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BEYOND EXTRACTION: THE SIGNIFICANCE OF REVENUE SHARING FOR THE SUSTAINABLE DEVELOPMENT OF MINING COMMUNITIES

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Abstract

The sustainable development of communities located in mineral rich regions is frequently hindered by the extractive nature of mining activities. In order to promote sustainable development that goes beyond the extraction stage, this article aims to examine the role that revenue sharing plays in promoting the sustainable development of mining communities. The paper emphasizes how revenue sharing gives communities' consistent sources of income, thereby promoting economic empowerment among others. The article found that revenue derived from mining activities can greatly improve the general standard of living and quality of life of host communities. Long-term sustainability can be achieved by providing funding for local businesses, education, healthcare and infrastructure development. The paper concludes by highlighting the possibilities for change of revenue sharing mechanisms in transforming mining communities from extraction sites to centres of sustainable development. It promotes the implementation of transparent and equitable revenue sharing arrangements in order to reap the full benefits of the wealth of minerals for the prosperity and welfare of every stakeholder concerned, particularly host communities.

Keywords: Mining communities, Revenue sharing, sustainable development.

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1.0 Introduction

Mineral resources are important natural assets of a nation and palaeontological evidence and information have shown that since man's very beginning, minerals have been taken from the earth and used to make more of life.[1] This may imply that since ages, man has been modifying parts of his environment in an attempt to make himself more comfortable.[2] In some instances, man's activities have caused pollution of his environment up to undesirably high levels.[3] This is mainly through the conducting of mining activities. Mining is a major economic activity in most developing countries[4], particularly in rural sub-Saharan Africa.[5] It is an economic process that begins with exploration for and discovery of mineral deposits and continues through extraction and processing to closure and remediation of exploitation sites.[6]

Before minerals can become useful commodities, they have to undergo the following sequential stages of development: exploration with or without prior processing, mine development, mining and processing.[7] The different stages of mineral development produce adverse effects on

[1] Nwadialor, I. J., Minimising the Impact of Mining Activities for Sustainable Mined-Out Area Conservation in Nigeria, (2011*), Federal University of Technology Yola Journal of the Environment*, 6 (2).
[2] *Ibid*
[3] Ugodulunwa, F.X.O, and Taiwo, A.O., (1997). Reduction of Environmental Impact of Mining and Mineral Processing Through Environmental Education. Proceedings of Environmental Education for Sustainable Development: Focus on Nigeria; Department of Arts & Social Science Education; University of Jos; Udoh, S.U., and Akpa, G.O. (Edited), 499pp.
[4] Kitula AGN (2006). The Environmental and Socio-Economic Impacts of Mining on Local Livelihoods in Tanzania: A Case Study of Geita District. *Journal of Cleaner Production* 14(3-4).
[5] Mwakesi, I. W., Wahome, R. G. & Ichang'I, D. W., Impact of mining on environment: A case study of Taita Taveta County, Kenya, (2021), *African Journal of Environmental Science and Technology*, 15(5).
[6] Hoskin W, Bird G, Stanley T (2000). Mining–facts, figures and environment. Industry and Environment 23 (4-8).
[7] Note 1

the environment.[8] Mining, during the extraction and processing stages, can be a major source of pollution to the environment as huge volumes of waste with varied compositions, characteristics and impacts on the environment are generated.[9] Mining activities and inefficient management of mining wastes are major causes of water quality degradation, increased concentration of heavy metals in surrounding soil and water resources, water pollution, air pollution, noise pollution, land degradation, health related problems, loss of biodiversity and reduction in soil microbial population and diversity around mining areas.[10]

Community perceptions of mines and their social and environmental impacts influence the way they behave towards these mines[11] and mining activities. The social and environmental impacts of mines are generally perceived negatively whereas the economic perceptions are perceived as positive.[12] The negative perceptions of communities are

