMCE score and MDDS score. The sub-component with the high average districts' performance score is "LMC Prepares and Submits Project Implementation Plan and Budget to MDF Secretariat" (50 points out of possible 100).

- However, the overall good performance scores under this sub-component masks significant variations in individual district scores:
  - » For example, only four districts, namely Birim North District, Tarkwa Nsuaem Municipal, Wassa East District, and Bibiani Anhwiaso Bekwai Municipal, recorded a "very good" score (100 points out of possible 100). The remaining four districts – Asutifi North District, Obuasi Municipal, Upper Denkyira West District, and Prestea Huni-Valley Municipal - performed "poorly" (i.e., scored 0).

- The three sub-components with low overall average district performance scores are: **a)** "LMC Prepares and Submits Progress and Annual Reports to MDF Secretariat (**0 points**)"; **b)** "Awareness of LMC Establishment and Projects Implemented (**4.5 points**)" and **c)** "LMC-Citizens' Engagement in Development Planning Processes (**10.5 points**)".

» The poor overall average performance scores of districts and the low individual district scores on the LMCE component suggest weak institutionalization and impact of LMCs.

- Similarly, the overall district average performance score on MDF-UE is **26.9 points** out of a possible score of 100 points. This is against the MDDS district overall average performance score of 38.4 points (**a difference of -11.5 points**)
  - » Only in one out of the four sub-components used to measure MDF-UE was average districts scores higher than the MDDS average scores. The sub-component with the highest district average score is "Socio-economic infrastructure, sustainable livelihood Programs and Recurrent Expenditure funded from MDF (**42.9**)".
- The three sub-components with low average district performance scores are **a)** Awareness of MDF Funded Projects by District Assemblies and LMCs (7.7 points out of a score of 100), **b)** MDF Projects Relevance and Satisfaction with District Development Efforts in Communities (23.9 points out of a score of 100); and **c)** LMCs Project Impacts and Citizens Satisfaction with their Work' (17.0 points out of a score of



100).

- The less-than-spectacular overall average district score (below 50 points) and low individual district performance scores on the MDF-UE provide evidence of the generally poor development outcomes that characterize mining communities in Ghana and most developing countries. This suggests strong evidence of a local resource curse<sup>8</sup>.

**Rural mineral resource-rich districts outperformed urban mineral resource-rich districts in the 2023 MDDS league table:**

The weak governance practices in managing and utilizing mineral royalties' and the consequent poor socio-economic outcomes seem more pronounced in mineral resource-rich municipalities than in rural mineral resource-rich districts.

- Overall, rural mineral resource-rich districts, on average, scored better

(39.4 points) than the urban mineral resource-rich districts (37.4 points) and against the MDDS district average score (38.4 points).

- » Three out of the four top-ranked districts on the MDDS league table are rural mineral resource-rich districts: Birim North District ranked 1st with a score of 42.4 points; Wassa East District ranked 3rd with a score of 41.9 points; and Upper Denkyira West District ranked 4th with a score of 41.0 points

- » Two of the three bottom-ranked districts are urban mineral resource-rich Districts: Obuasi Municipal ranked 6th with a score of 35.4 points, and Prestea Huni-Valley Municipal ranked 8th with a score of 33.1 points.

- Rural mineral resource-rich districts performed relatively better than mineral resource-rich municipi-

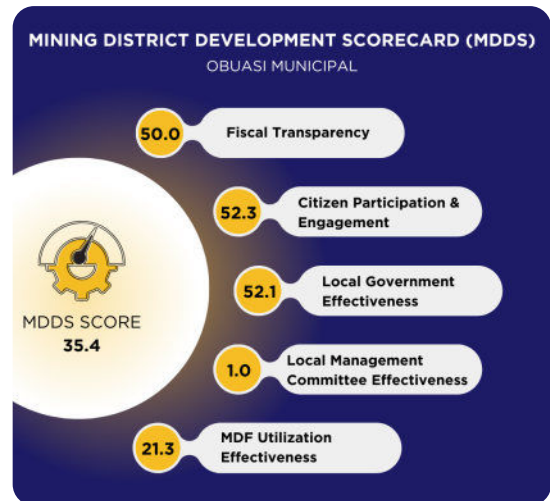
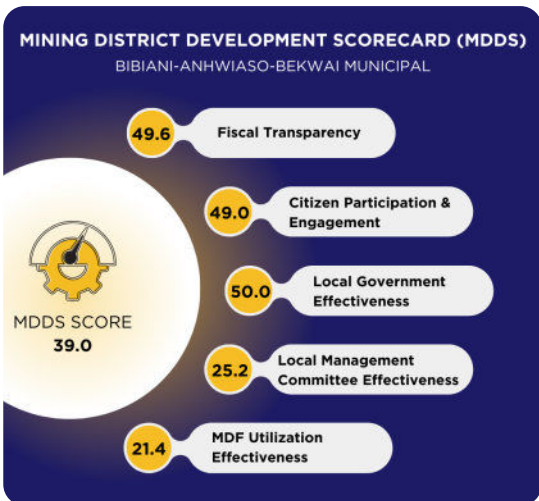
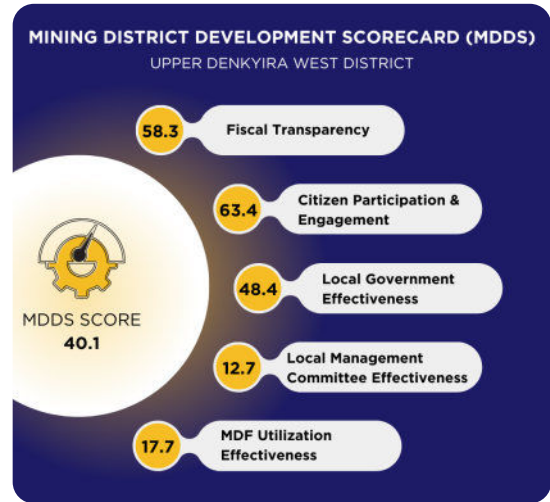
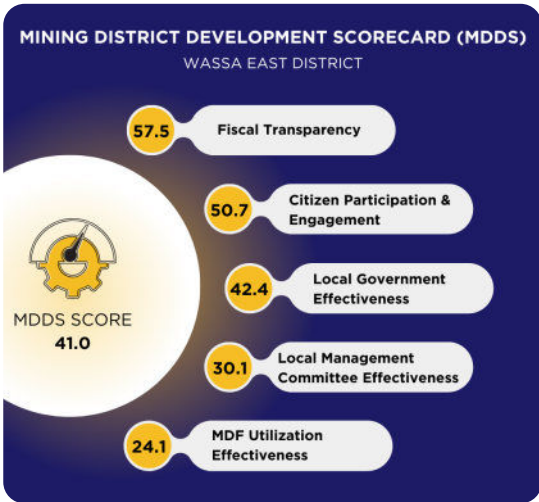
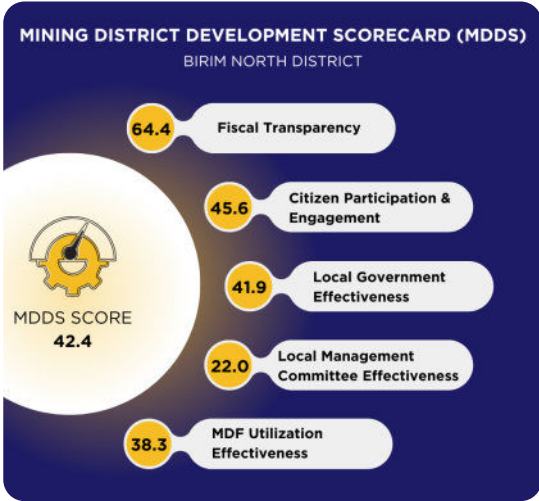
pals in four (4) of the five (5) components of the MDDS.

- » The MDDS components areas where rural mineral resource-rich districts performed better on average than urban mineral resource-rich municipalities are *Fiscal Transparency (FIT)* - 58.5 points as against 50.3 points; *Local Management Committee Effectiveness (LMCE)* - 16.4 points as against 12.6 points; *Citizen Participation and Engagement (CPE)* - 51.3 points as against 49.4 points; and *Mineral Development Fund Utilization Efficiency (MDF-UE)* - 28.3 points as against 25.4 points.

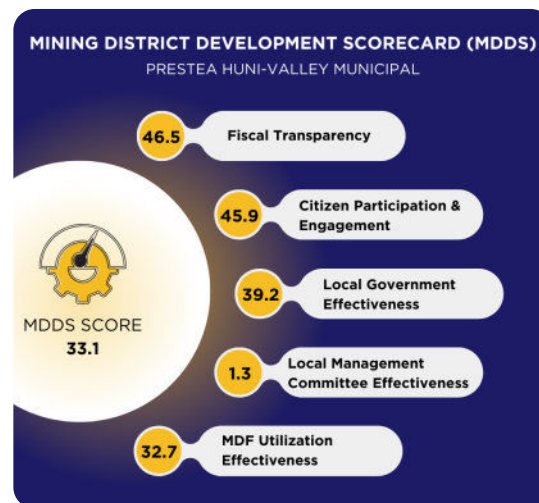
- » Urban mineral resource-rich municipalities (49.1 points) performed better than rural mineral resource-rich districts (42.6 points) only on the *Local Government Effectiveness (LGE)* component.

## 2023 MDDS OVERALL SCORE BY COMPONENT









## Recommendations: Implications for Policy and Practice

The results of the 2023 MDDS indicate that the quality of sub-national institutional and governance practices in mineral royalty management and utilization is generally weak across the eight pilot mineral resource-rich districts. This finding highlights the urgent need to enhance the overall governance framework for managing mineral royalties at the local level.

To address the governance challenges in sub-national mineral revenue management in Ghana, it is crucial to prioritize improving transparency and accountability practices, focusing on resource utilization transparency and accountability. Additionally, efforts should be made to increase citizen awareness and participation in managing mineral resource revenues at the sub-national level. These practices have the potential to foster informed, inclusive, and accountable decision-making that can ultimately contribute to achieving broad-based social welfare gains for communities and social groups.

We make the following recommendations to support policy reform and practice to improve good governance practices in the sub-national management of mineral royalties to foster inclusive socioeconomic development in mineral resource-rich districts:

**Policy recommendation 1: The need to increase the allocation and ensure regularity in the disbursement of ceded mineral royalties to DAs and LMCs is crucial.** Mining districts and communities face significant

social, economic, and ecological challenges. The current allocation of less than 10 percent of royalty transfers to support development in mining communities is insufficient. During the focus group discussions, key stakeholders emphasized the need to increase mineral royalty allocations to DAs and local management committees in mining districts. This will enable them to fund investments in alternative livelihoods and sustainable development programs, address environmental degradation, and improve access to public services through infrastructure development. As a forward-looking recommendation, the Center supports the proposal by the Ghana Chamber of Mines that mining communities should receive at least 30% of total mineral royalties to address the challenges related to mining and ensure inclusive development<sup>9</sup>.

Additionally, it is imperative to address the delay in the disbursement of mineral royalties. The Ministry of Finance should ensure that local ceded royalties reach the MDF Secretariat on time and subsequently be disbursed to local mineral royalty-receiving authorities, particularly the DAs and local management committees. The OASL under the Ministry of Land and Natural Resources (MLNR) and the MDF Secretariat should take necessary steps to promptly release mineral royalty funds for DAs and local management committees.

**Policy recommendation 2: Strengthen transparency by regularly publicizing information about the allocation and utilization of mineral**

**royalties, both owed and received by District Assemblies (DAs) and Local Management Committees (LMCs).** Evidence from CDD-Ghana's key community informant experiential survey and focus group discussions in the communities revealed that key local-level community representatives and citizens need more information about how much their communities should receive through mineral royalty transfers and how these revenues are spent. Moreover, the formal requirements and channels for making information about mineral royalties received by the DAs and LMCs public are weak.

Promoting transparency by increasing citizens' and community access to mineral royalty information will be crucial to improving governance and accountability in mineral revenue management. At the national level, the MDF Secretariat and the OASL should regularly publish information on how much local authorities receive in mineral royalties and how they are spent. At the local level, DAs and LMCs should be allowed to allocate a proportion of their mineral royalty funds to support public outreach activities to improve citizens' and community access to information. This can be achieved by organizing town hall meetings, community durbars, and radio engagements. Such measures can increase citizen and community demand for accountability.

**Policy recommendation 3: There is an urgent need to develop a Mineral Revenue Management Act for the mining sector.** This Act will guide

the use of mineral royalties, particularly at the district level. There is a lack of clarity and guidelines regarding how mineral royalty funds received by the DAs, LMCs, and other sub-national units should be utilized. Consequently, the decision on how to use mineral royalties is left to the discretion of these sub-national authorities, including the DAs and LMCs. A binding legal framework governing the utilization of mineral royalties is necessary for transparency and government accountability. This is because citizens have insufficient information on what the DAs and LMCs are expected to achieve with these funds.

It is, therefore, imperative to promptly develop a Mineral Revenue Management Act To promote the pro-development and accountable management of mineral royalties at the district level. The Act should encourage and guide the DAs and LMCs to create local plans for the utilization of mineral royalties, while also establishing robust community reporting and accountability mechanisms. Doing so can enhance local government responsiveness and accountability in the governance, management, and utilization of mineral royalties.

**Policy recommendation 4: District assemblies and local management committees should actively and meaningfully involve communities and citizens in the planning, allocating, and utilizing mineral royalty funds, particularly in mining-affected communities.** Currently, there are no specific local community engagement procedures regarding the allocation and utilization of these funds by DAs. The current practice involves DAs conducting general community engagement in the development planning and program development processes. Also, the LMCs, as evidenced by the focus group discussion and community informant survey, do not undertake any meaningful community engagements.

In order to maximize the developmental impact of mineral royalties, it will be beneficial for DAs and LMCs to engage with local communities and understand their needs and priorities. This will enable the integration of these needs and priorities into the decision-making process

and planning of how mineral royalties are managed and utilized. Additionally, it is important to ensure that the priorities and needs of women and marginalized groups are considered. This approach can promote participatory development and enhance accountability, as residents would have a greater say in how mineral royalty revenues are spent within their communities.

**Policy recommendations 5: Strengthen social accountability practices in mineral revenue management at the local level.** Citizen participation and political engagement in mining communities are weak. Evidence from the community informant experiential survey and focus group discussion show very low civic engagement and uninformed political engagement in mining districts and communities. To foster active and informed citizenship in mining communities, there will be a need to support and facilitate initiatives aimed at improving citizen access to information, participation platforms, oversight, and engagement in mineral royalty management, as well as empowering citizens to engage in local political accountability processes.

This will require supporting CSOs and community-based civic groups and local government actors to initiate multi-stakeholder campaigns aimed at improving the enabling environment – civic space – for civic and political engagement. These campaigns should also focus on raising civic awareness and knowledge, specifically regarding the accountability structures and systems in local governance, the responsibilities of DAs and LMCs, and how citizens, community representatives, and media can utilize the MDDS league table information regarding mineral royalty transfers, management, and utilization to demand accountability.

To enhance local government entities' responsiveness to citizen social accountability initiatives, the Ministry of Land and Natural Resources (MLNR) and the MDF secretariat should support the capacity building of receiving DAs and LMCs. This capacity building should focus on implementing open governance practices in mineral royalties management and utilization, with the

goal of accelerating local economic development in an accountable and inclusive manner.

**Policy recommendations 6. The MDF secretariat should rethink the composition of the LMCs, enhance its oversight, and strengthen the relationship between LMCs and District Assemblies (DAs).** The LMCs are established as the management vehicle to implement and achieve the policy objectives of the MCDs. However, as this report demonstrates, the LMCs have not been effective. It has been suggested that the current method of selecting LMC members disenfranchises local people in the mining communities because they are not allowed to elect their representatives<sup>10</sup>. Stakeholders in the focus group discussions have also noted that the LMCs, as currently constituted, are politically influenced and unfit for purpose. LMC members are also perceived to lack the administrative skills and capacity to manage the funds in an accountable and efficient manner. Additionally, there is weak coordination and collaboration between the LMCs and DAs. Urgent reforms are required to address these issues and enhance the effectiveness and accountability of LMCs.

To enhance the effectiveness and accountability of LMCs, there is an urgent need to reconsider the composition and appointment of LMC members and implement measures to ensure greater inclusivity, representation, and accountability. Furthermore, the MDF Secretariat and Board should strengthen their checks, monitoring, and oversight of the LMCs' administrative processes and systems to instill accountability in activity planning and reporting; identify and invest in capacity development for LMC members to address skills gaps; and support LMCs in intensifying public outreach to raise community awareness and support. Additionally, the relationship between the LMCs and the DAs should be restructured to encourage stronger collaboration and synergy. This can be achieved by involving the district planning and coordinating units (DPCUs) in providing administrative support to the work of the LMCs.

## Conclusions: Lessons Learned and the Way Forward

The MDDS is one of the few indices focusing solely on assessing decentralized governance and management of mineral royalties in Ghana. Its goal is to measure progress and support efforts to achieve sustainable and inclusive socioeconomic development in mineral resource-rich districts in Ghana. To achieve this goal, the MDDS initiative takes an innovative approach to evaluating the quality of sub-national-level public and social accountability institutions and practices related to managing and utilizing mineral revenues. It examines various dimensions of governance and development, including transparency, local government authority effectiveness, citizen engagement and participation, and the efficiency of priority investments to promote socio-economic development outcomes.

The maiden 2023 MDDS league table result has provided a 'good-enough-evidence' of the quality of institutions and governance practices in sub-national mineral revenue management, including the effect of how new institutional arrangements – such as the Mining Community Development Schemes (MCDS) – legislated under the 2016 Mineral Development Fund Act are addressing the socio-economic development challenges in mineral resource-rich districts in Ghana.

Below are highlights of some lessons learned in developing the MDDS tool and how CDD-Ghana plans to support the implementation of the suggested policy reform and practice recommendations:

**1. Accessing administrative data proved to be a significant challenge, especially due to the innovative nature of the MDDS tool.** The

MDDS tool aims to evaluate district-level performance by combining administrative and experiential survey data. The uniqueness of this approach presented various difficulties, including accessing reliable and disaggregated district-level administrative data. The team faced challenges in accessing key administrative data, and encountered issues regarding its availability, adequacy, and quality. A substantial amount of time was spent collecting and validating data from local government authorities and other central government agencies. Although the GHEITI sub-national reports provided valuable secondary sources of validated administrative data, it is evident that these challenges highlight the importance of improving data accessibility and implementing quality assurance measures.

**2. The piloting of the MDDS in the eight-mineral resource-rich districts has made it possible to test and further refine the tool to make it more useful as an evidence product to inform policy and practice in sub-national mineral revenue governance and management practices.** With a well-defined conceptual and methodological framework and crucial support from key stakeholders, including government agencies at the national and local government levels, the MDDS has the potential to serve as a useful evaluation tool to complement the GHEITI sub-national level reporting on the utilization of mineral royalties by local government authorities. A valuable addition to the MDDS is the inclusion of community feedback through community experiential surveys. This allows for the evaluation of the quality of governance and administrative decision-making practices of local authorities, partic-

ularly DAs and LMCs, in managing mineral revenues.

**3. Partner local government authorities, key community representatives, and CSOs to explore opportunities for cross-district learning of emerging 'good' governance practices in the management of mineral revenues.** CDD-Ghana will utilize evidence from the MDDS and other case studies to identify and learn from districts that are achieving success. Additionally, the Center will create a platform to share these best practices with struggling districts and support them in developing priority actions to improve their mineral royalty governance practices and performance. This will ultimately foster transparent and accountable management of mineral royalties.

