



## PRESS RELEASE

### MAKING WEALTHY PEOPLE WEALTHIER IS NOT AN ESSENTIAL SERVICE

In support of their contention that mining is an essential service the Guyana Gold & Diamond Miners Association (GGDMA) is reported as asserting that *Guyana's much needed foreign exchange earnings would decline and that could cause widespread economic problems for the country....we are also essential because we contribute consistently to over 55 percent of the foreign currency earnings.*No matter what contribution the industry makes to export earnings, this is not a criteria of 'essential'. A mother earning money to feed her children by selling plantains in La Penitence market has a more serious claim to being an essential service than the gold industry, as do the many school-feeding programmes which have had to cease.

The concept of 'essential service' was originally coined to identify those services – water, electricity, policing and health which every citizen needs. In many countries they were - or are - subsidized by the State in order to ensure access to them by all, regardless of income. Rather than a service, the mining industry is so ill-regulated that apart from preventing any accurate assessment of its contribution to the economy, it poses a major threat to the well-being of all interior communities.

'Ill-managed' is not a judgement originating from the Guyanese signatories of this statement. One of the world's largest accountancy firms, BDO, conducted an assessment of the extractive sector, contracted by the Extractive Industries Transparency Initiative (EITI) in 2017. Their Report, compiled by BDO's Tunisia Regional Office (noted here to underline the absence of any suggestion of an ulterior motive) is a damning indictment of the gold-mining industry in Guyana.

The following recommendations are extracted from the [GYEITI Report for Fiscal Year April 2019](#) which is available (all 6,365 pages) on the GYEITI website. They paint a picture of an industry which operate in a manner that obscures and frustrates any attempt by outsiders to understand the truth of any aspect of their operations.

This system has benefitted from decades of revolving door appointments whereby leading miners assume senior posts in the GGMC, Guyana Gold Board or other related Agencies, only to return to industry as consultants regardless of the multiple conflicts of interests involved.

The consistency of these features renderit difficult to interpret them as coincidental, but rather points to a systematic and deliberate intent to resist scrutiny. Among other things the Report notes the following:

- *Financial data is not systematically subject to independent audits (7.1)*
- *Guyana Geology & Mines Commission (GGMC) and the Guyana Gold Board (GGB) did not report royalty payments and production details by project because **disaggregation and reporting at project level does not take place.** (7.2)*
- *We recommend that both GGMC and GGB **ensure consistency of exports data with the production data....** (Section 7.2)*
- *We note that **Government Agencies' records on exports were different from one another as well as from the companies' records.***
- *We understand that **GGMC and GGB do not systematically crosscheck exports data with GRA's records to identify the potential discrepancies.** (7.2)*
- ***A centralized cadastre system does not currently exist. The list of claims is computerised, but the records of mining licenses and permits were kept manually using different spreadsheets.** Furthermore, the register of licenses and permits does not provide detailed information, preventing GGMC to both fulfil its licensing authority duties and to ensure an effective oversight of the extractive industries.(7.4)*
- *The only means of identifying the licenses awarded to a same license holder was by the entity's name, which was misspelt from one license/permit/claim to another which **does not allow GGMC to conduct proper analysis on the rental fees due by each extractive entity.**(7.6)*
- *We note that several mining permits, covering plots in the same location as per GGMC list of permits, had been awarded on the same date to the same applicant following the award process of medium scale mining permits instead of following the award process for large-scale mining licenses. The total combined acreage of several mining permits awarded during FY 2017 to a same applicant exceeded 1,200 acres which is the maximum surface for a medium scale mining permit. If these plots had been combined, they would have exceeded 1,200 acre threshold and would have been categorised as being "large scale tenures", which would involve paying higher rental fees and the license award procedure requiring further approvals from other Government Agencies(7.6)*
- *The annual rental fees due by large scale operators is USD 3 per acre as opposed to USD 1 per acre for medium scale mining operators. The total shortfall to the government as a result of such errors may reach considerable amounts per annum.*
- ***We also note that GGMC and GGB do not have their own procedures and systems in place to collect and control production data reported by mining companies.** (7.6)*
- *We note that the minerals' production data at both GGMC's and GGB's levels do not match production volumes declared by the extractive entity.(7.7)*

While the Government Agencies have begun to take steps to address some of these issues, the GGDMA is still to cooperate with the EITI process. The above observations ensure that the administration of the sector remains sufficiently chaotic, that this massive sale of public assets for private gain is never sufficiently understood. Individuals are granted hundreds of permits which they have neither the resources nor capacity to exploit, but landlord them out to smaller operators.

What is beyond question, however, is that an activity whose purpose is to make a small number of wealthy men even wealthier cannot be categorized as an essential service. The Covid-19 National Task Force must remove this anomaly.

#### **ENDORSING ORGANIZATIONS**

**COMMUNITY-BASED REHABILITATION (CBR)**

**EAST COAST CLEAN-UP COMMITTEES (ECD7)**

**GUYANA ENVIRONMENT INSTITUTE (GEI)**

**GUYANA HUMAN RIGHTS ASSOCIATION (GHRA)**

**GUYANA SOCIETY FOR THE BLIND (GSB)**

**POLICY FORUM GUYANA (PFG)**

**RED THREAD**

**RIGHTS OF CHILDREN (ROC)**

**SOUTH RUPUNUNI DEVELOPMENT COUNCIL (SRDC)**

**THE BENAB FOUNDATION INC.**

**TRANSPARENCY INSTITUTE GUYANA INC. (TIGI)**

**May 30 2020**