[8] *Ibid*
[9] Seloa, P. I. and Ngole-Jeme, V. M., Community Perceptions on Environmental and Social Impacts of Mining in Limpopo South Africa and the Implications on Corporate Social Responsibility, (2022), *Journal of Integrative Environmental Sciences*, 19(1).
[10] Bebbington A. 2008. Water and Mining Conflicts in Peru. Mt Res Dev. 28(3/4); ota AR, Schaider LA, Ettinger AS, Wright RO, Shine JP, Spengler JD. 2011. Metal sources and exposures in the homes of young children living near a mining-impacted Superfund site. *J Expo Sci Environ Epidemiol*. 21(5); Qu C-S, Ma Z-W, Yang J, Liu Y, Bi J, Huang L. 2012. Human Exposure Pathways of Heavy Metals in a Lead-Zinc Mining Area, Jiangsu Province, China. PLOS ONE. 7(11); Ngole-Jeme VM, Fantke P. 2017. Ecological and human health risks associated with abandoned gold mine tailings contaminated soil (Article). Plos One. 12(2):2; Ferronato N, Torretta V. 2019. Waste Mismanagement in Developing Countries: a Review of Global Issues. *Int J Environ Res Public Health*. 16(6); Khobragade, K., Impact of Mining Activity on environment: An Overview, (2020), International Journal of Scientific and Research Publications, 10 (5) and Emmanuel, A. Y., Jerry, C. S. & Dzigbodi, D. A., Review of Environmental and Health Impacts of Mining in Ghana, (2018), *Journal of Health and Pollution*, 8(17).
[11] Note 12
[12] Viveros H. 2016. Examining Stakeholders' Perceptions of Mining Impacts and Corporate Social Responsibility. Corp Soc Responsib Environ Manag. 23(1); Miller

the root of most conflicts between mining companies and local communities.[13] Corporate Social Responsibility (CSR) is used by the mining sector to redeem this negative image by instituting various initiatives.[14]

2.0 Sustainable Development and Community Rights

Sustainable development is a concept of how to meet essential human needs.[15] It is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs.[16] This definition highlights three important functions of sustainable development policies and laws; i.e. ensuring that existing resources meet the present needs of the society, exercising control over consumption of resources and sustaining the growth of existing resources.[17] The main goal of sustainable development is to ensure that revenue generated from mineral resources benefits not just the present generation but also contributes to protecting and preserving the environment and resources for the future generation.

The concepts of sustainable development and community rights in revenue sharing address the equitable and responsible management of

B, Sinclair J. 2011. Risk Perceptions in a Resource Community and Communication Implications: emotion, Stigma, and Identity. Risk Analysis. 32(3).

[13] Barbieri E, Fontúrbel FE, Herbas C, Barbieri FL, Gardon J. 2014. Indoor metallic pollution and children exposure in a mining city. Sci Total Environ; Dagvadorj L, Byamba B, Ishikawa M. 2018. Effect of Local Community's Environmental Perception on Trust in a Mining Company: A Case Study in Mongolia. Sustainability, 10(3).

[14] Note 12

[15] Ihugba, B. U. & Okoro, S. N., Evaluation of the Legal Framework for Promoting Sustainable Development in the Extractive Host Communities in Nigeria, (2017), Afe Babalola University: Journal of Sustainable Development Law & Policy, 8(1).

[16] The Brundtland Commission Report: Our Common Future (Oxford: Oxford University Press, 1987), 49 at p. 39.

[17] Note 19

mineral resources, especially in the context of resource-rich communities. Responsible resource management, equitable revenue distribution, environmental protection and community empowerment are shared goals of sustainable development and community rights in revenue sharing. These ideas, when properly combined, can result in a well-balanced strategy for resource extraction that upholds community rights, assures long-term sustainability and promotes the welfare of all stakeholders.