**4. The maiden 2023 MDDS league table results present a snapshot of the quality of institutions and governance practices in mineral royalty management at the district level.** In order to monitor the progress made by districts, the Center aims to repeat the MDDS bi-annually. This will allow us to assess which districts have made the most improvement in their scores and ranking, and which ones have stagnated. The future MDDS league table report will also cover all 21 mineral resource-rich districts across Ghana. This way, the MDDS will provide a comprehensive overview of the quality of institutional and governance practices in managing and utilizing mineral revenues at the district level. This will provide much more substantial evidence to facilitate public debate about good governance practices in managing mineral royalties at the national and sub-national levels.







CONTEXT



## 1.0. Introduction

Extractive mineral resources such as gold, diamond, bauxite, and others generate significant revenues for governments and the effective management of the revenue generated from these resources contributes to socio-economic growth and development<sup>11</sup>. However, across Africa, abundant mineral resources and the revenues generated from these resources have not led to broad-based and inclusive socio-economic development outcomes<sup>12</sup>. Research suggests that governance is a primary factor determining whether societies benefit from resource extraction or suffer from the resource curse<sup>13</sup>. A key governance obstacle preventing many mineral resource-rich countries and communities in Africa from realizing the potential pro-developmental outcomes of exploiting mineral resources is the lack of transparency and the weak accountability practices managing mineral royalty revenues.

Ghana is one of the most mineral resource-rich countries in sub-Saharan Africa. Ghana is the largest gold producer in Africa and the sixth-largest producer in the world<sup>14</sup>. Mineral revenues form a greater part of national revenues, playing a significant role in the country's development agenda<sup>15</sup>. In 2020, the value of minerals produced amounted to US\$ 7.33 billion (equivalent to GHC 41.37 billion), of which US\$ 5.24 billion (equivalent to GHC 29.61 billion) was attributable to large-scale production of gold, manganese, and bauxite<sup>16</sup>. To ensure accountable, and pro-developmental governance, management, and utilization of the revenues from these mineral resources, elaborate sets of legislation and policy frameworks have been developed around distributing mineral royalty revenues between central government and local government authorities and communities. The revenue-sharing mechanism for transferring mineral

revenues has ensured that, at the sub-national level, in many mining districts, mineral revenue transfers have formed significant portions of local government revenues to support the promotion of socio-economic development and address the negative effects of mining<sup>17</sup>. Additionally, Ghana has signed onto and adopted several regional and global standards and protocols to improve the governance of the mining sector through increased governmental transparency and accountability<sup>18</sup>.

Despite a large mining sector and a well-structured decentralized mineral revenue-sharing framework, mineral resource-rich districts and communities are among the poorest in Ghana<sup>19</sup>. This observation suggests that mineral royalty revenues are not being used in the most efficient way to improve social development outcomes<sup>20</sup>. Indeed, there are strong popular perceptions that mining has brought little to no benefit to affected communities<sup>21</sup>. Various reports by the Ghana Extractive Industries Transparency Initiative (GHEITI) attest to the challenges surrounding the management and utilization of mineral revenues at the district levels<sup>22</sup>. GHEITI reports have, for example, documented misapplications of mineral revenues and wasteful spending arising from poor planning and decision-making around the utilization of the revenues, procurement irregularities, lack of project monitoring, and weak community oversight<sup>23</sup>. These governance challenges arise from the weak transparency and accountability practices and mechanisms surrounding the governance, management, and utilization of mineral royalty revenues at the district level<sup>24</sup>.

In November 2021, the Ghana Center for Democratic Development (CDD-Ghana) secured support from the Ford Foundation to pilot an

intervention to strengthen social accountability in mineral royalty revenue governance and management to promote socio-economic development in Ghana. The project "**Strengthening Transparency and Accountability in Mineral Revenue Utilization to Promote Socio-economic Development in Ghana's Mining Districts**" seeks to track the transfer, management, and utilization of mineral royalty revenues in selected mineral resource-rich districts in Ghana. The goal of the project is to enhance transparency, participation, and accountability in managing mineral revenues to promote socio-economic development outcomes in mining districts in Ghana. The project has the following objectives:

- 1. Improved access to multiple sources of information to strengthen citizen knowledge, participation, and demand for accountability in the management and utilization of mining revenues at the district and community level;*
- 2. Strengthen the capacity of community-based social accountability demanding groups and associations, and local media to monitor the utilization of the mining revenues by the local government authorities and entities: Metropolitan, Municipal, and District Assemblies (MMDAs) and Local Management Committees (LMCs);*
- 3. Increased national and local level policy and bureaucratic actors and community level stakeholder incentive to improve transparency, oversight, and accountability in the utilization of mining revenues to advance better human and social development outcomes.*

To achieve the goals of the project, CDD-Ghana developed and piloted the "**Mining Districts' Development Scorecard (MDDS)**".

## 1.1. What is the Mining District Development Scorecard (MDDS)?

The Mining Districts' Development Scorecard (MDDS) is a performance assessment tool that measures, assesses, and ranks the quality of transparency, accountability, and citizen participation in the transfer, management, and utilization of mineral revenues to improve socio-economic development outcomes

in selected mineral resource-rich metropolitan, municipal, and districts (hereafter Districts) in Ghana.

CDD-Ghana designed the MDDS as a social accountability tool. The strategy is to 1) collect, analyze, and share information on mineral revenues allocated to mining districts, 2) develop

a scorecard on the performance of the districts concerning the use of mineral revenues and the quality of development outcomes, and 3) use the assessment to support citizens engagement with local government authorities to enhance increased transparency, accountability and the pro-developmental use of mineral

revenues to improve social and human development outcomes at the district level.

The design of the MDDS tool is to address concerns raised about the limitation of existing transparency

and accountability efforts and initiatives aimed at addressing critical governance and development challenges facing mineral resource-rich districts in Ghana. Additionally, the MDDS is to support renewed commitments by key stakeholders in the

extractive sector to address these challenges and improve socio-economic development in mining-affected communities.

## 1.2. Goals and Objectives of the MDDS

The main goal of the MDDS is to promote social accountability in mineral revenue governance, management and utilization at the sub-national, district levels. To achieve this, the MDDS aims to enhance transparency, accountability, and citizen participation in the governance and management of mineral resources. The MDDS tool seeks to help open up the space for evidence-informed dialogue among local government authorities, citizen groups, and communities to enhance the pro-developmental management of mineral revenues. This will be achieved by providing information on the transfer of mineral revenues to local government authorities and entities (District Assemblies and Local Management Committees), how the revenues are managed, and the impact of the mineral revenue investments on infrastructure, environmental management, and livelihoods. The ultimate aim is to achieve broad in-

clusive socio-economic development outcomes.

The MDDS has the following three main objectives:

1. Make freely available, information about the state of transparency and accountability practices in the management of mineral royalty revenues in mining districts to enhance awareness and knowledge among citizens' and other community-level stakeholders';
2. Support evidence-informed dialogue between local government authorities, citizen groups, and communities on the management and utilization of mineral royalty revenues; and
3. Incentivize the use of evidence to foster transparency, and citizen engagement as a mechanism to strengthen accountability in the use of mineral royalty revenues at the national and sub-national levels.

The MDDS is one of the few among a growing number of indices solely focusing on assessing the decentralized governance and management of mineral royalty revenues and progress in achieving sustainable and inclusive social development outcomes in Ghana. Notably, the MDDS provides an innovative approach to measuring and assessing the quality of sub-national-level public and social accountability practices in the management and utilization of mineral revenues on key governance and development dimensions, ranging from transparency, local government authority institutional effectiveness, citizen engagement, and participation, and the quality of investment to improve socio-economic outcomes.







MINING DISTRICTS'  
DEVELOPMENT  
SCORECARD (MDDS)  
METHODOLOGICAL  
FRAMEWORK



## 2.0. Introduction

This section explains the rigorous process adopted to develop the MDDS tool. It provides a step-by-step explanation of the development

of the MDDS framework, including the selection of components, sub-components, and measurement indicators, as well as how the pilot

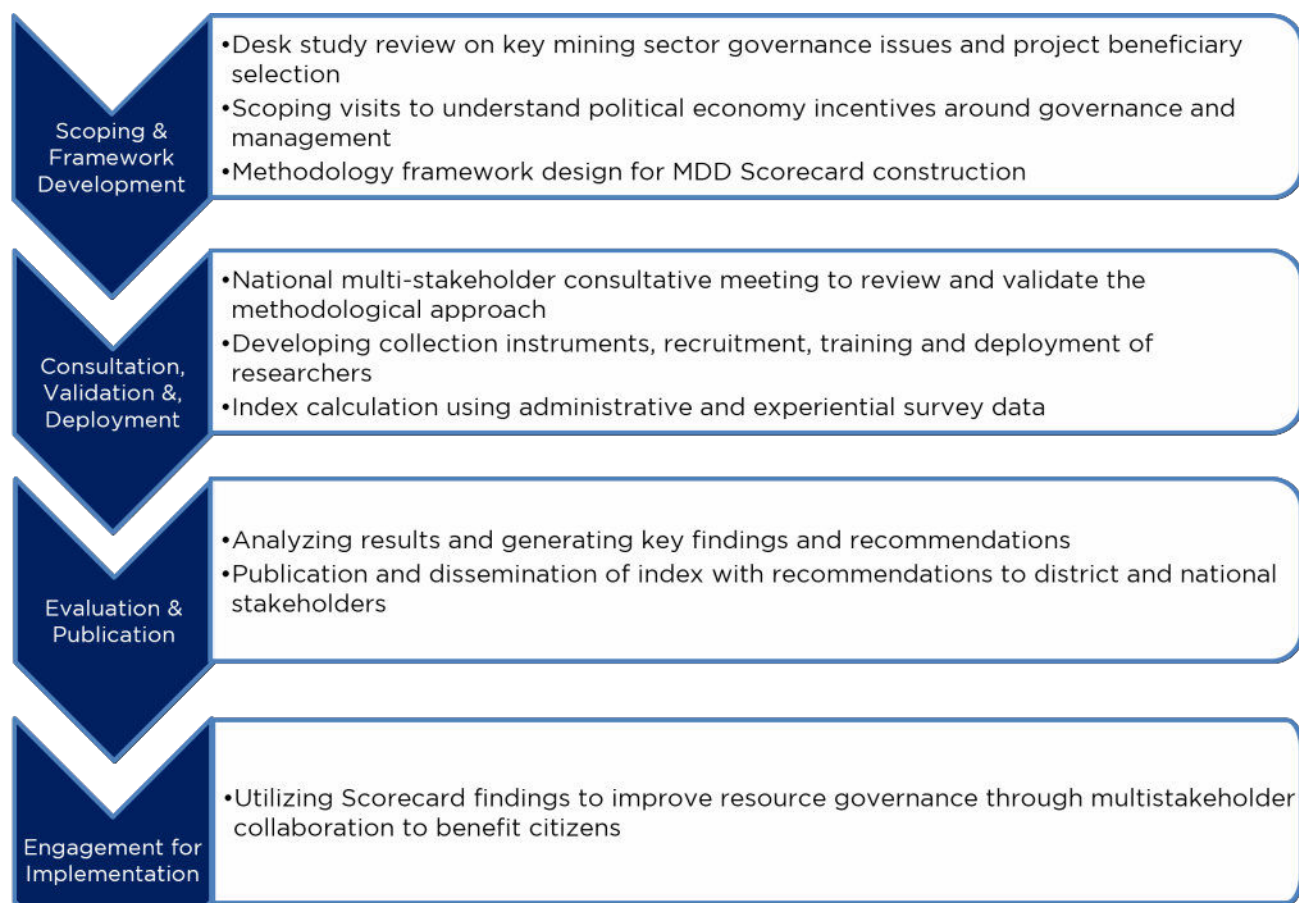
districts were chosen. Additionally, it discusses the data collection and management, and the computation of the district performance scores.

## 2.1. Development of the MDDS Tool

CDD-Ghana took several important steps to ensure a robust, credible, and transparent process for design-

ing the MDDS. Figure 1 below briefly summarizes the development process of the MDDS.

**Figure 1: MDDS Development Process Map**



## 2.2. What the MDDS Measures: The Key Parts of the MDDS

### 2.2.1. The MDDS Components: Definition and Justification

The MDDS components were identified and selected based on extensive research on extractive sector governance practices and associated performance indices. The selection process considered the Resources Governance Index (RGI), the Africa Minerals Governance Framework, the Extractive Industries Transparency Initiative (EITI), and the Revenue

Watch Index (RWI). The following five governance dimensions were chosen as the components of the MDDS:

1. Fiscal Transparency (FIT);
2. Local Government Effectiveness (LGE);
3. Local Management Committees Effectiveness (LMCE);

4. Citizen Participation and Engagement (CPE); and
5. Mineral Development Fund Utilization Efficiency (MDF-UE).

Table 1 presents brief descriptions of each of the MDDS components and justification for the selection of each of the components.

**Table 1: MDDS Components' Definition and Justification**



**Fiscal Transparency (FIT)**

*This component measures adherence to public financial management information disclosure practices and the availability of platforms for sharing information and reports related to mineral royalties and expenditure by local government authorities at the district level.*

Justification: In the area of extractive sector governance, transparency is considered vital for effective revenue management. Under the EITI framework, disclosing information about extractive revenue transfer at the sub-national level is a commonly adopted practice. This practice aims to enhance government responsiveness and accountability in the management of resource revenues. According to Ghanaian law, mining revenue-receiving agencies and entities are obligated to publish and disclose information regarding the receipt of such revenues to the public. This information should be disseminated through different platforms and forums that are accessible to key community stakeholders and citizens.



**Citizen Participation and Engagement (CPE)**

*This component measures citizens' participation and engagement, including vulnerable groups such as youth and women, in decision-making processes of local government authorities, specifically in the areas of planning and budgeting.*

Justification: Citizen participation and engagement in government are necessary to ensure that public policies are designed in the best interest of citizens, public resources are used efficiently, and the government acts with accountability. The Local Governance Act (Act 936) and the National Development Planning Commission (NDPC) Act, 1994 (Act 479), both support social accountability and provide guidelines that require District Assemblies to use participatory approaches to planning and budget decision-making purposes.



**Local Government Effectiveness (LGE)**

*This component assesses the planning quality, budgeting effectiveness, program implementation, and local resource mobilization capacity of District Assemblies (DAs) in mineral resource-rich districts.*

Justification: Under Ghana's decentralized governance framework, local government authorities known as Metropolitan, Municipal, and District Assemblies (hereafter referred to as District Assemblies) serve as both political and administrative bodies. They are also responsible for development planning, budgeting, and rating<sup>25</sup>. District Assemblies receive, manage, and utilize mineral royalties to support the socio-economic development of their respective districts. The effectiveness of local government authorities in carrying out their responsibilities in managing and governing mineral royalties and other local revenues is a crucial measure of the institutional quality and performance of subnational governments.



**Mineral Development Fund Utilization Efficiency (MDF-UE)**

*This component measures the efficiency of local government authorities and LMCs in utilizing mineral royalty to promote inclusive local socio-economic development.*

Justification: While there are no specific guidelines for the utilization of mineral royalties at the district level, the Mineral Development Funds Act 2018 (Act 912) stipulates that mineral revenues should be used to support infrastructure provision, socio-economic development, and environmental management. These funds are intended to promote local economic development in mining-affected communities, aiming to reduce poverty and improve human development outcomes.



**Local Management Committees Effectiveness (LMCE)**

*This component assesses the organizational, operational, and management effectiveness of the Local Management Committees (LMCs) in overseeing the management of the Mining Community Development Schemes (MCDS).*

Justification: The Mineral Fund Development Act (Act 912) established the Mining Community Development Scheme (MCDS) as a mechanism to support the socio-economic development of mining and mining-affected communities, as stipulated by the provisions of section 21 (3) (b) of Act 912.

To achieve the objective of the MCDS, Local Management Committees (LMCs) are to be established. These committees are responsible for managing the MCDS funds, which will be allocated to every mining district. The funds will be used to address the specific development needs of communities hosting mineral resources.

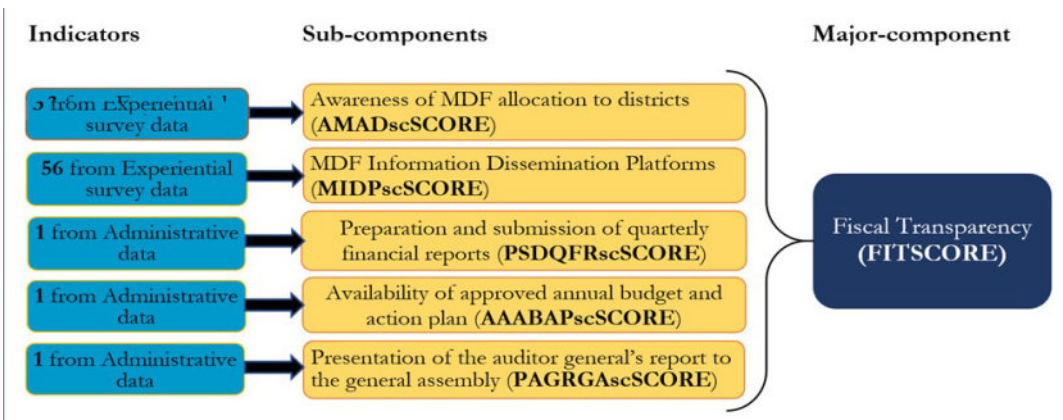
## 2.2.2. The MDDS Sub-components, Measurement Indicators, and Data Sources

Drawing on Ghana's existing legal and policy framework for national and sub-national governance<sup>26</sup>, a total of 22 sub-components were identified for the five main components of the MDDS. Of these, 10 out of the 22 sub-components are evaluated

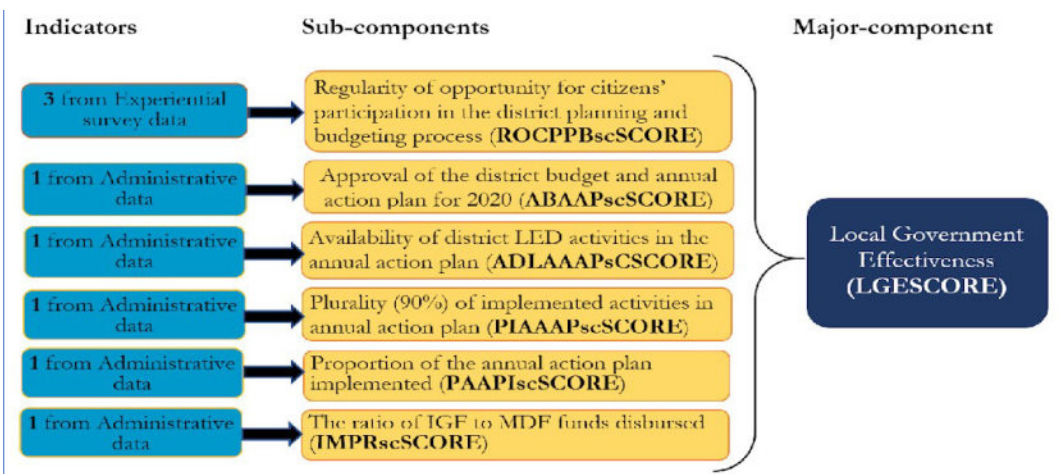
using 97 measurement indicators derived from data collected through key community informant surveys. The remaining 12 sub-components are calculated using 18 measurement indicators obtained from various administrative sources (i.e., adminis-

trative data). Figures 2A to 2F below present the MDDS major components, sub-components, number of measurement indicators, and the data source for the indicators<sup>27</sup>.

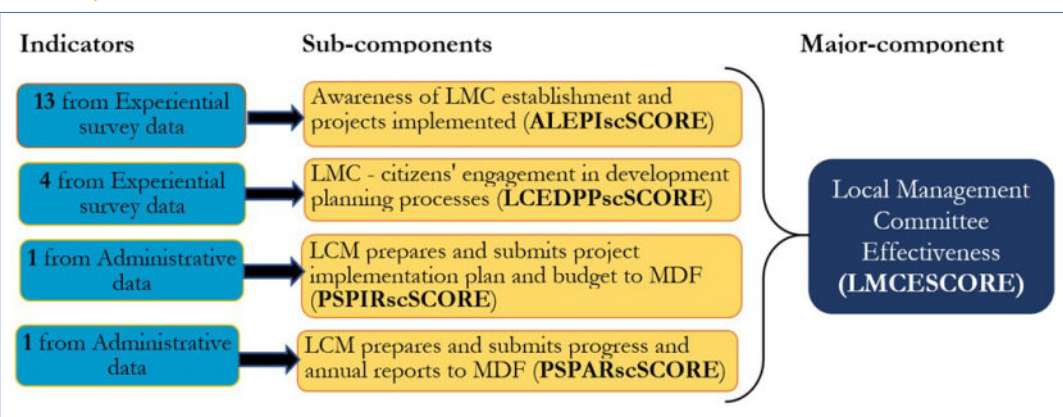
**Figure 2A: Indicators and sub-components of fiscal transparency component score (FITSCORE)**



**Figure 2B: Indicators and sub-components of local government effectiveness component score (LGEScore)**

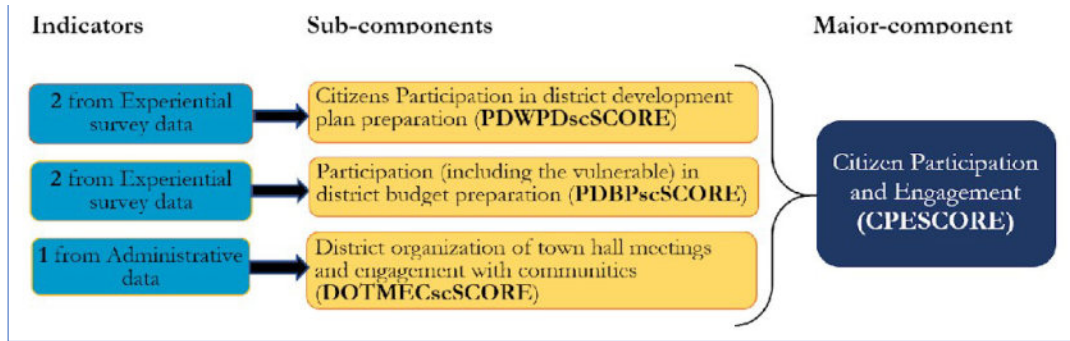


**Figure 2C: Indicators and sub-components of local management committee effectiveness component score (LMCEScore)**

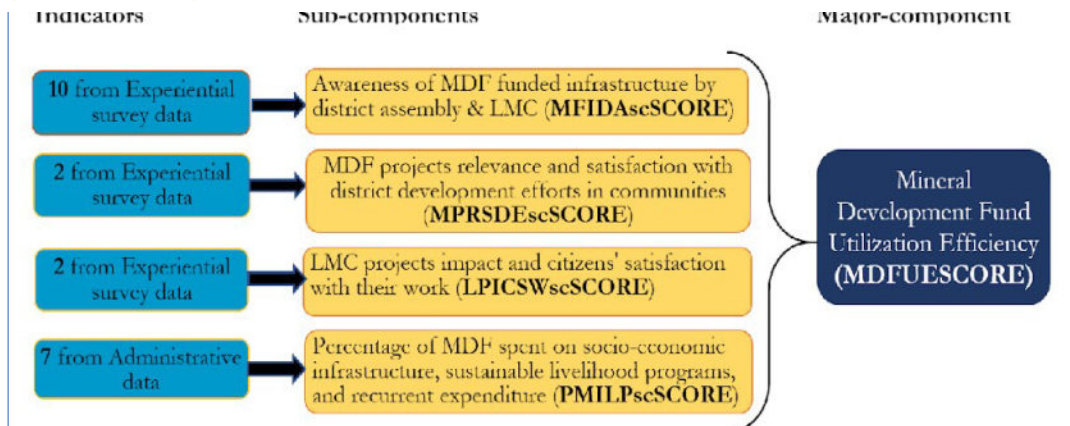




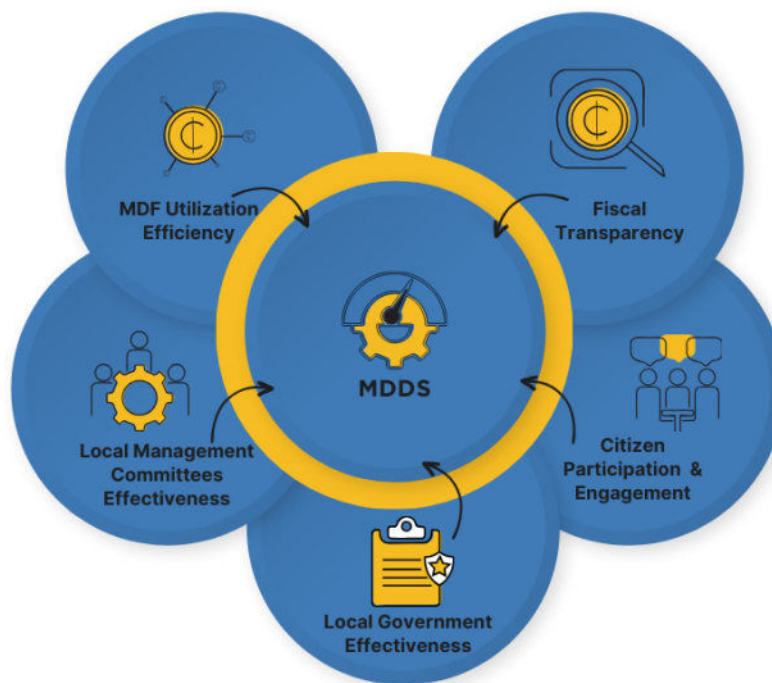
**Figure 2D: Indicators and sub-components of citizen participation and engagement component score (CPEScore)**



**Figure 2E: Indicators and sub-components of mineral development fund utilization efficiency component score (MDFUEScore)**



**Figure 2F: Major components of MDDS**





## 2.3. Districts' Selection and Data Collection for the MDDS Scores' Computation

Eight of the 21-mineral resource-rich districts were purposefully chosen for the inaugural 2023 MDDS.<sup>28</sup> These districts are located in six different regions in Ghana (refer to Table 2). These districts were select-

ed based on three specific criteria:  
 1. The volume of mineral resources in the district;  
 2. The district's socio-economic development outlook drawing on district poverty scores and the Ghana

Living Standard Survey; and  
 3. The prevalence of social accountability-demanding groups and networks in the district.

**Table 2: MDDS Selected Districts**

| REGION        | DISTRICT NAME                     | OPERATING COMPANY   |
|---------------|-----------------------------------|---|
| WESTERN       | Tarkwa-Nsuaem Municipal           | AngloGold Ashanti Iduapriem; Goldfields                     |
|               | Prestea Huni-Valley Municipal     | Abosso Goldfields; Goldfields; GSR Prestea/Bogosu (now FGR) |
|               | Wassa East District               | GSR Wassa   |
| WESTERN NORTH | Bibiani-Anhwiaso-Bekwai Municipal | Ghana Bauxite; Kinross (Chirano) Gold Mines                 |
| EASTERN       | Birim North District              | Newmont Ghana   |
| ASHANTI       | Obuasi Municipal                  | Gold Fields, Ghana  |
| AHAFO         | Asutifi North District            | Newmont Ghana   |
| CENTRAL       | Upper Denkyira West District      | Perseus Mining  |

The MDDS analysis is based on data collected from two main sources: key community informant experiential surveys and administrative data. The key community informant experiential survey data was collected using a questionnaire consisting of 186 question items, including demographics and contextual questions. The questions were mostly closed-ended with ordinal scale response options arranged in a positive unidirectional way and running from a minimum score of 0 to a maximum score ranging from 1 to 4, depending on the strength or intensity of the response. As noted earlier, 97 of these questions served as measurement indica-

tors for 10 of the 22 sub-components of the MDDS.

For each of the sampled districts, five communities were selected for the community key informant interviews. The selection was based on three criteria: 1) the community's proximity to a mining operation; 2) whether the community had been resettled due to mining activities; and 3) a non-mining community. Eight experienced field enumerators who were familiar with the survey issues and terrain of the selected districts were recruited. They underwent a four-day of training and piloting of the survey questionnaire

and protocols. Subsequently, the field enumerators were deployed in November 2022 to conduct face-to-face interviews and collect data using electronic data collection devices (i.e., tablets) programmed with the questionnaire.

A total of 257 interviews were successfully conducted with key community informants across the eight selected districts, averaging 32 interviews per district. The distribution of the number of survey interviews conducted by field enumerators' responses with various key community informants is as follows:

- Assembly members (36)Unit

committee members (38)

- Area council executive members (10)
- Representatives of women groups (39)
- Representatives of youth groups (41)
- Representatives of persons with disability association (33)
- Traditional leaders (39)
- Media (10)
- Representatives of civil society organizations (11)

The 18 measurement indicators for the 12 sub-components were developed from administrative data sources, including the District Annual Development Plan, Budgets, and

Progress Reports; the Ghana Extractive Industries Transparency Initiative (GHEITI) Reports, and the District Performance Assessment Tool (DPAT). The administrative data also runs on scales with a minimum score of 0 and a maximum score ranging from 1 to 7 .

In addition to these key data sources, the team conducted focus group discussions with key stakeholders at the district and community level in the mining districts. This provided a better understanding the impact of mining activities and gather perspectives about the quality of governance practices by local authorities in managing mineral royalties. We also explored potential measures and interventions that could improve accountability and the impact of

mineral revenues on local development.

In total, the team conducted 16 focus group discussions, with an average of two focus groups per district. The findings from these discussions provided valuable insights into the everyday transparency and accountability practices, as well as the relationships between mining communities, DAs, mining companies, and traditional authorities. The information collected from the focus group discussions served as an additional source of insight for the proposed recommendations on how to improve local institutional and governance practices in mineral revenue management at the district level.



CDD Ghana project team member collecting data in the Birim North District, one of the eight project districts





MINING DISTRICTS'  
DEVELOPMENT SCORECARD  
(MDDS) SCORES  
COMPUTATION



### 3.0. Introduction

This section outlines the process of calculating the MDDS scores, detailing how the key community informant experiential survey and administrative data were merged to

compute the measurement indicators, sub-components, components, and the overall MDDS scores. It also explains the data normalization process and the weighting of survey

and administrative data. Additionally, it provides an example of computing scores for the major component, *Citizens' Participation and Engagement Score (CPEScore)*.

### 3.1. Districts' MDDS Scores Computation: From Measurement Indicators to Components Scores

As noted from **Figure 2D** above, the first and second sub-components (i.e. *Participation in District Work Plan Development (PDW-*

*PDscSCORE)*; and *Participation in District Budget Preparation (PDBP-scSCORE)*) are computed from data from the key community informant

experiential survey. Each of the two sub-components had two measurement indicators, which are used in the computation as presented below.

**Stage 1:** This involved aggregating the scores on the two indicators used in measuring each of the two components as captured in equations 1a and 1b.

$$PDWPDscSCORE = IND_{1sc1} + IND_{2sc1} \dots\dots\dots (1a)$$

$$PDBPscSCORE = IND_{1sc2} + IND_{2sc2} \dots\dots\dots (1b)$$

Where

- PDWPDscSCORE = District sum of scores of measurement indicators for sub-component 1.
- IND1sc1 = District aggregate score on measurement indicator 1 for sub-component 1.
- IND2sc1 = District aggregate score on measurement indicator 2 for sub-component 1.
- PDBPscSCORE = District sum of scores of measurement indicators for sub-component 2.
- IND1sc2 = District aggregate score on measurement indicator 1 for sub-component 2.
- IND2sc2 = District aggregate score on measurement indicator 2 for sub-component 2.

**Stage 2:** This stage involved the computation of mean scores based on the number of cases or respondents in each district for the two sub-components as shown in equations 2a and 2b.

$$PDWPDscSCORE_{d1} = (PDWPDscSCORE) \div (N) \dots\dots\dots (2a)$$

$$PDBPscSCORE_{d1} = (PDBPscSCORE) \div (N) \dots\dots\dots (2b)$$

Where

- PDWPDscSCORE<sub>d1</sub> = District mean score for sub-component 1.
- PDWPDscSCORE = District sum of scores of measurement indicators for sub-component 1.
- PDBPscSCORE<sub>d1</sub> = District mean score for sub-component 2.
- PDBPscSCORE = District sum of scores of measurement indicators for sub-component 2.
- N = Number of cases in survey data from survey districts for each component.

**Stage 3:** This stage involved the computation of the mean score for the third sub-component (i.e. district organization of town hall meetings and engagement with communities score (DOTMECscSCORE)) as depicted in **Figure 2D** above using administrative data on a single measurement indicator as follows:

$$DOTMECscSCORE = IND_{1sc3} \dots\dots\dots (3a)$$

$$DOTMECscSCORE_{d1} = DOTMECscSCORE \div (N) \dots\dots\dots (3b)$$

Where

- DOTMECscSCORE = District score for sub-component 3.
- IND1sc3 = District aggregate score on the measurement indicator for sub-component 3.
- DOTMECscSCORE<sub>d1</sub> = District mean score for sub-component 3.
- N = Number of measurement indicator for sub-component 3.



**Stage 4:** Bearing in mind that the survey and administrative data measurement indicators run on different scales, the team transformed the mean scores for the three sub-components through data normalization process to ensure comparability. The normalization enabled the creation of sub-component scores that run on a 0 to 100-point scale using the equations 4a to 4c below.

$$PDWPDscSCORE_2 = \left\{ \frac{(PDWPDscSCORE_{E1} - PDWPDscSCORE_{L1})}{(PDWPDscSCORE_{EH} - PDWPDscSCORE_{L1})} \right\} \times 100 \dots\dots\dots(4a)$$

$$PDBPscSCORE_2 = \left\{ \frac{(PDBPscSCORE_{E1} - PDBPscSCORE_{L1})}{(PDBPscSCORE_{EH} - PDBPscSCORE_{L1})} \right\} \times 100 \dots\dots\dots(4b)$$

$$DOTMECscSCORE_2 = \left\{ \frac{(DOTMECscSCORE_{E1} - DOTMECscSCORE_{L1})}{(DOTMECscSCORE_{EH} - DOTMECscSCORE_{L1})} \right\} \times 100 \dots\dots\dots(4c)$$

Where

- PDWPDscSCORE2 = Normalized district mean score for sub-component 1.
- PDWPDscSCORE1 = District mean score for sub-component 1.
- PDWPDscSCOREL = Expected minimum score for district for sub-component 1.
- PDWPDscSCOREH = Expected maximum score for district for sub-component 1.
- PDBPscSCORE2 = Normalized district mean score for sub-component 2.
- PDBPscSCORE1 = District mean score for sub-component 2.
- PDBPscSCOREL = Expected minimum score for district for sub-component 2.
- PDBPscSCOREH = Expected maximum score for district for sub-component 2.
- DOTMECscSCORE2 = Normalized district mean score for sub-component 3.
- DOTMECscSCORE1 = District mean score for sub-component 3.
- DOTMECscSCOREL = Expected minimum score for district for sub-component 3.
- DOTMECscSCOREH = Expected maximum score for district for sub-component 3.

**Stage 5:** This stage involved the creation of unique citizens’ participation and engagement scores from survey and administrative data. The unique experiential survey data on citizens’ participation and engagement score was developed by aggregating districts’ normalized scores of the two sub-components computed with data from the key community informant experiential survey data (i.e., PDWPDscSCORE2 and PDBPscSCORE2), and thereafter, calculated the average as shown in equation 5a below.

$$ESD-CPEScore = (PDWPDscSCORE_2 + PDBPscSCORE_2) \div 2 \dots\dots\dots(5a)$$

Where

- ESD-CPEScore = District citizens’ participation and engagement score from survey data.
- PDWPDscSCORE2 = Normalized district mean score for sub-component 1.
- PDBPscSCORE2 = Normalized district mean score for sub-component 2.

Since the score for the third sub-component is based on a single measurement indicator, the normalized score is the same as its average, which automatically represents the unique citizens’ participation and engagement score from administrative data (AD-CPEScore), as shown by equation 5b below.

$$AD-CPEScore = (DOTMECscSCORE_2) \div 1 \dots\dots\dots(5b)$$

Where

- AD-CPEScore = District citizens’ participation and engagement score from administrative data.
- DOTMECscSCORE2 = Normalized district mean score for sub-component 3.

**Stage 6:** A quick review of the quality of all the administrative data obtained from documented sources for the development of the MDDS revealed a general trend of non-variability in data across the eight districts. As a result, most of the measurement indicators’ scores from administrative data turned out to be similar across the selected districts. All districts obtained the highest score of seven out of the 18 measurement indicators. However, the experiential survey data exhibited a high level of variability across both respondents (within each district) and also across the various districts.

In a situation such as this, where further validation of data is not possible, assigning a higher weight to the administrative data scores will amount to replicating and reinforcing probable biases inherent in the source data in the final MDDS scores of districts (i.e., produce results with little or no variability across districts). Consequently, the

weighting process was skewed in favor of the experiential survey data vis-à-vis the administrative data. Scores for all sub-components derived from experiential survey data were assigned a weight of 0.60 (i.e., 60% of 100 maximum scores), while those derived from administrative data were assigned a weight of 0.40 (i.e., 40% of 100 maximum scores).

Thus, the citizens' participation and engagement component scores (CPEScore) for the districts were calculated by aggregating the weighted sub-components computed with the experiential survey and administrative data, respectively, as depicted in equation 6 below.

$$CPEScore = [(ESD-CPEScore) \times (WGT_1)] + [(AD-CPEScore) \times (WGT_2)] \dots\dots\dots (6)$$

Where

- CPEScore = District citizens' participation and engagement major-component score.
- ESD-CPEScore = District citizens' participation and engagement score from survey data.
- WGT1 = Survey data weight (i.e. 0.60).
- AD-CPEScore = District citizens' participation and engagement score from administrative data.
- WGT2 = Administrative data weight (i.e. 0.40).

**A Practical Example:** Using Upper Denkyira West District, we provide a more practical example by going through the six stages above to compute the citizens' participation and engagement major-component score (CPEScore) based on the survey and administrative data on the district.

Data for calculating first sub-component score (PDWPDscScore):  
 IND1sc1 = 48; IND2sc1 = 48; N = 24; Expected min. score = 0; and Expected max. score = 8.

Data for calculating second sub-component score (PDBPscScore):  
 IND1sc2 = 48; IND2sc2 = 6; N = 24; Expected min. score = 0; and Expected max. score = 8

Data for calculating third sub-component score (DOTMECscScore):  
 IND1sc3 = 1; N = 1; Expected min. score = 0; and Expected max. score = 1.