Mining has the potential to significantly affect the environment and other human activities in the project region, as well as in certain situations outside.[18] In order for the mining sector to remain sustainable, it must save and reinvest a quantity equivalent to what has been taken and sold, among other things.[19] It also necessitates an equitable distribution of the mining sector's economic advantages among all industry partners.[20] Mineral resources must be turned into various types of capital, as well as sustainable means of living for those affected by such operations, in order for wealth to be sustained.[21] Because minerals are scarce, it is necessary to establish links so that the advantages of

[18] Carbon, B., Sustainable Development and the Evolving Agenda for Environmental Protection in the Mining Industry, (1997), Industry and Environment, 20.; Cragg, W., Sustainable Development and Mining: Opportunity or Threat to the Industry? (1998), CIM Bulletin, 91.

[19] Kumah, A., Sustainability and Gold Mining in the Developing World, (2006), Journal of Cleaner Production, 14.

[20] Aurélien, N., Hu, J., Ousmane, S., Makuza, B. & Pitiya, R., Impact of the Mining Rights Allocation Process on the Sustainable Development of the Copper Mining Industry in Zambia, (2022), Journal of Geoscience and Environment Protection, 10.

[21] AFDB (2007). African Development Report: Natural Resources for Sustainable Development in Africa. Zambia Country Profile Document.

mining activities may be enjoyed long after the natural resources have been consumed.[22]

Sustainable local community development is beneficial to profitability of the extractive industry and should be an important goal in the exploitation of extractive resources in Nigeria.[23] It is a catalyst to sustainable development of the extractive sector as it ensures harmony within the affected communities and political legitimacy of government decisions affecting the industry.[24] Sustainable local community development enriches the country and the extractive industry with human resources (e.g. locally sourced skilled experts) and infrastructure (e.g. good communication network, hospitals and schools).[25]

The frameworks of sustainable development and community rights in revenue sharing provide a thorough foundation for the extraction of mineral resources. They place high priority on economic equity, environmental preservation, social justice, community well-being and conflict resolution. When these ideas are properly combined, they produce an impact that supports responsible resource management, economic development and the protection of local communities and the environment. In addition to ensuring that the advantages of mineral resources reach people who are most impacted by their extraction, the combination of sustainable development principles and community rights opens the way for a future in which future generations can benefit from responsible management of resources.

[22] Fessehaie, J., & Morris, M. (2013). Value Chain Dynamics of Chinese Copper Mining in Zambia: Enclave or Linkage Development. The European Journal of Development Research, 25, 537-556
[23] Note 19
[24] Ibid
[25] Ibid

Sustainable development places emphasis on using resources sensibly to satisfy current demands without jeopardizing the needs of future generations. Community rights in revenue sharing support a fair distribution of the financial gains brought about by the use of local communities' resources and land. Sustainable development principles are upheld by ensuring that communities get revenue sharing benefits, as economic gains are directed back to the regions adversely affected by resource extraction. Communities that are impacted by decisions about resource management, development projects and revenue sharing, are entitled to consultation and participation, according to the concept of community rights. By giving communities a voice in how funds are used to meet their particular needs and objectives, revenue sharing promotes a sense of ownership and control.

Enhancing everyone's wellbeing is a goal of sustainable development, especially for those who are disadvantaged or marginalized. By funding programs that provide access to education, healthcare, infrastructure and sustainable livelihoods, community rights in revenue sharing help to reduce poverty and promote social development. Revenue sharing promotes the social component of sustainable development by allocating profits for local community improvement.

Addressing disparities and ensuring that gains are distributed fairly are two key components of sustainable development. By giving communities a share in the economic rewards, community rights in revenue sharing reduces the likelihood of disputes that can result from resource extraction. An equitable revenue sharing system fosters social harmony and eases tensions between stakeholders.