Stages 1, 2 and 3: Aggregating indicators' scores and deriving sub-components' mean scores:  
 PDWPDscScore = (48 + 48) = 96 → PDWPDscScore1 = 96 ÷ 24 = 4.00  
 PDBPscScore = (48 + 6) = 54 → PDBPscScore1 = 54 ÷ 24 = 2.25  
 DOTMECscScore = 1 → DOTMECscScore1 = 1 ÷ 1 = 1

Stage 4: Normalization of sub-components' mean scores to run on a 0 to 100 points scale:  
 PDWPDscScore2 = [(4.00 - 0) ÷ (8 - 0)] x 100 = 50.0  
 PDBPscScore2 = [(2.25 - 0) ÷ (8 - 0)] x 100 = 28.125  
 DOTMECscScore2 = [(1.0 - 0) ÷ (1.0 - 0)] x 100 = 100.0

Stage 5: Computing survey and administrative data citizens' participation and engagement score  
 ESD-CPEScore = (50.0 + 28.125) ÷ 2 = 39.062 ≈ 39.1  
 AD-CPEScore = (100.0) ÷ 1 = 100.0

Stage 6: Weighting survey and administrative data scores and aggregating to compute the citizens' participation and engagement major-component score.  
 CPEScore = [(39.062) x (0.60)] + [(100.0) x (0.40)] = 23.4 + 40.0 = **63.4**

The scores for the other major components - the fiscal transparency component score (FITScore), local government effectiveness component score (LGEScore), local management committee effectiveness component score (LMCEScore), and mineral development fund utilization efficiency component score (MDFUEScore) - for all the districts are computed by replicating the above six stages.

**Stage 7:** At the final stage, the MDDS scores for each district were computed as a simple arithmetic mean of the weighted scores on all the five major components as shown in equation 7 below.

$$CPEScore = [(ESD-CPEScore) \times (WGT_1)] + [(AD-CPEScore) \times (WGT_2)] \dots\dots\dots (6)$$



### 3.2. Classification of the Districts' MDDS Component and Composite Scores

The MDDS overall composite and component results are scored on a scale of 0-100, where values less than 30 correspond to “poor” governance relating to mineral royalty revenue management and utilization; values from 30 to 44 correspond with “weak” governance practices; values from 45-59 correspond to “satisfactory” governance practices; values from 60-74 correspond to “good” performance in governance and management practices; and values greater than 75 correspond to “very good” performance in mineral royalty governance and management practices (see **Table 3**).

**Table 3: MDDS Score Classification**

| Score    | Classification |
|----------|----------------|
| 75 - 100 | Very good      |
| 60 - 74  | Good           |
| 45 - 59  | Satisfactory   |
| 30 - 44  | Weak           |
| 0 - 30   | Poor           |







MINERAL ROYALTY  
DISTRIBUTION IN GHANA:  
FRAMEWORK AND  
DISTRICT TRANSFERS IN  
2020



## 4.0. Introduction

This section discusses the mineral royalty distribution in Ghana, beginning with an overview of the distribution framework. This is followed

by an analysis of the transfer of mineral royalties to District Assemblies (DAs) and Local Management Committees (LMC) at the district level in

fiscal year 2020, which serves as the baseline year for the assessment.

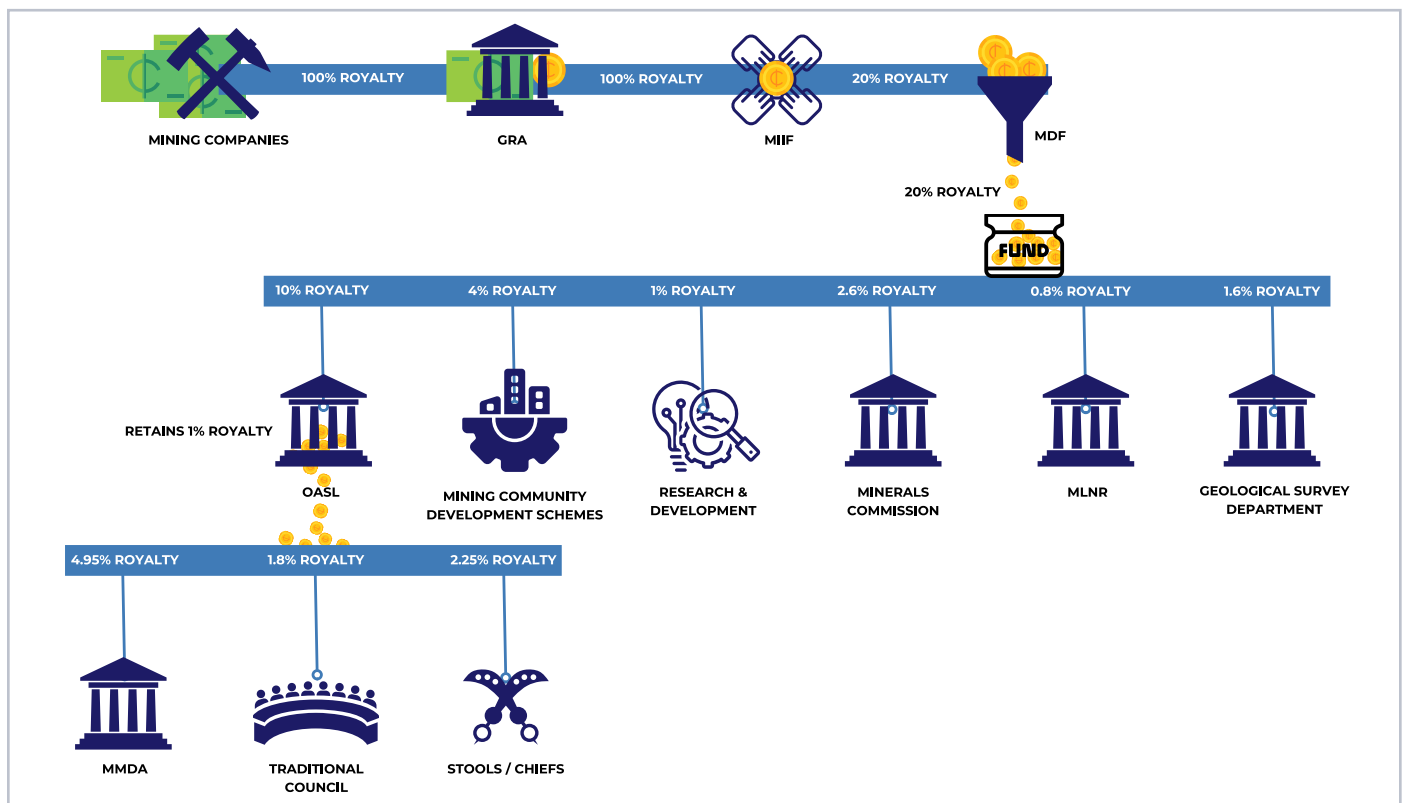
## 4.1. Mineral Royalty Distribution Framework in Ghana

Ghana has developed an elaborate framework for sharing mineral royalties between central and sub-national governments and communities. The Minerals Income Investment Fund Act, 2018 (Act 978) states that mineral royalty receipts should be paid into the Mineral Income Investment Fund (MIIF) every quarter. **Box**

1 shows the flow and distribution of mineral royalties in Ghana. Of the total mineral royalties collected, 80% are paid into the government's consolidated fund to support the budget. According to Act 978, the Fund shall, not later than three days after receipt of any mineral income, distribute/transfer the remaining

20% into a designated account the Mineral Development Funds (MDF). This portion is earmarked for sharing among various national regulatory and oversight bodies, local government authorities (district and municipal assemblies), and traditional authorities in communities impacted by mining activity.

### Box 1: Mineral Royalty Distribution Framework in Ghana



## 4.1. Mineral Royalty Distribution Framework in Ghana

The 20% is divided in two: half (10%) is retained by the Mineral Development Fund (MDF) to support public mining agencies to fund research, training, and special projects aimed at promoting the mining industry, and supplementing the operating budget of the sector Ministry and institutions when necessary. The other half (10%) is transferred quarterly through the Office of the Adminis-

trator of Stool Lands (OASL), which then distributes it to the various local levels of government. This distribution compensates for any detrimental effects of mining on the communities and supports local-level development.

The 20% ceded mineral royalties to the MDF and OASL are distributed as follows:

- 10% (i.e., 50% of the ceded 20%) is allocated to the MDF secretariat and is treated as 100%. This allocation is distributed as follows: 40% to support the Mining Communities Development Scheme (MCDS), and 60% to support public mining-related sector agencies and institutions.
- The remaining 10% (the other 50% of the ceded 20%) is allocated to the OASL and is treated as 100%.

From this allocation, 10% is used to cover OASL's administrative expenses.

- The remaining 90% (treated as 100%) is distributed as follows: 25% to Stool lands, 20% to Traditional Councils, and 55% to District Assemblies.

blies.

The focus of the CDD-Ghana Mining District Development Scorecard (MDDS) tool is to assess the transparency and accountability practices in the transfer, management, and utilization of the 55% mineral royalties

allocated to District Assemblies and the portion of the 40% allocation to fund the Mining Communities Development Schemes (MCDS) managed by Local Management Committees (LMCs) established across all mining districts.

## 4.2. Mineral Royalty Transfer to District Assemblies and Local Management Committees in 2020

According to the Ghana Extractive Industry Transparency Initiative (GHEITI)<sup>29</sup>, in 2020, the total reconciled mineral royalties paid by eligible mining companies to the Ghana Revenue Authority (GRA) and Mineral Income Investment Fund (MIIF) was **GH¢1.47 billion**. Based on the revenue distribution framework outlined in **Box 1**, **GH¢ 293 million** (representing 20%) was supposed to be transferred to the MDF.

However, GHEITI reported that the total actual royalties received and disbursed for the year 2020 was **GH¢**

**1.25 billion** (which is **GH¢ 217 million** less than the total reconciled mineral royalties). As per the royalty distribution framework outlined in **Box 1** above, **GH¢ 249 million** (representing 20%) should have been transferred to the MDF Account. However, the Ministry of Finance (MoF), received the **GH¢ 249 million** but lodged only **GH¢113.4 million** into the MDF account, leaving an arrears of **GH¢136 million** (55%). In essence, the MDF received less than half of its expected revenues in 2020<sup>30</sup>.

Based on the mineral royalty distri-

bution formula, the MDF Secretariat is required to retain half, that is 50% of the **GH¢113.4 million** royalty lodged in the MDF account. The MDF Secretariat is to disburse this amount to support mineral-related public institutions and agencies, as well as to the Mining Communities Development Schemes. These schemes are managed by the LMCs. The remaining 50% is to be transferred to the OASL for disbursement to sub-national-level entities, including Municipal, Metropolitan, and District Assemblies (MMDAs) and traditional authorities.

### 4.2.1. Mineral Royalty Transfers to District Assemblies in 2020: Key Findings and Observations

The OASL under the Ministry of Lands and Natural Resources (MLNR) as per the mineral royalty distribution formula is entitled to receive 10% out of the ceded 20% of total mineral royalty receipt lodged into the MDF account. As noted above, in 2020, the 20% total mineral royalty receipt transferred to the MDF account amounted to **GH¢ 113.4 million**. Based on the 2020 mineral royalty receipt, the 10% share to be transferred to the OASL should amount to **GH¢ 56.7 million** in 2020. Out of this share, OASL is to keep 10% which amounts to **GH¢ 5.7 million** for administrative cost. The remaining 90% (51 million treated as 100%), is to be shared with District Assemblies and traditional authorities per the distribution framework outlined above.

The total amount of money disbursed by the OASL head office in Accra to the regional OASL offices for disbursement to relevant local authorities (District Assemblies and Traditional Authorities) amounted to **GH¢ 42.6 million**<sup>31</sup>. This is **GH¢ 8.4 million** less than what was supposed to be transferred to local authorities. Based on the disbursement formula, out of the **GH¢ 42.6 million** sent to the regional offices, 55% amounting to **GH¢ 23.5 million** was supposed to be transferred to the various district assemblies in the mining districts.

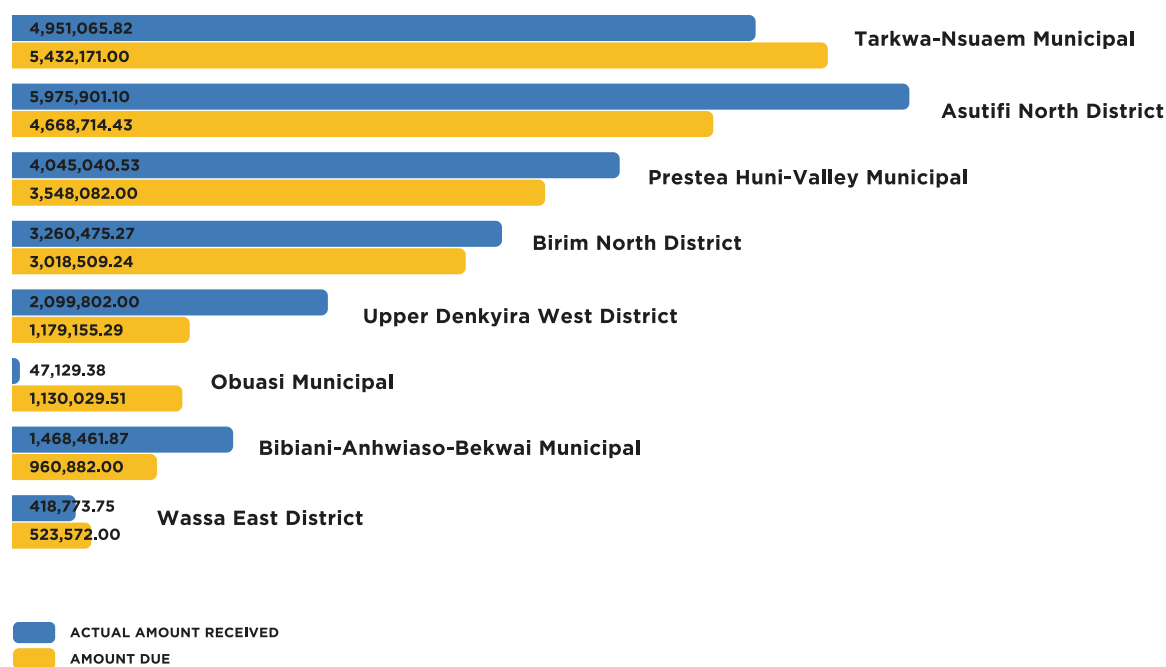
However, official receipts from GHEITI indicate that **GH¢ 26.9 million** was disbursed to the 22-mineral royalty-receiving District Assemblies<sup>32</sup>. In essence, mining districts received more than **GH¢ 6.4 million**.

It's worth noting that even if the 55% owed to District Assemblies were to be transferred from the OASL head office, District Assemblies would have received **GH¢ 28 million**, still leaving an excess of **GH¢1.9 million** unaccounted for.

For the MDDS Districts, the mineral royalty disbursement to the eight selected District Assemblies in 2020 totaled **GH¢ 20,461,115.47**. This amount is lower than the expected **GH¢ 22,266,649.72** that should have been disbursed to the District Assemblies in 2020, resulting in a variance of **GH¢1,805,534.25**. The table below shows the expected and actual mineral royalty revenues transferred to each of the District Assemblies in the eight MDDS Districts in 2020.



**Table 4A: Mineral Royalty Disbursement to MDDS District Assemblies**



Source: CDD-Ghana's Compilation and Computation from GHEITI Report, 2022

## 4.2.2. Mineral Royalty Transfers to Local Management Committees in 2020: Key Findings and Observations

Under the mineral royalty distribution framework, the MDF Secretariat is required to retain 10% of the ceded 20% of total mineral royalties to support public mining agencies, and community development initiatives under the Mining Community Development Scheme (MCDS). Based on the 2020 mineral royalty receipt of **GH¢ 113.4 million**, the 10% share to be retained by the MDF Secretariat should amount to **GH¢ 56.7 million** in 2020. Of this amount, 40%

amounting to **GH¢ 22.7 million** as per the distribution formula should be allocated to support the Mining Community Development Scheme (MCDS) which is to be managed by LMCs established in each mining district.

In 2020, the MDF Board inaugurated 19 LMCs across five regions<sup>33</sup>. An amount of **GH¢ 9.1 million** representing 40% of the total **GH¢ 22.7 million** was disbursed to 17 out of the 19

LMCs to undertake various projects to support socio-economic development at the local level<sup>34</sup>.

**Table 4.2** below shows the funds disbursed under the MCDS to each of the eight LMCs in the MDDS District in 2020. The total disbursement to these eight LMCs totaled **GH¢ 5.4 million** accounting for 59.4% of total funds transferred to all LMCs in that year.

**Table 4.2: Mining Community Development Scheme Funds Disbursement to LMCs**

| District Name           | Name of LMC Inaugurated               | Amount (GH¢)           |
|-------------------------|---------------------------------------|------------------------|
| Tarkwa-Nsuaem           | Tarkwa Nsuaem Municipal LMC           | 1,398,535.00           |
| Prestea Huni-Valley     | Prestea Huni Valley Municipal LMC     | 1,000,000.00           |
| Upper Denkyira West     | Upper Denkyira West District LMC      | 500,000.00             |
| Birim North             | Birim North District LMC              | 500,000.00             |
| Asutifi North           | Asutifi North District LMC            | 500,000.00             |
| Wassa East              | Wassa East District LMC               | 500,000.00             |
| Bibiani-Anhwiaso Bekwai | Bibiani-Anhwiaso Bekwai Municipal LMC | 500,000.00             |
| Obuasi                  | Obuasi Municipal LMC                  | 500,000.00             |
| <b>Total</b>            |                                       | <b>GH¢5,398,535.00</b> |

Source: CDD-Ghana's Compilation and Computation from GHEITI Report, 2022



2023 MINING DISTRICTS'  
DEVELOPMENT  
SCORECARD (MDDS)  
LEAGUE TABLE RESULT:  
DISTRICT SCORES AND  
ANALYSIS





## 5.0. Introduction

This section provides an analysis of the results from the inaugural 2023 Mining Districts' Development Scorecard (MDDS), including performance

scores and rankings. It focuses on examining performance scores and ranks for each of the five components of the MDDS. Following this, it

presents and analyzes the overall 2023 MDDS scores and ranks.

## 5.1. MDDS Component Scores, District Ranks, and Analysis

The MDDS tool evaluates institutional quality and governance practices related to the transfer, management, and utilization of mineral royalties at the district level. Table 1 illustrates

that the MDDS comprises five main components: Fiscal Transparency; Local Government Effectiveness; Local Management Committee Effectiveness; Citizens' Participation and

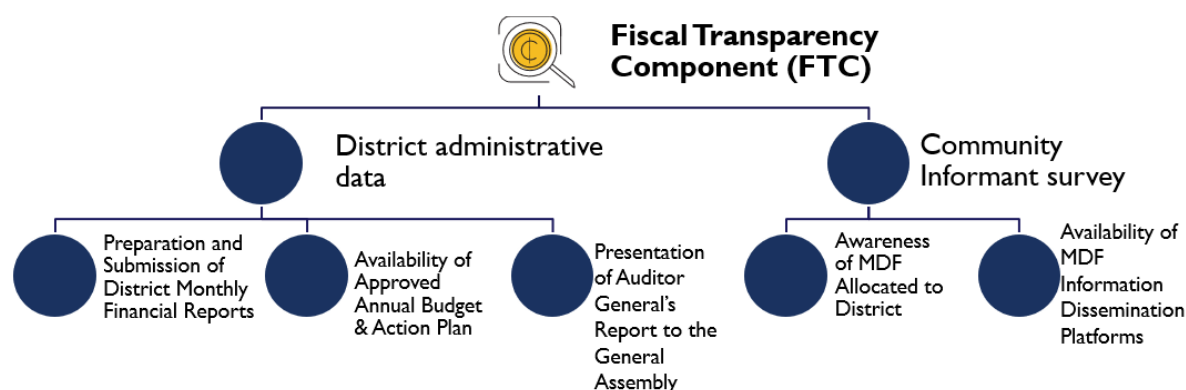
Engagement; and Mineral Development Fund Utilization Efficiency. This section will analyze district performance scores at the component level.

### 5.1.1. Fiscal Transparency Component: Analysis of District Performance Scores and Ranks

Information disclosure by government authorities and entities receiving extractive revenue can enhance accountable and responsive resource management<sup>35</sup>. The Fiscal Transparency (FIT) component measures adherence to public financial management information disclosure

practices by local government authorities at the district level. It also evaluates the availability and quality of public information dissemination platforms/channels for informing citizens and communities about the receipt and expenditure of mineral royalties.

The FIT Component Score (FIT-SCORE) consists of five main sub-components. Three of these sub-components are measured using administrative data, while the other two are derived from survey data conducted with key community informants (see chart below).



**Table 5A** below presents the performance scores of Districts on three sub-components of fiscal transparency assessed using administrative data. All eight mineral resource-rich

districts achieved excellent scores (100 out of the possible 100 points) on these three sub-components. This indicates a high level of administrative compliance with public financial

management rules and practices in the management of public resources including mineral revenues in these districts.

**Table 5A: Fiscal transparency sub-component score | Normalized | Administrative data**

| District                          | Preparation and Submission of District Quarterly Financial Reports | Availability of Approved Annual Budget & Action Plan | Presentation of Auditor General's Report to the General Assembly | Average of Sub-components Scores (AD-FITSCORE) | Weighted (40%) AD-FITSCORE | Rank |
|-----------------------------------|--|--|--|--|----------------------------|------|
| Asutifi North District            | 100.0  | 100.0  | 100.0  | 100.0  | 40.0                       | I    |
| Obuasi Municipal                  | 100.0  | 100.0  | 100.0  | 100.0  | 40.0                       | I    |
| Upper Denkyira West District      | 100.0  | 100.0  | 100.0  | 100.0  | 40.0                       | I    |
| Birim North District              | 100.0  | 100.0  | 100.0  | 100.0  | 40.0                       | I    |
| Tarkwa Nsuaem Municipal           | 100.0  | 100.0  | 100.0  | 100.0  | 40.0                       | I    |
| Prestea Huni-Valley Municipal     | 100.0  | 100.0  | 100.0  | 100.0  | 40.0                       | I    |
| Wassa East District               | 100.0  | 100.0  | 100.0  | 100.0  | 40.0                       | I    |
| Bibiani Anhwiaso Bekwai Municipal | 100.0  | 100.0  | 100.0  | 100.0  | 40.0                       | I    |
| <b>AVERAGE SCORE</b>              | <b>100.0</b>   | <b>100.0</b>   | <b>100.0</b>   | <b>100.0</b>                                   | <b>40.0</b>                |      |

**Table 5B** shows district performance scores on the two fiscal transparency sub-components – “Awareness of MDF Allocated to District” and “MDF Information Dissemination Platforms” assessed with data from the key community informant experiential survey.

- The district average performance score on the sub-component - Awareness of MDF Allocated to District across the eight districts is “weak” (i.e. 43.1 out of a possible 100 points). However, there are significant variations in the performance scores obtained by districts

on this sub-component.

» The three top districts with the highest performance scores under this sub-component are Birim North (75.0), Upper Denkyira West (52.2); and Wassa East (50.5).

» The bottom three districts with the lowest performance scores are Obuasi Municipal (31.3); Bibiani Anhwiaso Berkwai Municipal (28.9); and Prestea Huni-Valley Municipal (18.8).

- The eight-district average performance on the sub-component, “Availability of MDF Information

Dissemination Platforms” is “poor” (4.8 points out of a possible 100 points), with district scores ranging from a high of 8.7 points to a low of 2.1 points.

» While the scores of four districts – Bibiani Anhwiaso Berkwai Municipal (3.0), Prestea Huni-Valley Municipal (3.1), Asutifi North (2.5), and Obuasi (2.1) are below the eight-district average, the other four districts had scores slightly above the average (i.e. from 5.3 to 8.7).

**Table 5B: Fiscal Transparency Sub-component Score | Normalized | Survey Data**

| District                          | Awareness of MDF Allocated to Districts Sub-component Score | MDF Information Dissémination Platforms Sub-component | Average of Sub-components scores | Weighted (60%) ESD-FITSCORE | Rank |
|-----------------------------------|---|---|----------------------------------|-----------------------------|------|
| Birim North District              | 75.0  | 6.2   | 40.6                             | 24.4                        | 1    |
| Upper Denkyira West District      | 52.2  | 8.7   | 30.5                             | 18.3                        | 2    |
| Wassa East District               | 50.5  | 7.9   | 29.2                             | 17.5                        | 3    |
| Tarkwa Nsuaem Municipal           | 44.8  | 5.3   | 25.0                             | 15.0                        | 4    |
| Asutifi North District            | 43.8  | 2.5   | 23.1                             | 13.9                        | 5    |
| Obuasi Municipal                  | 31.3  | 2.1   | 16.7                             | 10.0                        | 6    |
| Bibiani Anhwiaso Bekwai Municipal | 28.9  | 3.1   | 16.0                             | 9.6                         | 7    |
| Prestea Huni-Valley Municipal     | 18.8  | 3.0   | 10.9                             | 6.5                         | 8    |
| <b>AVERAGE SCORE</b>              | <b>43.1</b>   | <b>4.8</b>  | <b>24.0</b>                      | <b>14.4</b>                 |      |

**Table 5C** displays the overall district performance scores and ranks on Fiscal Transparency Component (FITC). The overall district scores are computed as the aggregate of the weighted normalized scores of administrative and survey data sub-components scores (i.e., cumulative FITSCORE)'.

- The overall eight-District average performance score on fiscal transparency is “Satisfactory” (54.4 out of 100 points) with district scores ranging between 64.4 points to 46.5

points.

» Birim North District is ranked 1st with a score of 64.4 points. Upper Denkyira West District ranked 2nd with a score of 58.3 points. Wassa East District is ranked 3rd with a score of 57.5 points.

» Three districts score below the average District score. The districts are Obuasi Municipal ranked 6th with a score of 50 points; Bibiani Anhwiaso Berkwai Municipal ranked 7th

with a score of 49.6 points; and Prestea Huni-Valley Municipal ranked 8th with a score of 46.5 points.

- Rural mineral resource-rich districts performed relatively better than mineral resource-rich municipalities in the overall fiscal transparency practices (i.e., the top three ranked local authority areas are rural mineral resource-rich districts).

**Table 5C: Overall Fiscal Transparency Component Score | Cumulative**

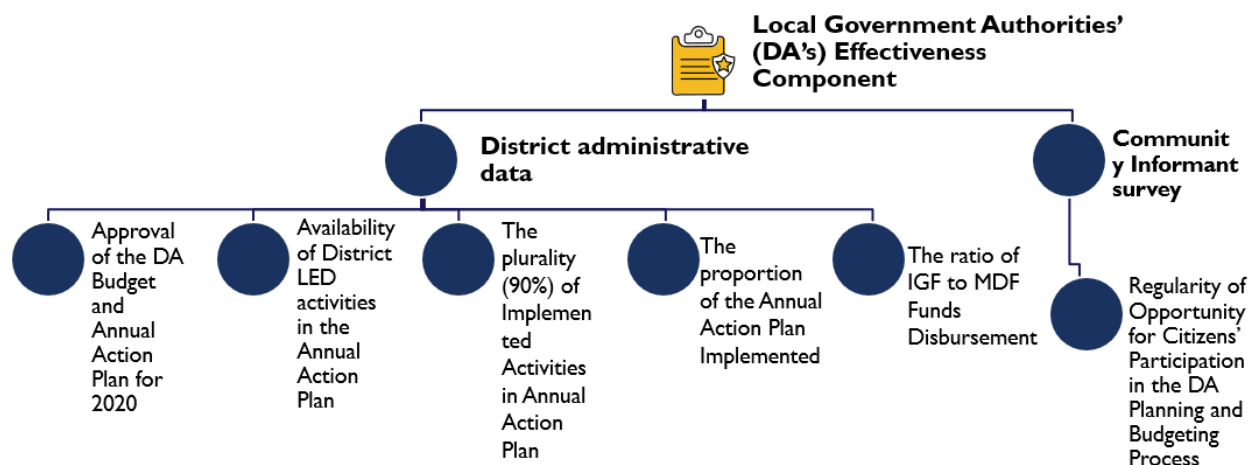
| District                          | Weighted AD-FITSCORE | Weighted ESD-FITSCORE | Cumulative FITSCORE | Rank |
|-----------------------------------|----------------------|-----------------------|---------------------|------|
| Birim North District              | 40.0                 | 24.4                  | 64.4                | 1    |
| Upper Denkyira West District      | 40.0                 | 18.3                  | 58.3                | 2    |
| Wassa East District               | 40.0                 | 17.5                  | 57.5                | 3    |
| Tarkwa Nsuaem Municipal           | 40.0                 | 15.0                  | 55.0                | 4    |
| Asutifi North District            | 40.0                 | 13.9                  | 53.9                | 5    |
| Obuasi Municipal                  | 40.0                 | 10.0                  | 50.0                | 6    |
| Bibiani Anhwiaso Bekwai Municipal | 40.0                 | 9.6                   | 49.6                | 7    |
| Prestea Huni-Valley Municipal     | 40.0                 | 6.5                   | 46.5                | 8    |
| <b>AVERAGE SCORE</b>              | <b>40.0</b>          | <b>14.4</b>           | <b>54.4</b>         |      |

## 5.1.2. Local Government Effectiveness Component: Analysis of District Performance Scores and Ranks

Local government authorities – Metropolitan, Municipal, and District Assemblies (hereafter District Assemblies (DAs) – are responsible for various functions at the local level. These include political decision-making, administration, planning, budgeting, rating and development at the local level<sup>36</sup>. DAs in mining communities, receive,

manage, and utilize mineral royalties to support the socio-economic development of their districts. The Local Government Effectiveness (LGE) component assesses the planning quality, budget effectiveness, program implementation, and local resource mobilization capacity of DAs in mineral resource-rich districts.

The LGE Component Score (LGEC-SCORE) comprises six sub-components, five of which are evaluated using district administrative data sources. The sixth sub-component is assessed drawing on data from the key community informant experiential survey as shown in the chart below.



Presented in **Table 6A** are District performance scores across the five sub-components assessed drawing on administrative data sources.

- In three out of the five sub-components: *Approval of Budget and Annual Action Plan*; *Availability of District Local Economic Development (LED) Activities in 2020 Annual Action Plan*; and *Plurality (90%) of Implemented Activities from the 2020 Annual Action Plan*, all the Districts performed “very good,” scoring 100 out of the possible 100 point.

- » On the remaining two sub-components, however, district performance scores are varied. The 8-District average performance score on the sub-component “*Proportion of*

*the Annual Action Plan Implemented*” is “very good” (a score of 81.3 points out of a possible score of 100 points).

- » Birim North District, Upper Denkyira West District, and Bibiani Anhwiaso Berkwai Municipal obtained the full score of 100 points.

- » Obuasi Municipal, Tarkwa Nsuaem Municipal, Wassa East District, and Prestea Huni-Valley Municipal scored 75 out of the possible 100 points. Asutifi North District had the lowest score of 50 points.

- The eight-District average performance score on the “*IGF to MDF Performance Ratio*” sub-component is “satisfactory” (58.9 point out of a

possible 100 points) with individual district scores on this sub-component ranging from a low of 14.3 to a high of 100 points, a gap of 85.7 points.

- » Two districts - Bibiani Anhwiaso Berkwai Municipal and Tarkwa Nsuaem Municipal recorded the full score (i.e.,100 points, respectively), followed by Birim North District and Obuasi Municipal (71.4 points each).

- » Upper Denkyira West District and Prestea Huni-Valley Municipal both had the worst score of 14.3 points each, an indication of the two districts’ low capacity to generate and mobilize local internal resources to support development in the absence of mineral royalty transfers.



**Table 6A: Local Government Effectiveness Sub-component Scores | Normalized | Administrative data**

| District                          | Approval of the Budget and Annual Action Plan | Availability of District LED activities in the Annual Action Plan | Plurality (90%) of Implemented Activities in Annual Action Plan | Proportion of Annual Action Plan Implemented | IGF-MDF Performance Ratio | Average of Sub-components scores | Weighted (40%) AD-LGSCORE | Rank |
|-----------------------------------|---|---|---|--|---------------------------|----------------------------------|---------------------------|------|
| Bibiani Anhwiaso Bekwai Municipal | 100.0   | 100.0   | 100.0   | 100.0  | 100.0                     | 100.0                            | 40.0                      | 1    |
| Tarkwa Nsuaem Municipal           | 100.0   | 100.0   | 100.0   | 75.0   | 100.0                     | 95.0                             | 38.0                      | 2    |
| Birim North District              | 100.0   | 100.0   | 100.0   | 100.0  | 71.4                      | 94.3                             | 37.7                      | 3    |
| Obuasi Municipal                  | 100.0   | 100.0   | 100.0   | 75.0   | 71.4                      | 89.3                             | 35.7                      | 4    |
| Wassa East District               | 100.0   | 100.0   | 100.0   | 75.0   | 57.1                      | 86.4                             | 34.6                      | 5    |
| Upper Denkyira West District      | 100.0   | 100.0   | 100.0   | 100.0  | 14.3                      | 82.9                             | 33.1                      | 6    |
| Asutifi North District            | 100.0   | 100.0   | 100.0   | 50.0   | 42.9                      | 78.6                             | 31.4                      | 7    |
| Prestea Huni-Valley Municipal     | 100.0   | 100.0   | 100.0   | 75.0   | 14.3                      | 77.9                             | 31.1                      | 8    |
| <b>AVERAGE SCORE</b>              | <b>100.0</b>                                  | <b>100.0</b>  | <b>100.0</b>  | <b>81.3</b>                                  | <b>58.9</b>               | <b>88.0</b>                      | <b>35.2</b>               |      |

**Table 6B** displays district performance scores on the sub-component - Regularity of Opportunity for Citizens' Participation in Planning and Budgeting, with data from the key community informant experiential survey revealed the following:

- The eight-district average performance score on this sub-component is poor (17.7 out of 100 points) with district scores ranging from a high

of 28.1 points to a low of 7.0 points  
 » Tarkwa Nsuaem Municipal performed relatively better with a score of 28.1 points, followed by Obuasi Municipal with a score of 27.3 points, and Upper Denkyira West District with a score of 25.4 points.  
 » Five Districts scored below the Districts' average performance score. They are Bibiani Anhwiaso

also Berkwai Municipal with a score of 16.7 points; Prestea Huni-Valley Municipal with a score of 13.4 points; Wassa East District with a score of 13 points; Asutifi North District with a score of 10.9 points; and Birim North District with a score of 7 points.

**Table 6B: Local Government Effectiveness Sub-component Score | Normalized | Survey data**

| District                          | Regularity of Opportunity for Citizens' Participation in Planning and Budgeting Sub-component Score | Weighted (60%) ESD-LGSCORE | Rank |
|-----------------------------------|---|----------------------------|------|
| Tarkwa Nsuaem Municipal           | 28.1  | 16.9                       | 1    |
| Obuasi Municipal                  | 27.3  | 16.4                       | 2    |
| Upper Denkyira West District      | 25.4  | 15.2                       | 3    |
| Bibiani Anhwiaso Bekwai Municipal | 16.7  | 10.0                       | 4    |
| Prestea Huni-Valley Municipal     | 13.4  | 8.1                        | 5    |
| Wassa East District               | 13.0  | 7.8                        | 6    |
| Asutifi North District            | 10.9  | 6.6                        | 7    |
| Birim North District              | 7.0   | 4.2                        | 8    |
| <b>AVERAGE SCORE</b>              | <b>17.7</b>   | <b>10.6</b>                |      |

**Table 6C** show the overall scores obtained by districts on the Local Government Effectiveness Component (LGECScore).

- Overall, the 8-district average performance score on LGEC is "satisfactory" (45.9 points out of a possible score of 100), with district scores ranging from a high score of 54.9 points to a low score of 38.0 points.

» Tarkwa Nsuaem Municipal is ranked 1st with a score of 54.9. Obuasi Municipal is ranked 2nd with a score of 52.1. The 3rd ranked district is Bibiani Anhwiaso Berkwai Municipal with a score of 50 points.  
 » The three bottom-ranked districts are: Birim North District (6th) with a score of 41.9 points; Prestea Huni-Valley Municipal (7th) with a score of 39.2 points.

The Asutifi North District is the lowest-ranked district placing 8th with a score of 38.0 points.

- Local government authorities in mineral resource-rich municipalities performed relatively better than rural mineral resource-rich districts on the LGEC: Three of the top ranked districts are all municipals.

**Table 6C: Overall Local Government Effectiveness Component Score | Cumulative**

| District                          | Weighted AD-LGSCORE | Weighted ESD-LGSCORE | Cumulative LGSCORE | Rank on Major-component |
|-----------------------------------|---------------------|----------------------|--------------------|-------------------------|
| Tarkwa Nsuaem Municipal           | 38.0                | 16.9                 | 54.9               | 1                       |
| Obuasi Municipal                  | 35.7                | 16.4                 | 52.1               | 2                       |
| Bibiani Anhwiaso Bekwai Municipal | 40.0                | 10.0                 | 50.0               | 3                       |
| Upper Denkyira West District      | 33.1                | 15.2                 | 48.3               | 4                       |
| Wassa East District               | 34.6                | 7.8                  | 42.4               | 5                       |
| Birim North District              | 37.7                | 4.2                  | 41.9               | 6                       |
| Prestea Huni-Valley Municipal     | 31.1                | 8.1                  | 39.2               | 7                       |
| Asutifi North District            | 31.4                | 6.6                  | 38.0               | 8                       |
| <b>AVERAGE SCORE</b>              | <b>35.2</b>         | <b>10.6</b>          | <b>45.9</b>        |                         |

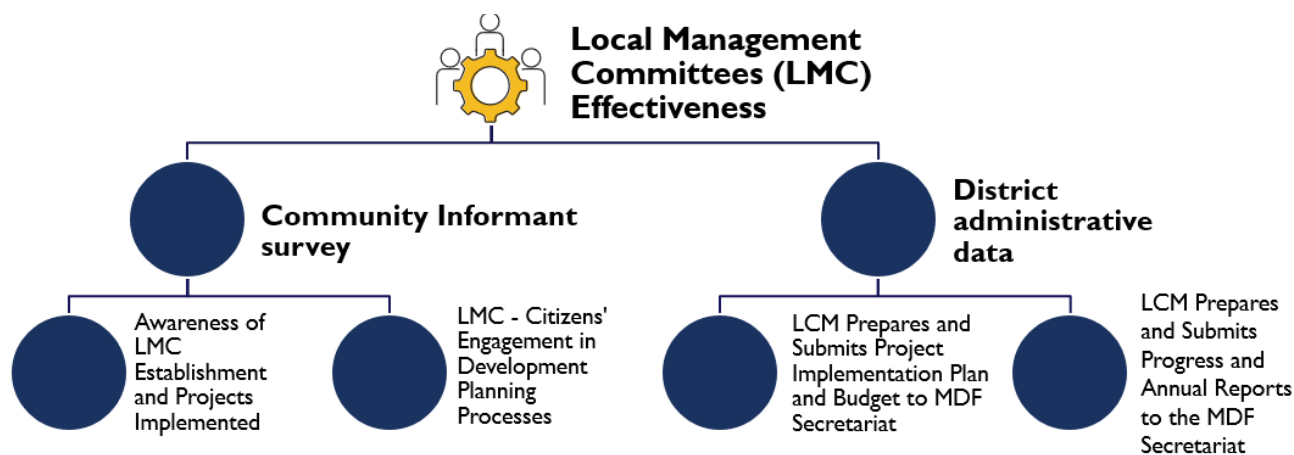
### 5.1.3. Local Management Committees Effectiveness Component: Analysis of District Performance Scores and Rank

A key provision in the Mineral Development Fund Act (Act 912) is the establishment of the MCDS 'to facilitate the socio-economic development of communities in which mining activities are undertaken and are affected by its operations'<sup>37</sup>. To manage the MCDS, LMCs<sup>38</sup> are to be established in each mining district across the country. The LMCs rep-

resent an important decentralized institutional layer in managing mining revenues, and they are responsible for the development of mining communities in mining districts. The LMCs are responsible for administering and overseeing the MCDS funds in each mining District.