By putting the long-term welfare of present and future generations first, sustainable development looks beyond short-term gains. Community rights to revenue sharing consider the intergenerational equity principle. Intergenerational equity represents a widely recognized principle of

international environmental law providing for the preservation of natural and mineral resources and the environment for the benefit of future generations.[26] It has roots in the 1972 Stockholm Declaration[27] and forms a core tenet of sustainable development frameworks.[28] The principle promotes equity among generations, by preventing the current generation from depleting resources or making choices that unfairly affect future generations.

While revenue can promote sustainable development and growth, if not handled properly, it can also result in environmental degradation, social unrest and economic inequality. As crucial foundations for achieving a balance between economic gains and the preservation of communities and the environment, sustainable development and community rights in revenue sharing have evolved. In the context of sharing revenue from mineral resources, the relationship between community rights and sustainable development is examined in order to understand how these ideas interact to produce a more just and environmentally responsible approach to resource extraction.

3.0 The Legal Framework Governing Revenue Derived from Mineral Resources

The legal and institutional framework for revenue sharing in mining communities in Nigeria is based on a number of important laws and regulations. These frameworks seek to address the negative effects of mining operations on the environment and society, encourage local

[26] Venn, Alice (2019). *Social Justice and Climate Change. Managing Global Warming, 711–728*

[27] Declaration of the United Nations Conference on the Human Environment (Stockholm Declaration) [1972], Principle 1.

[28] Report of the United Nations Conference on Environment and Development, Rio Declaration on Environment and Development [1992], Principle 3.

development and guarantee the fair distribution of mining revenue. These include:

3.1 The 1999 Constitution of the Federal Republic of Nigeria

Mineral resources, by virtue of the 1999 constitution, are under the absolute control of the federal government. Section 44(3) provides that:

> Notwithstanding the foregoing provisions of this section, the entire property in and control of all minerals, mineral oils and natural gas in under or upon any land in Nigeria or in, under or upon the territorial waters and the Exclusive Economic Zone of Nigeria shall vest in the Government of the Federation and shall be managed in such manner as may be prescribed by the National Assembly.[29]

This provision is unambiguous and leaves no doubt as to which level of government actually owns and controls oil and gas resources in Nigeria.[30] The implication of this provision[31] is that no State government or individual, community or local government has a legal right of ownership of mineral resources found within its territory.[32]

All tiers of Government depend on revenue from the federation account to finance development projects and Section 165 of the Constitution of the Federal Republic of Nigeria 1999 as well as the Allocation of

[29] Section 44(3) of the 1999 Constitution of the Federal Republic of Nigeria.
[30] Acholonu, K. K. C., Constitutional Approaches to Resource Control in Oil Producing Federations, (2011) A Dissertation in fulfilment of Master of Laws.
[31] Similar provisions can be found in the Nigeria Minerals and Mining Act, No; 20, 2007 and the Petroleum Industry Act,2021.
[32] Nwefuru, H. N., 'Nigerian State, Natural Governance and Resource Control Controversy: Interrogating the Implications of Mono-Economy', (2018), *Journal of Economic and Finance*, 9 (4).

Revenue (Federation Account, etc.) Act No.1 1982, stipulate that the revenue generated by the Federal government should be credited into the Federation Account and disbursed monthly among the three tiers of government; the Federal, States and Local Governments.

Additionally, the principle of derivation requires that a certain percentage of revenue that is derived from the exploration and exploitation of natural resources from a particular state should be returned to that state. The percentage given has been provided as not less than 13 percent of the revenue accruing to the Federation Account directly from any mineral resource shall be paid to the State of the Federation from which the natural resources are found.[33] The debate on the amount to be allocated to the States, especially the mineral producing ones, as stipulated by the Constitution in line with Section 162(2) has remained christened in the landmark case of *Attorney-General of the Federation v. Attorney-General, Abia State & 35Others.*[34]

Although there are no provisions in the constitution devoted to communities, they receive revenue from the local governments. Local governments in Nigeria are a critical tier of government that play a role in the administration and development of communities within the country. The local government is the closest government structure to the people and communities and it is responsible for providing certain basic services, infrastructure and local governance. They do not directly receive revenue from mineral resources. The bulk of their revenue comes from the state government through the State Joint Local Government Account (SJLGA).