The Local Management Committee

Effectiveness (LMCE) component evaluates the organizational, operational, and effectiveness of the LMCs in managing the MCDS. The LMCE Component Score (LMCESCORE) has four sub-components. Two are measured with administrative data, and the other two with key community informant experiential survey data, as shown below.



**Table 7A** presents district performance scores on the two sub-components computed with data from administrative sources: “LMC Prepares and Submits Project Implementation Plan and Budget to MDF Secretariat” and “LMC Prepares and Submits Progress and Annual Reports to MDF Secretariat”.

- On the sub-component “LMC

Prepares and Submits Project Implementation Plan and Budget to MDF Secretariat,” four districts - Birim North District, Tarkwa Nsuaem Municipal, Wassa East District, and Bibiani-Anhwiaso-Bekwai Municipality recorded “very good” performances as they secured the total 100 points out of the possible 100 points. The remaining four districts performed

“poorly” (i.e. scored 0).

- On the sub-component “LMC Prepares and Submits Progress and Annual Reports to MDF Secretariat,” all districts performed “poorly” (i.e., scored 0 out of 100 points).

**Table 7A: Local Management Committee Effectiveness Sub-component Scores | Normalized | Administrative data**

| District                          | LCM Prepares and Submits Project Implementation Plan and Budget to MDF | LCM Prepares and Submits Progress and Annual Reports to MDF | Average of Sub-components scores (AD-LMCEScore) | Weighted (40) AD-LMCEScore | Rank |
|-----------------------------------|--|---|---|----------------------------|------|
| Birim North District              | 100.0  | 0.0   | 50.0  | 20.0                       | 1    |
| Tarkwa Nsuaem Municipal           | 100.0  | 0.0   | 50.0  | 20.0                       | 1    |
| Wassa East District               | 100.0  | 0.0   | 50.0  | 20.0                       | 1    |
| Bibiani Anhwiaso Bekwai Municipal | 100.0  | 0.0   | 50.0  | 20.0                       | 1    |
| Asutifi North District            | 0.0  | 0.0   | 0.0   | 0.0                        | 2    |
| Obuasi Municipal                  | 0.0  | 0.0   | 0.0   | 0.0                        | 2    |
| Upper Denkyira West District      | 0.0  | 0.0   | 0.0   | 0.0                        | 2    |
| Prestea Huni-Valley Municipal     | 0.0  | 0.0   | 0.0   | 0.0                        | 2    |
| <b>AVERAGE SCORE</b>              | <b>50.0</b>  | <b>0.0</b>  | <b>25.0</b>                                     | <b>10.0</b>                |      |

Displayed in **Table 7B** are the District performance scores on the other two sub-components of the local management committee effectiveness - “Awareness of LMC Establishment and Projects Implemented” and “LMC-Citizens’ Engagement in Development Planning Processes” computed with data from the key community informant experiential survey. Across these two sub-components, 8-district average scores are “poor” and with very marginal variations in the two sub-components scores across districts.

- The eight-district average performance score on the sub-component “Awareness of LMC Establishment and Projects Implemented” is “poor” (4.5 points out of a possible score of 100).
  - » Three districts scored above the district average performance score on this sub-component: Bibiani Anhwiaso Bekwai Municipal (7.2 points), Upper Denkyira West District (6.5 points), and Wassa East District (5.8 points).

- Similarly, the 8-district average performance score on the sub-component “LMC-Citizens Engagement in Development Planning Processes” is also poor (10.5 points out of a possible score of 100).
  - » Two out of the eight districts scored more than twice the 8-district average performance score. The districts are Upper Denkyira West District, with a score of 35.8 points, and Wassa East District, with a score of 27.8 points.

**Table 7B: Local Management Committee Effectiveness Sub-component Score | Normalized | Survey data**

| District                          | Awareness of Local Management Committee Establishment and Projects Implemented | LMC-Citizens Engagement in Development Planning Processes | Average of Sub-components scores (ESD-LMCEScore) | Weighted (60%) AD-LMCEScore | Rank |
|-----------------------------------|--|---|--|-----------------------------|------|
| Upper Denkyira West District      | 6.5  | 35.8  | 21.2   | 12.7                        | 1    |
| Wassa East District               | 5.8  | 27.8  | 16.8   | 10.1                        | 2    |
| Bibiani Anhwiaso Bekwai Municipal | 7.2  | 10.2  | 8.7  | 5.2                         | 3    |
| Tarkwa Nsuaem Municipal           | 3.4  | 5.7   | 4.6  | 2.7                         | 4    |
| Birim North District              | 2.6  | 3.9   | 3.3  | 2.0                         | 5    |
| Prestea Huni-Valley Municipal     | 3.8  | 0.5   | 2.2  | 1.3                         | 6    |
| Obuasi Municipal                  | 3.4  | 0.0   | 1.7  | 1.0                         | 7    |
| Asutifi North District            | 2.9  | 0.0   | 1.4  | 0.9                         | 8    |
| <b>AVERAGE SCORE</b>              | <b>4.5</b>   | <b>10.5</b>   | <b>7.5</b>                                       | <b>4.5</b>                  |      |

**Table 7C** presents the overall District performance scores and ranks on the Local Management Committee Effectiveness (LMCE) component.

- Overall, the eight-district average performance score on LMCE is classified as “poor” (14.5 points out of a possible score of 100 points), with district scores ranging from a high of 30.1 points to a low score of 0.9 points.
  - » The top-ranked district is Wassa East District (30.1), followed

by Bibiani Anhwiaso Bekwai Municipal (25.2), which is 2nd, and Tarkwa Nsuaem Municipal (22.7), which is 3rd.

- » The bottom three poor-performing districts are: Prestea Huni-Valley Municipal (1.3) ranking 6th; Obuasi Municipal (1.0) ranking 7th; Asutifi North District (0.9) ranking 8th.
- » None of the districts garnered even a third out of the possible 100 points on the LMCE given the highest and lowest scores of

30.1 and 0.9 obtained by Wassa East and Asutifi North Districts, respectively.

- In general, the closeness of the overall LMCE score of the top five districts shows that no significant difference existed between mineral resource-rich municipalities and rural mineral resource-rich districts in terms of their performance on the local management committee effectiveness.



**Table 7C: Overall Local Management Committee Effectiveness Component Score | Cumulative**

| District                          | Weighted AD-LMCESCORE | Weighted ESD-LMCESCORE | Cumulative LMCESCORE | Rank |
|-----------------------------------|-----------------------|------------------------|----------------------|------|
| Wassa East District               | 20.0                  | 10.1                   | 30.1                 | 1.0  |
| Bibiani Anhwiaso Bekwai Municipal | 20.0                  | 5.2                    | 25.2                 | 2.0  |
| Tarkwa Nsuaem Municipal           | 20.0                  | 2.7                    | 22.7                 | 3.0  |
| Birim North District              | 20.0                  | 2.0                    | 22.0                 | 4.0  |
| Upper Denkyira West District      | 0.0                   | 12.7                   | 12.7                 | 5.0  |
| Prestea Huni-Valley Municipal     | 0.0                   | 1.3                    | 1.3                  | 6.0  |
| Obuasi Municipal                  | 0.0                   | 1.0                    | 1.0                  | 7.0  |
| Asutifi North District            | 0.0                   | 0.9                    | 0.9                  | 8.0  |
| <b>AVERAGE SCORE</b>              | <b>10.0</b>           | <b>4.5</b>             | <b>14.5</b>          |      |

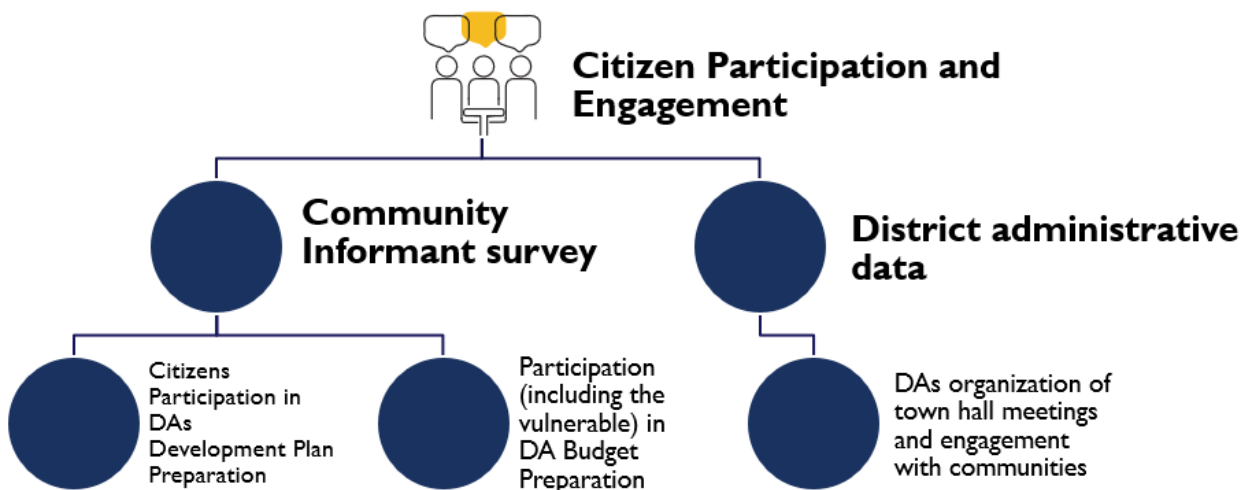
### 5.1.4. Citizen Participation and Engagement Component: Analysis of District Performance Scores and Ranks

At the heart of Ghana’s decentralized governance framework is the participation and engagement of citizens in the administrative decision-making process of district assemblies. This involvement is vital for the planning and management of resources and the delivery of development interventions in communities<sup>39</sup>. Citizen participation becomes especially crucial in districts and

communities that are rich in mineral resources. The Citizen Participation and Engagement (CPE) component evaluates citizens’ participation and engagement, including vulnerable groups such as youth and women, in key decision-making processes of local government authorities, such as planning and budgeting.

SCORE) is made up of three sub-components scores. Two of these are calculated using administrative data, while the remaining one is calculated using data from the key community informant experiential survey, as shown in the chart below.

The CPE Component Score (CPE-



**Table 8A** below presents districts’ performance scores on the sub-component “District Organization of Town Hall Meetings and Engagement with Communities,” the only sub-component of citizens’ partici-

pation and engagement component measured with administrative data.

- All eight districts performed “excellent” by garnering the maximum score of 100 points. Thus, all the

districts complied with the requirement that they organize town halls or community meetings to interface and interact with members of the various communities about developments within their jurisdiction.

**Table 8A: Citizens' Participation and Engagement Sub-component Score | Normalized | Administrative data**

| District                          | District Organization of Town Hall Meetings & Engagement with Communities | Average of Sub-component score (AD-CPESCORE) | Weighted (40%) AD-CPESCORE | Rank |
|-----------------------------------|---|--|----------------------------|------|
| Asutifi North District            | 100.0   | 100.0  | 40.0                       | 1    |
| Obuasi Municipal                  | 100.0   | 100.0  | 40.0                       | 1    |
| Upper Denkyira West District      | 100.0   | 100.0  | 40.0                       | 1    |
| Birim North District              | 100.0   | 100.0  | 40.0                       | 1    |
| Tarkwa Nsuaem Municipal           | 100.0   | 100.0  | 40.0                       | 1    |
| Prestea Huni-Valley Municipal     | 100.0   | 100.0  | 40.0                       | 1    |
| Wassa East District               | 100.0   | 100.0  | 40.0                       | 1    |
| Bibiani Anhwiaso Bekwai Municipal | 100.0   | 100.0  | 40.0                       | 1    |
| <b>AVERAGE SCORE</b>              | <b>100.0</b>  | <b>100.0</b>                                 | <b>40.0</b>                |      |

**Table 8B** below shows districts' scores computed from the experiential survey data to assess citizens' "Participation in District Work Plan Development" and "Participation (including the vulnerable) in District Budget Preparation" sub-components of the citizens' participation and engagement component. Across these two sub-components, district performance scores are overall poor. However, there is significant variation in performance scores across the districts.

- The eight-district average performance score on the sub-component

"Participation in District Work Plan Development" is "poor" (21.3 points out of a possible score of 100), with district performance scores ranging from a high of 50 points to a low of 11.6 points).

» Three out of the eight districts performed better than the average district performance score. The districts are Upper Denkyira West District, with a score of 50 points; Obuasi Municipal, with a score of 27.3 points; and Tarkwa Nsuaem Municipal, with a score of 22.7 points.

- Similarly, the eight-district av-

erage scores on the sub-component - Participation (including the vulnerable) in the District Budget Preparation is classified as "poor" (13.2 out of possible 100 points) with District performance scores ranging from 28.1 points to 6.0 points.

» Three out of the eight districts scored above the district average performance score. The districts are Upper Denkyira West District, with a score of 28.1 points; Wassa East District, with a score of 19.7 points; and Obuasi Municipal, with a score of 13.7 points.

**Table 8B: Citizens' Participation and Engagement Sub-component Score | Normalized | Survey data**

| District                          | Participation in District Work Plan Development Sub-component Score | Participation in District Budget Preparation Sub-component Score | Average of Sub-components score (ESD-CPESCORE) | Weighted (60%) ESD-CPESCORE | Rank |
|-----------------------------------|---|--|--|-----------------------------|------|
| Upper Denkyira West District      | 50.0  | 28.1   | 39.1   | 23.4                        | 1    |
| Obuasi Municipal                  | 27.3  | 13.7   | 20.5   | 12.3                        | 2    |
| Wassa East District               | 15.9  | 19.7   | 17.8   | 10.7                        | 3    |
| Tarkwa Nsuaem Municipal           | 22.7  | 12.5   | 17.6   | 10.5                        | 4    |
| Bibiani Anhwiaso Bekwai Municipal | 17.6  | 12.5   | 15.0   | 9.0                         | 5    |
| Prestea Huni-Valley Municipal     | 13.3  | 6.3  | 9.8  | 5.9                         | 6    |
| Birim North District              | 11.7  | 7.0  | 9.4  | 5.6                         | 7    |
| Asutifi North District            | 11.6  | 6.0  | 8.8  | 5.3                         | 8    |
| <b>AVERAGE SCORE</b>              | <b>21.3</b>   | <b>13.2</b>  | <b>17.2</b>                                    | <b>10.3</b>                 |      |

**Table 8C** presents Districts' overall scores on the Citizen Participation and Engagement Component (CPECSCORE).

- The average District performance score on CPEC is "satisfactory" (50.3 out of a possible score of 100 points), with district performance scores ranging from a high of 63.4 points to a low of 45.3 points.

» Upper Denkyira West District is ranked 1st with a score of 63.4 points. Obuasi Municipal is ranked 2nd with a score of 52.3 points, and Wassa East District is ranked 3rd with a score of 50.7 points.

» The three bottom-ranked districts are Prestea Huni-Valley Municipal, ranked 6th with

a score of 45.9 points; Birim North District, ranked 7th with a score of 45.6 points; and Asutifi North District, ranked 8th with a score of 45.3 points.

- There is variation in performance among mineral resource-rich rural districts and urban municipalities in the CPE component:



» Among districts with scores above the eight-district average score, there is an equal split (two mineral resource-rich

rural districts and two mineral resource-rich municipals).  
» There is a similar pattern among the bottom four districts

whose scores fell below the eight-district average.

**Table 8C: Overall Citizens' Participation and Engagement Component Score | Cumulative**

| District                          | Weighted (40%) AD-CPESCORE | Weighted (60%) ESD-CPESCORE | Cumulative CPESCORE | Rank |
|-----------------------------------|----------------------------|-----------------------------|---------------------|------|
| Upper Denkyira West District      | 40.0                       | 23.4                        | 63.4                | 1    |
| Obuasi Municipal                  | 40.0                       | 12.3                        | 52.3                | 2    |
| Wassa East District               | 40.0                       | 10.7                        | 50.7                | 3    |
| Tarkwa Nsuaem Municipal           | 40.0                       | 10.5                        | 50.5                | 4    |
| Bibiani Anhwiaso Bekwai Municipal | 40.0                       | 9.0                         | 49.0                | 5    |
| Prestea Huni-Valley Municipal     | 40.0                       | 5.9                         | 45.9                | 6    |
| Birim North District              | 40.0                       | 5.6                         | 45.6                | 7    |
| Asutifi North District            | 40.0                       | 5.3                         | 45.3                | 8    |
| <b>AVERAGE SCORE</b>              | <b>40.0</b>                | <b>10.3</b>                 | <b>50.3</b>         |      |

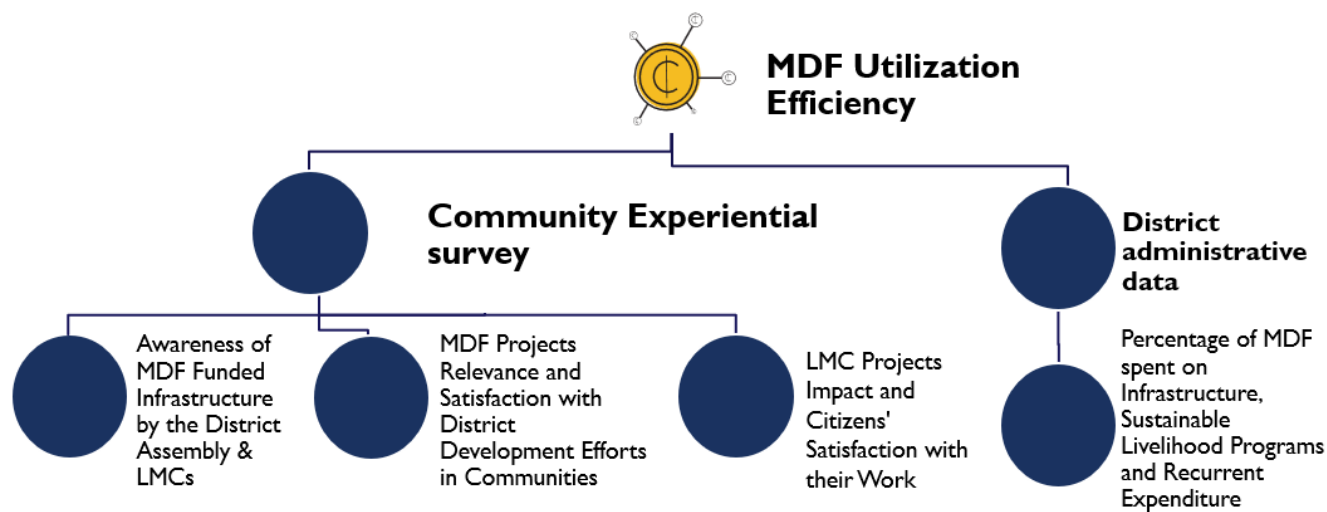
### 5.1.5. Mineral Development Fund Utilization Efficiency Component: Analysis of District Performance Scores and Ranks

The Mineral Development Fund Utilization Efficiency (MDF-UE) component measures the efficiency of local government authorities – District Assemblies and LMCs - in utilizing mineral royalty to promote inclusive

local socio-economic development.

The MDF-UE Component Score (MDFUESCORE) consists of four sub-components. Three of these sub-components are assessed by

drawing on data from key community informant experiential surveys. The fourth sub-component is assessed using data from administrative sources. This is depicted in the chart below.



**Table 9A** shows district performance scores on the sub-component “Socio-economic Infrastructure, Sustainable Livelihood Programs, and Recurrent Expenditure Funded from MDF,” which was assessed drawing on administrative data sources.

• The eight-District average performance score on this sub-component is “weak” (42.9 points out of a possible score of 100 points), with district scores ranging from a high of score

of 71.4 to a low score of 0 points.

» Five out of the eight districts scored higher than the average district performance score. The districts are Birim North District (71.4), Prestea Huni-Valley Municipal (64.3), Asutifi North District (57.1), Wassa East District (46.4), and Tarkwa Nsuaem Municipal (42.9)

• Obuasi Municipal (35.7) and

Bibiani Anhwiaso Berkwai Municipal (25.0) scored below the district average performance score and Upper Denkyira West scored 0 percent<sup>40</sup>.

• In comparative terms, the performance of rural mineral resource-rich districts is better than that of mineral resource-rich municipalities as three of the top four districts are rural districts.

**Table 9A: Mineral Development Fund Utilization Efficiency Sub-component Score | Normalized | Administrative data**

| District                          | Socio-economic Infrastructure, Sustainable Livelihood Programs, and Recurrent Expenditure funded from MDF Score | Average of Sub-component score (AD-MDFUESCORE) | Weighted (40%) AD-MDFUESCORE | Rank |
|-----------------------------------|---|--|------------------------------|------|
| Birim North District              | 71.4  | 71.4   | 28.6                         | 1    |
| Prestea Huni-Valley Municipal     | 64.3  | 64.3   | 25.7                         | 2    |
| Asutifi North District            | 57.1  | 57.1   | 22.9                         | 3    |
| Wassa East District               | 46.4  | 46.4   | 18.6                         | 4    |
| Tarkwa Nsuaem Municipal           | 42.9  | 42.9   | 17.1                         | 5    |
| Obuasi Municipal                  | 35.7  | 35.7   | 14.3                         | 6    |
| Bibiani Anhwiaso Bekwai Municipal | 25.0  | 25.0   | 10.0                         | 7    |
| Upper Denkyira West District      | 0.0   | 0.0  | 0.0                          | 8    |
| <b>AVERAGE SCORE</b>              | <b>42.9</b>   | <b>42.9</b>                                    | <b>17.1</b>                  |      |

**Table 9B** presents the district performance scores on the three sub-components assessed with data from the key community informant experiential survey. The sub-components are “Awareness of MDF funded infrastructure by District Assembly”; “MDF projects’ relevance and satisfaction with district development efforts”; and “LMC projects’ impacts and citizens’ satisfaction with their work.”

- The eight-district average performance score on citizens’ “Awareness of MDF Funded Infrastructure by DAs” is classified as “poor” (7.7 points out of a possible score of 100).
  - » Three districts performed better than the average district performance score. The districts are Birim North District (14.4 percent), Prestea Huni-Valley Municipal (11.3%), and Tarkwa Nsuaem Municipal (10.3 percent).
  - » Five districts performed below the district average perfor-

mance score. The districts are Upper Denkyira West District (7.2 percent), Asutifi North District (6.9 percent), Wassa East District (5.2 percent), Obuasi Municipal (4.4 percent), and Bibiani Anhwiaso Bekwai Municipal (1.9 percent).

- The eight-district average performance score on the sub-component “MDF Projects Relevance and Satisfaction with District Development Efforts” is poor (23.9 points out of the possible score of 100 points). District performance scores range from 38.7 points to 10.6 points.
  - » Three Districts performed better than the average District performance score: Upper Denkyira West District (38.7), Tarkwa Nsuaem Municipal (29.7), and Bibiani Anhwiaso Bekwai Municipal (28.1).
  - » Four districts scored below the district average performance score: Asutifi North District (21.7), Birim North District

(21), Prestea Huni-Valley (14.6), and Wassa East District (10.6).

- The district average performance score on “LMC Projects Impacts and Citizens’ Satisfaction with their Work” is poor (17 points out of the possible 100 points) with district performance scores ranging from weak to poor (42.4 points to 4.2 points).
  - » Three out of eight districts scored above the district average performance score: Upper Denkyira West District (42.4 points), Bibiani Anhwiaso Bekwai Municipal (27.1 percent), and Asutifi North District (22.7 points).
  - » The following three districts scored below the average District performance score: Prestea Huni-Valley Municipal (8.9 points), Tarkwa Nsuaem Municipal (5.2 points), and Obuasi Municipal (4.2 points).

**Table 9B: Mineral Development Fund Utilization Efficiency Sub-component Score | Normalized | Survey data**

| District                          | MDF Funded Infrastructure by Assemblies Sub-component Score | MDF Projects Relevance and Satisfaction with District Development Efforts | LMC Projects Impacts and Citizens Satisfaction with their Work | Average of Sub-components scores (ESD-MDFUESCORE) | Weighted (60%) ESD-MDFUESCORE | Rank |
|-----------------------------------|---|---|--|---|-------------------------------|------|
| Upper Denkyira West District      | 7.2   | 38.7  | 42.4   | 29.4  | 17.7                          | 1    |
| Bibiani Anhwiaso Bekwai Municipal | 1.9   | 28.1  | 27.1   | 19.0  | 11.4                          | 2    |
| Asutifi North District            | 6.9   | 21.7  | 22.7   | 17.1  | 10.3                          | 3    |
| Birim North District              | 14.4  | 21.0  | 13.4   | 16.3  | 9.8                           | 4    |
| Tarkwa Nsuaem Municipal           | 10.3  | 29.7  | 5.2  | 15.1  | 9.0                           | 5    |
| Obuasi Municipal                  | 4.4   | 26.6  | 4.2  | 11.7  | 7.0                           | 6    |
| Prestea Huni-Valley Municipal     | 11.3  | 14.6  | 8.9  | 11.6  | 6.9                           | 7    |
| Wassa East District               | 5.2   | 10.6  | 12.1   | 9.3   | 5.6                           | 8    |
| <b>AVERAGE SCORE</b>              | <b>7.7</b>  | <b>23.9</b>   | <b>17.0</b>  | <b>16.2</b>                                       | <b>9.7</b>                    |      |



**Table 9C** presents the overall performance scores and ranks of districts on the “Mineral Development Fund Utilization Efficiency (MDF-UE) component.

- The eight-district average performance score on MDF-UE is poor (26.9 points out of a possible score of 100 points) with district scores ranging from a high of 32.6 points to a low score of 17.7 points.
  - » The top three ranked districts

are Birim North District (38.3 points), which ranked 1st, Asutifi North District (33.1 points), which ranked 2nd, and Prestea Huni-Valley Municipal (32.7 points), which ranked 3rd.
 

- » The three bottom-ranked districts are Bibiani Anhwiaso Bekwai Municipal ranked 6th with a score of 19.4 percent, Obuasi Municipal ranked 7th with 18.4 percent, and Upper Denkyira

West District ranked 8th with a score of 17.7 percent.

- Rural mineral resource-rich districts performed better than mineral resource-rich municipalities on the MDF-UE component. This is evident as two out of the top three performers under this component are districts, while two out of the bottom three performers are municipalities.

**Table 9C: Overall Mineral Development Fund Utilization Efficiency Component Score | Cumulative**

| District                          | Weighted (40%) AD-MDFUESCORE | Weighted(60%) ESD-MDFUESCORE | Cumulative MDFUESCORE | Rank |
|-----------------------------------|------------------------------|------------------------------|-----------------------|------|
| Birim North District              | 28.6                         | 9.8                          | 38.3                  | 1    |
| Asutifi North District            | 22.9                         | 10.3                         | 33.1                  | 2    |
| Prestea Huni-Valley Municipal     | 25.7                         | 6.9                          | 32.7                  | 3    |
| Tarkwa Nsuaem Municipal           | 17.1                         | 9.0                          | 26.2                  | 4    |
| Wassa East District               | 18.6                         | 5.6                          | 24.1                  | 5    |
| Bibiani Anhwiaso Bekwai Municipal | 10.0                         | 11.4                         | 21.4                  | 6    |
| Obuasi Municipal                  | 14.3                         | 7.0                          | 21.3                  | 7    |
| Upper Denkyira West District      | 0.0                          | 17.7                         | 17.7                  | 8    |
| <b>AVERAGE SCORE</b>              | <b>17.1</b>                  | <b>9.7</b>                   | <b>26.9</b>           |      |

## 5.2. Overall 2023 MDDS League Table Result: Analysis of District Performance Scores and Ranking

As discussed in the concluding part of the methodology section, the overall MDDS performance scores of districts are computed as the aggregate of the sum of the mean of the district scores on the five

MDDS components, namely Fiscal Transparency (FITSCORE); Citizens’ Participation and Engagement (CPESCORE); Local Government Effectiveness (LGESSCORE); Local Management Committee Effective-

ness (LMCESCORE); and Mineral Development Fund Utilization Efficiency (MDFUESCORE). The equation for calculating the district’s overall MDDS score is reproduced below.

$$MDDS = (FITSCORE + CPESCORE + LGESCORE + LMCESCORE + MDFUESCORE) \div 5 \dots\dots (7)$$

Table 10 shows the overall scores and ranks of districts on the maiden 2023 MDDS performance league table.

- Birim North District emerged as the top-ranked district overall in the 2023 MDDS league table, achieving a score of 42.4 out of a 100 points. Tarkwa Nsuaem Municipal is ranked 2nd with a score of 41.9 points, and Wassa East District is ranked 3rd with a score of 41 points.
  - » The three bottom-ranked districts are Obuasi Municipal (6th), with a score of 35.4 points; Asutifi North District (7th), with a score of 34.2 points; and Prestea Huni-Valley Municipal (8th), with a score of 33.1 points.
- Across the eight mineral resource-rich districts, the MDDS average district performance score

is 38.4 out of a possible 100 points. This score indicates a weak overall quality of governance practice in managing and utilizing mineral royalties at the district level.

- » This evidence of weak governance practices in mineral revenue management has significant implications for the potential to achieve sustainable and inclusive social development outcomes in Ghana’s mineral resource-rich districts and communities.

- However, there are significant variations in the performance scores and ranks of individual districts across the various components of the MDDS, and among rural and urban mineral resource-rich districts.
  - » Three districts, Obuasi Municipal (35.4 points), Asutifi North District (34.2 points); and

Prestea Huni-Valley Municipal (33.1 points) performed below the overall District average performance score.

- » Five district, Birim North District (42.4 points), Tarkwa Nsuaem Municipal (41.9 points), Wassa East District (41.0 points), and Upper Denkyira West District (40.1 points) performed slightly above the overall district average performance score.

- District performance scores on the MDDS league table are primarily driven by the high district scores in three of the five components. These components are Fiscal Transparency (FITSCORE), Citizen Participation and Engagement (CPESCORE), and Local Local Government Effectiveness (LGESCORE).

The generally high scores obtained by districts on these three components facilitated the improvement in the MDDS scores of districts have a common underlying trend:

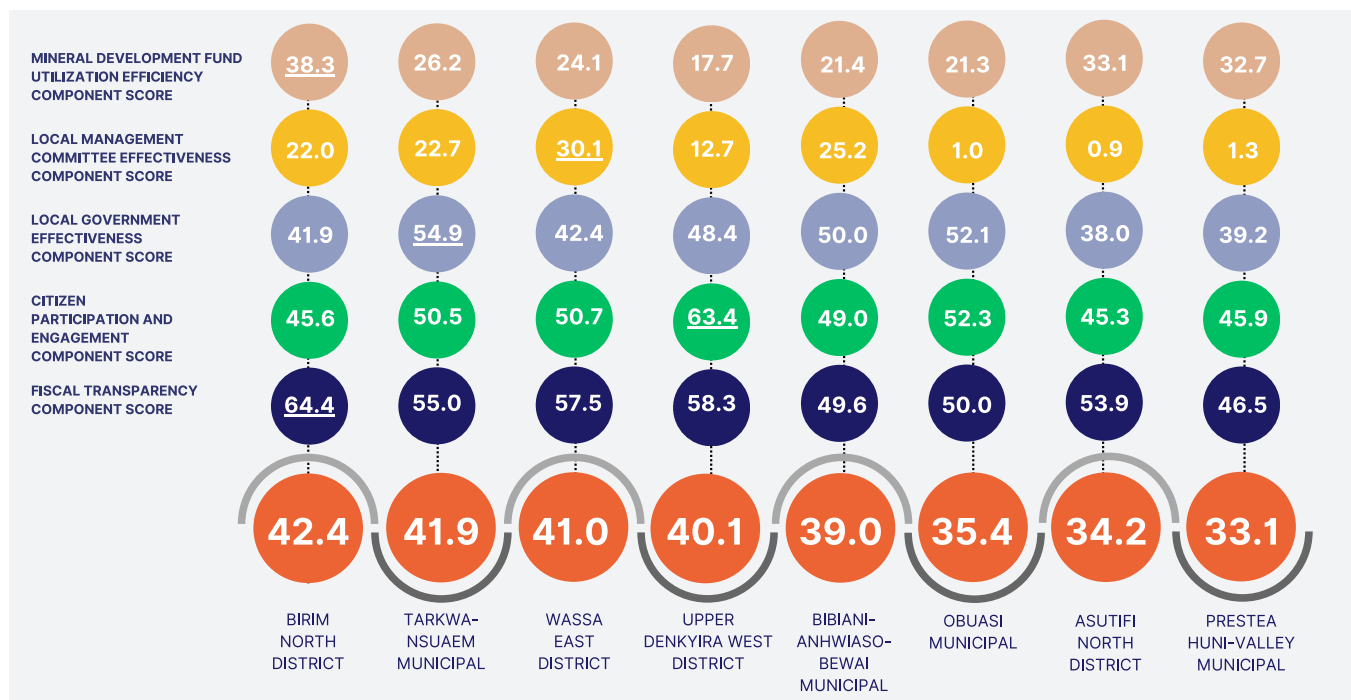
» All eight districts had high administrative data scores on the three components. For example, all districts scored 100 points on the three sub-components used to measure Fiscal Transparency, a 100-point score on the single sub-component used to measure Citizens' Participa-

tion and Engagement, and a 100-point score on three out of the five sub-components used to measure Local Government Effectiveness.

» However, citizen evaluation of the performance of districts on these components points to a generally poor performance. For example, citizens scored districts poorly (an average score of 24.0 points out of a possible score of 100 points) on the two sub-components used

to measure Fiscal Transparency; scored districts poorly (an average score of 17.7 points out of a possible score of 100) on the only sub-component used to measure Local Government Effectiveness; and scored districts poorly (an average score of 17.2 points out of a possible score of 100 points) on the two sub-components used to measure Citizens' Participation and Engagement.

**Table 10: Overall Mining Districts' Development Scorecard (MDDS) Scores and Ranks | By Districts**



• The MDDS components driving low district performance scores are “Local Management Committee Effectiveness (LMC Effectiveness)” and “Mineral Development Fund Utilization Efficiency (MDF Utilization Efficiency).” District average performance scores on the two components compared to the overall MDDS composite score are very poor:

» The district average performance score on LMC Effectiveness is **14.5 points** out of a possible score of 100 points; this is against the MDDS district average performance score of 38.4 points (**a difference of -29.9%**).

» For MDF Utilization Efficiency, the district average performance score is **26.9 points** out of a possible score of 100 points as against the MDDS district average performance score of

38.4 points (**a difference of -11.5 points**)

» The low overall average performance of districts, coupled with the poor individual district scores on the Local Management Committee Effectiveness (LMCESCORE) and the Mineral Development Fund Utilization Efficiency (MDFUESCORE), suggest weak institutional quality and the generally poor development outcomes that characterize mining communities in most developing countries and underlie the popular resource curse theory<sup>41</sup>.

• Rural mineral resource-rich districts performed relatively better than mineral resource-rich municipalities in four out of the five components of the MDDS.

» The MDDS components ar-

reas where rural mineral resource-rich districts performed better on average than urban mineral resource-rich municipalities are Fiscal transparency (FIT) – 58.5 points as against 50.3 points; Local Management Committee Effectiveness (LMCE) – 16.4 points as against 12.6 points; Citizen Participation and Engagement (CPE) – 51.3 points as against 49.4 points; and Mineral Development Fund Utilization Efficiency (MDF-UE) – 28.3 points as against 25.4 points.

» Urban mineral resource-rich municipalities scored (49.1 points) and performed better than rural mineral resource-rich districts (42.6 points) only on the Local Government Effectiveness (LGE) component.





# SUMMARY OF FINDINGS, RECOMMENDATIONS, AND CONCLUSIONS



## 6.0. Introduction

This section summarizes the key findings of the 2023 MDDS league table results. It also outlines key recommendations to improve policy

and practice in the governance and management of mineral royalties at the district level. Additionally, the section outlines some lessons

learned in developing the MDDS league table and discusses the way forward.

## 6.1. The 2023 MDDS League Table Results: Summary of Key Findings

The following are the highlights of the key findings from the maiden 2023 MDDS district performance league table:

**Birim North District emerged as the top-ranked district overall in the 2023 MDDS league table, achieving a score of 42.4 out of a possible 100 points.** Tarkwa Nsuaem Municipal is ranked 2nd with a score of 41.9 points, and Wassa East District is ranked 3rd with a score of 41 points.

- The three bottom-ranked districts are Obuasi Municipal, ranked 6th with a score of 35.4 points; Asutifi North District, ranked 7th with a score of 34.2 points; and Prestea Huni-Valley Municipal, ranked 8th with a score of 33.1 points.

**Across the eight mineral resource-rich districts, the MDDS average district performance score is 38.4 out of a possible 100 points.** This score indicates a weak overall quality of governance practice in managing and utilizing mineral royalties at the district level.

- This evidence of weak governance practices in mineral revenue management has significant implications for the potential to achieve sustainable and inclusive social development outcomes in Ghana's mineral resource-rich districts and communities.

**However, the performance scores of individual districts vary significantly across the various components of the MDDS, and among rural and urban mineral resource-rich districts.**

- Five of the eight mineral resource-rich districts scored above the average MDDS district performance score.
  - » The five districts are Birim North District (42.4 points), Tarkwa Nsuaem Municipal (41.9 points), Wassa East District (41.0 points), Upper Denkyira West District (40.1 points), and Bibiani, Anhwiaso Berkwai Municipal (39.0 points).

- The three districts that scored below the MDDS average performance scores are Obuasi Municipal (35.4 points), Asutifi North District (34.2 points), and Prestea Huni-Valley Municipal (33.1 points).

**Districts generally performed well on the MDDS league table in three component areas: *Fiscal Transparency (FIT), Local Government Effectiveness (LGE), and Citizen Participation and Engagement (CPE)*.** The overall district's average performance scores on these three components are higher than the overall MDDS average district performance score. However, we observe a common trend among these three components that has facilitated the improvement in districts' MDDS scores.

- All districts had high administrative data scores on the three MDDS components.
  - » All districts had 100 points in the three sub-components used to measure FIT. The three sub-components are: **a) Preparation and publication of district quarterly financial report;** **b) Availability of approved annual budget and action plan;** and **c) Presentation of the 2020 Auditors General's Report to the General Assembly.** This means that all districts performed very well in these areas of assessment.
  - » All districts had a 100-point score on the single sub-component used to measure CPE, namely **a) "DAs Organization of Town Hall Meetings and Engagement with Communities."**
  - » All districts had a 100-point score in three of the five sub-components used to measure LGE. These sub-components are: **a) Approval of the DA Budget and Annual Action Plan for 2020,** **b) Inclusion of Local Economic Development (LED) activities in the Annual Action Plan,** and **c) Plurality (90%) of Implemented Activities in the Annual Action Plan.** This means

that all districts performed very well in these areas of assessment.

- However, district scores drawing on key community informant surveys show very poor citizen evaluation of the performance of the districts on the three components.
  - » Citizens scored districts poorly (an average score of 24.0 points out of a possible score of 100 points) on the two sub-components used to measure FIT, namely: **a) Citizens' awareness of MDF Allocation to Districts;** and **b) Availability of MDF Information Dissemination Platforms'**
  - » Citizens scored district poorly (an average score of 17.7 points out of a possible score of 100) on the only subcomponent used to measure LGE, namely: *'Regularity of Opportunity for Citizens' Participation in DAs Planning and Budgeting Processes'*;
  - » Citizens rated districts poorly (an average score of 17.2 points out of a possible score of 100 points) on the two sub-components used to measure CPE, namely **a) Citizens Participation in DAs Development Plan Preparation in 2020;** and **b) Participation (including the vulnerable) in DAs Budget Preparations.**
- The spectacular performance of districts, as indicated by administrative data sources, raises concerns about the accuracy and quality of the data.
  - » This is particularly evident when comparing the assessments provided by key community informants (such as Assemblymen/women, unit committee and area council executive members, representatives of women, youth, disability and civil society organizations, traditional leaders, and media practitioners) with the self-appraisal conducted by the districts themselves, as documented in their administrative

reports used for the assessment and scoring.

**Districts scored poorly on two components in the MDDS league table: “Local Management Committee Effectiveness (LMCE)” and “Mineral Development Fund Utilization Efficiency (MDF-UE)”.** District overall average performance scores and individual district scores on the two components compared to the overall MDDS composite score are very poor:

- The overall district average performance score on LMCE is poor **14.5 points** out of a possible 100 points. This is against the MDDS district overall average performance score of 38.4 points (**a difference of -29.9 points**).

» Average district scores across the four sub-components used to measure LMCE are poor: only in one out of the four sub-components was the district average performance score higher than the overall LMCE score and MDDS score. The sub-component with the highest average districts’ performance score is “*LCM Prepares and Submits Project Implementation Plan and Budget to MDF Secretariat*” (50 points out of a possible 100).

- However, the overall good performance scores under this sub-component mask significant variations in individual district scores:

» For example, only four districts, Birim North District, Tarkwa-Nsuaem Municipal, Wassa East District, and Bibiani Anhwiaso Bekwai Municipal recorded “very good” scores (100 out of a possible 100 points). The remaining four districts – Asutifi North District, Obuasi Municipal, Upper Denkyira West District, and Prestea Huni-Valley Municipal – performed “poorly” (i.e. scored 0).

- The three sub-components with low overall average district performance scores are: **a)** “*LCM Prepares and Submits Progress and Annual Reports to MDF Secre-*

*tariat (0 points)*”; **b)** “*Awareness of LMC Establishment and Projects Implemented (4.5 points)*” and **c)** “*LCM-Citizens’ Engagement in Development Planning Processes (10.5 points)*”.

» The poor overall average performance scores of districts and the low individual district scores on the LMCE component suggest weak institutionalization and the impact of LMCs.

- Similarly, the overall district average performance score on MDF-UE, is **26.9 points** out of a possible score of 100 points as against the MDDS district overall average performance score of 38.4 points (**a difference of -11.5 points**)

» Only in one of the four sub-components used to measure MDF-UE was average districts scores higher than the overall MDDS average scores. The sub-component with the highest district average score is “*Socio-economic infrastructure, sustainable livelihood Programs and Recurrent Expenditure funded from MDF (42.9)*”.

- The three sub-components with low average district performance scores are **a)** *Awareness of MDF Funded Projects by District Assemblies and LMCs* (7.7 points out of a score of 100), **b)** *MDF Projects Relevance and Satisfaction with District Development Efforts in Communities* (23.9 points out of a score of 100); and **c)** *LMCs Project Impacts and Citizens Satisfaction with their Work* (17.0 points out of a score of 100).

- The less-than-spectacular overall average district score (below 50 points) and low individual district performance scores on the MDF-UE provide evidence of the generally poor development outcomes that characterize mining communities in Ghana and most developing countries. This suggests strong evidence of a local resource curse<sup>42</sup>.

**Rural mineral resource-rich districts outperformed urban mineral resource-rich districts in the 2023 MDDS league table:** The weak governance practices in managing and

utilizing mineral royalties’ and the consequent poor socio-economic outcomes seem more pronounced in mineral resource-rich municipalities than in rural mineral resource-rich districts.

- Overall, rural mineral resource-rich districts scored better (39.4 points) than urban mineral resource-rich districts (37.4 points) and against the MDDS district average score (38.4 points).

» Three of the four top-ranked districts on the MDDS league table are rural mineral resource-rich districts: Birim North District ranked 1st with a score of 42.4 points; Wassa East District ranked 3rd with a score of 41.9 points; and Upper Denkyira West District ranked 4th with a score of 41.0.

» Two of the three bottom-ranked districts are urban mineral resource-rich Districts: Obuasi Municipal ranked 6th with a score of 35.4 points, and Prestea Huni-Valley Municipal ranked 8th with a score of 33.1.

- Rural mineral resource-rich districts performed relatively better than mineral resource-rich municipalities in four of the five components of the MDDS.

» The MDDS components areas where rural mineral resource-rich districts performed better on average than urban mineral resource-rich municipalities are *Fiscal transparency (FIT)* – 58.5 points as against 50.3 points; *Local Management Committee Effectiveness (LMCE)* – 16.4 points as against 12.6 points; *Citizen Participation and Engagement (CPE)* – 51.3 points as against 49.4 points; and *Mineral Development Fund Utilization Efficiency (MDF-UE)* – 28.3 points as against 25.4 points.

- Urban mineral resource-rich municipalities (49.1 points) performed better than rural mineral resource-rich districts (42.6 points) only on the *Local Government Effectiveness (LGE)* component.

## 6.2. Recommendations: Implications for Policy and Practice

The 2023 MDDS results indicate that the quality of sub-national institutional and governance practices in mineral royalty management and utilization is generally weak across the eight pilot mineral resource-rich districts. These findings highlight the urgent need to enhance the overall governance framework for managing mineral royalties at the local level.

To address the governance challenges in sub-national mineral revenue management in Ghana, it is crucial to prioritize improving transparency and accountability practices, focusing on resource utilization transparency and accountability. Additionally, efforts should be made to increase citizen awareness and participation in managing mineral resource revenues at the sub-national level. These practices have the potential to foster informed, inclusive, and accountable decision-making that can ultimately contribute to achieving broad-based social welfare gains for communities and social groups.

The following recommendations are made to support policy reform and practice to improve good governance practices in the sub-national management of mineral royalties to foster inclusive socioeconomic development in mineral resource-rich districts:

**Policy recommendation 1: The need to increase the allocation and ensure regularity in the disbursement of ceded mineral royalties to DAs and LMCs is crucial.** Mining districts and communities face significant social, economic, and ecological challenges. The current allocation of less than 10 percent of royalty transfers to support development in mining communities is insufficient. During the focus group discussions, key stakeholders emphasized increasing mineral royalty allocations to DAs and local management committees in mining districts. This will enable them to fund investments in alternative livelihoods and sustainable development programs, address environmental degradation, and improve access to public services through infrastructure development. As a forward-looking recommendation, the Center supports the proposal by the Ghana Chamber of Mines that mining communities should receive at least 30% of total mineral royalties to address the challenges related to

mining and ensure inclusive development<sup>43</sup>.

Additionally, it is imperative to address the delay in the disbursement of mineral royalties. The Ministry of Finance should ensure that local ceded royalties reach the MDF Secretariat on time and subsequently be disbursed to local mineral royalty-receiving authorities, particularly the DAs and local management committees. The OASL under the Ministry of Land and Natural Resources (MLNR) and the MDF Secretariat should take necessary steps to promptly release mineral royalty funds for DAs and local management committees.

**Policy recommendation 2: Strengthen transparency by regularly publicizing information about the allocation and utilization of mineral royalties, both owed and received by District Assemblies (DAs) and Local Management Committees (LMCs).** Evidence from CDD-Ghana's key community informant experiential survey and focus group discussions in the communities revealed that key local-level community representatives and citizens need more information about how much their communities should receive through mineral royalty transfers and how these revenues are spent. Moreover, the formal requirements and channels for making information about mineral royalties received by the DAs and LMCs public are weak.

Promoting transparency by increasing citizens' and community access to mineral royalty information will be crucial to improving governance and accountability in mineral revenue management. At the national level, the MDF Secretariat and the OASL should regularly publish information on how much local authorities receive in mineral royalties and how they are spent. At the local level, DAs and LMCs should be allowed to allocate a proportion of their mineral royalty funds to invest in public outreach activities to improve citizens' and community access to information. This can be achieved by organizing town hall meetings, community durbars, and radio engagements. Such measures can increase citizen and community demand for accountability.

**Policy recommendation 3: There is an urgent need to develop a Mineral**

**Revenue Management Act for the mining sector.** This Act will guide the use of mineral royalties, particularly at the district level. There is a lack of clarity and guidelines regarding how mineral royalty funds received by the DAs, LMCs, and other sub-national units should be utilized. Consequently, the decision on how to use mineral royalties is left to the discretion of these sub-national authorities, including the DAs and LMCs. A binding legal framework governing the utilization of mineral royalties is necessary for transparency and government accountability. This is because citizens have insufficient information on what the DAs and LMCs are expected to achieve with these funds.

It is imperative to promptly develop a Mineral Revenue Management Act To promote the pro-development and accountable management of mineral royalties at the district level. The Act should encourage and guide the DAs and LMCs to create local plans for the utilization of mineral royalties, while also establishing robust community reporting and accountability mechanisms. Doing so can enhance local government responsiveness and accountability in the governance, management, and utilization of mineral royalties.

**Policy recommendation 4: District assemblies and local management committees should actively and meaningfully involve communities and citizens in the planning, allocating, and utilizing mineral royalty funds, particularly in mining-affected communities.** Currently, there are no specific local community engagement procedures regarding the allocation and utilization of these funds by DAs. The current practice involves DAs conducting general community engagement in the development planning and program development processes. Also, the LMCs, as evidenced by the focus group discussion and community informant survey, do not undertake any meaningful community engagements.

In order to maximize the developmental impact of mineral royalties, it will be beneficial for DAs and LMCs to engage with local communities and understand their needs and priorities. This will enable the integration of these needs and priorities into the decision-making process



and planning of how mineral royalties are managed and utilized. Additionally, it is important to ensure that the priorities and needs of women and marginalized groups are considered. This approach can promote participatory development and enhance accountability, as residents would have a greater say in how mineral royalty revenues are spent within their communities.

**Policy recommendations 5: Strengthen social accountability practices in mineral revenue management at the local level.** Citizen participation and political engagement in mining communities are weak. Evidence from the community informant experiential survey and focus group discussion show very low civic engagement and uninformed political engagement in mining districts and communities. To foster active and informed citizenship in mining communities, there will be a need to support and facilitate initiatives aimed at improving citizen access to information, participation platforms, oversight, and engagement in mineral royalty management, as well as empowering citizens to engage in local political accountability processes.

This will require supporting CSOs and community-based civic groups and local government actors to initiate multi-stakeholder campaigns aimed at improving the enabling environment – civic space – for civic and political engagement. These campaigns should also focus on rais-

ing civic awareness and knowledge, specifically regarding the accountability structures and systems in local governance, the responsibilities of DAs and LMCs, and how citizens, community representatives, and media can utilize the MDDS league table information regarding mineral royalty transfers, management, and utilization to demand accountability. To enhance local government entities' responsiveness to citizen social accountability initiatives, the Ministry of Land and Natural Resources (MLNR) and the MDF secretariat should support the capacity building of receiving DAs and LMCs. This capacity building should focus on implementing open governance practices in mineral royalties management and utilization, with the goal of accelerating local economic development in an accountable and inclusive manner.

**Policy recommendations 6. The MDF secretariat should rethink the composition of the LMCs, enhance its oversight, and strengthen the relationship between LMCs and District Assemblies (DAs).** The LMCs are established as the management vehicle to implement and achieve the policy objectives of the MCDs. However, as this report demonstrates, the LMCs have not been effective. It has been suggested that the current method of selecting LMC members disenfranchises local people in the mining communities because they are not allowed to elect their representatives<sup>44</sup>. Stakeholders in the focus group discussions have

also noted that the LMCs, as currently constituted, are politically influenced and unfit for purpose. LMC members are also perceived to lack the administrative skills and capacity to manage the funds in an accountable and efficient manner. Additionally, there is weak coordination and collaboration between the LMCs and DAs. Urgent reforms are required to address these issues and enhance the effectiveness and accountability of LMCs.

To enhance the effectiveness and accountability of LMCs, there is an urgent need to reconsider the composition and appointment of LMC members and implement measures to ensure greater inclusivity, representation, and accountability. Furthermore, the MDF Secretariat and Board should strengthen their checks, monitoring, and oversight of the LMCs' administrative processes and systems to instill accountability in activity planning and reporting; identify and invest in capacity development for LMC members to address skills gaps; and support LMCs in intensifying public outreach to raise community awareness and support. Additionally, the relationship between the LMCs and the DAs should be restructured to encourage stronger collaboration and synergy. This can be achieved by involving the district planning and coordinating units (DPCUs) in providing administrative support to the work of the LMCs.

## 6.3 Conclusions: Lessons Learned and the way Forward

There has been rapid growth globally in the past decade to support initiatives to promote transparency and accountability in the extractive industries sector. These initiatives aim to advocate for institutional reform mechanisms to ensure that governments of mineral-rich countries are transparent and accountable in their contracting, extraction, allocation, and utilization of mineral revenues<sup>45</sup>. An important reform initiative in the sector is the Extractive Industries Transparency Initiative (EITI). Information from EITI country reporting in Africa reveals challenges in how mineral revenues make their way through the government and how they benefit the public. Most worrying, EITI reporting has uncovered numerous instances of national governments failing to accurately

distribute sub-national transfers<sup>46</sup>. However, although many African countries struggle to manage their mineral wealth effectively, Ghana is often seen as a model of best practice. This is due to its policy of distributing a portion of mining rents to local government authorities and traditional leaders in communities affected by mining operations<sup>47</sup>.

The MDDS is one of the few indices focusing solely on assessing decentralized governance and management of mineral royalties in Ghana. Its goal is to measure progress and support efforts to achieve sustainable and inclusive socioeconomic development in mineral resource-rich districts in Ghana. To achieve this goal, the MDDS initiative takes an innovative approach to evaluating

the quality of sub-national-level public and social accountability institutions and practices related managing and utilizing mineral revenues. It examines various dimensions of governance and development, including transparency, local government authority effectiveness, citizen engagement and participation, and the efficiency of priority investments to promote socio-economic development outcomes.

The maiden 2023 MDDS league table result has provided 'good-enough-evidence' of the quality of institutions and governance practices in subnational mineral revenue management, including the effect of how new institutional arrangements – such as the Mining Community Development Schemes

(MCDS) - legislated under the 2016 Mineral Development Fund Act are addressing the socio-economic development challenges in mineral resource-rich districts in Ghana.

Below are some of the lessons learned in developing the MDDS tool and how the Center plans to support the implementation of the suggested policy reform and practice recommendations:

**1. Accessing administrative data proved to be a significant challenge, especially due to the innovative nature of the MDDS tool.**

This MDDS tool aims to evaluate district-level performance by combining administrative and experiential survey data. The uniqueness of this approach presented various difficulties, including accessing reliable and disaggregated district-level administrative data. The team faced challenges in accessing key administrative data, and encountered issues regarding its availability, adequacy, and quality. A substantial amount of time was spent collecting and validating data from local government authorities and other central government agencies. Although the GHEITI sub-national reports provided valuable secondary sources of validated administrative data, it is evident that these challenges highlight the importance of improving data accessibility and implementing

quality assurance measures.

**2. The piloting of the MDDS in the eight-mineral resource-rich districts has made it possible to test and further refine the tool to make it more useful as an evidence product to inform policy and practice in sub-national mineral revenue governance and management practices.**

With a well-defined conceptual and methodological framework and crucial support from key stakeholders, including government agencies at the national and local government levels, the MDDS has the potential to serve as a useful evaluation tool to complement the GHEITI sub-national level reporting on the utilization of mineral royalties by local government authorities. A valuable addition to the MDDS is the inclusion of community feedback through community experiential surveys. This allows for the evaluation of the quality of governance and administrative decision-making practices of local authorities, particularly DAs and LMCs, in managing mineral revenues.

**3. Partner local government authorities, key community representatives, and CSOs to explore opportunities for cross-district learning of emerging 'good' governance practices in the management of mineral revenues.**

CDD-Ghana will utilize evidence from the MDDS and other case studies to identify

and learn from districts that are achieving success. Additionally, the Center will create a platform to share these best practices with struggling districts and support them in developing priority actions to improve their mineral royalty governance practices and performance. This will ultimately foster transparent and accountable management of mineral royalties.

**4. The maiden 2023 MDDS league table results present a snapshot of the quality of institutions and governance practices in mineral royalty management at the district level.**

In order to monitor the progress made by districts, the Center aims to repeat the MDDS bi-annually. This will allow the assessment of districts that have improved their scores and ranking most and have stagnated. The future MDDS league table report will also cover all 21 mineral resource-rich districts across Ghana, working with our partners. This way, the MDDS will provide a comprehensive overview of the quality of institutional and governance practices in managing and utilizing mineral revenues at the district level. This will provide much more substantial evidence to facilitate public debate about good governance practices in managing mineral royalties at the national and sub-national levels.



# Endnotes

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27. Note: The following are the administrative data sources: District Performance Assessment Tool (DPAT, 2020); District Composite Budget (2020); District Annual Action Plans (2020); District Annual Progress Reports (2020); Auditor General's Report (2020); District MTDP/Annual Action Plans (2020); GHEITI Report (2020); and MDF Secretariat Documents (2020). See Appendix 1, Table A.1 for the specifics
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