3.2 Nigerian Minerals and Mining Act 2007

[33] Section 162(2) Constitution of the Federal Republic of Nigeria, 1999 (as amended).
[34] (2002) 6 NWLR pt 764, 543-903

The principal law and regulation that govern the mining sector are the Nigerian Minerals and Mining Act (NMMA) 2007 and the Minerals and Mining Regulations of 2011. The NMMA is the principal legislation that regulates all aspects of exploration and exploitation of solid minerals, while the Minerals and mining Regulations provide the guidelines for operations in the solid minerals sector.[35] Although the NMMA's main objective is to regulate mining operations, it also includes measures that address community rights with regards to mineral resources.

The NMMA acknowledges the value of community involvement in mining operations. It states that Community Development Agreements (CDAs) must be incorporated into mining corporations' operations.[36] These agreements lay out benefits, compensation and community development programs as tools for encouraging collaboration between mining firms and impacted communities.

Section 119 of the NMMA provides that mining operations must comply with established environmental standards. Prior to the commencement of any mining operations, operators are required to carry out an Environmental Impact Assessment (EIA). An Environmental Impact Statement (EIS), which is a thorough report detailing possible environmental hazards and intended mitigation techniques must be delivered to the Mines Inspectorate and other relevant regulatory agencies. In order to ensure that mining operations do not negatively impact ecosystems or host communities, mining leases are subject to the approval of these environmental assessments.

Additional information regarding the application of the Mining Act is provided by the Minerals and Mining Regulations of 2011. The

[35] Alokolaro O and Akande A, 'Nigeria' in La Fleche ER (ed), *The Mining Law Review* (5th edn, Law Business Research 2015) 189-200.
[36] Section 116 Nigerian Minerals and Mining Act

Regulations require that mining companies provide funding for infrastructure, health care and education as a way to support community development. They also provide policies and procedures for controlling degradation of the environment and guaranteeing adherence to established revenue-sharing arrangements.

3.3 The Petroleum Industry Act 2021

In 2021, on the 16th of August, the Petroleum Industry Act (PIA) was enacted in order to bring reforms to the oil and gas sector and address the grievances of the host communities that are directly impacted by exploration and exploitation activities. The PIA 2021 has been portrayed as Nigeria's saviour from economic woes and the crippling oil and gas industry.[37]

The PIA seeks to provide funds for the development of host communities. It introduces the Petroleum Host Community Development (PHCD) under Section 234 of the Act. The Host Community Development Trust (HCDT) was introduced by the Act to aid in the development of the economic and social infrastructure of communities in the petroleum-producing areas. The objectives of the trust include to finance and execute projects for the benefit and sustainable development of host communities, undertake infrastructural development of the host communities within the scope of the funds available, invest part of the available fund for and on behalf of the host communities, etc.[38]

The Host Community Trust Fund is expected to ensure prosperity in the industry, if adequately implemented, such that host communities feel a sense of belonging as direct beneficiaries of resources within their

[37] Okediya, P. O., Petroleum Industry Saviour: A Terse Breakdown of the Petroleum Industry Act, (2021), Available at SSRN: https://ssrn.com/abstract=3908752.
[38] Section 239(3) PIA 2021.

domain leading to development and well deserved prosperity for their people. The Fund aims for the communities to benefit directly from resources explored and exploited from their land. The HCDT seeks to formally create a binding Memorandum of Understanding (MoU) and to legalise the traditional Corporate Social Responsibility (CSR) obligation between the international oil companies on the one hand and the host communities on the other hand.[39]

3.4 Revenue Mobilisation, Allocation and Fiscal Commission Act

In 1999, the Constitution set up the Revenue Mobilisation, Allocation and Fiscal Commission (RMAFC).[40] The Commission oversees the equitable allocation of revenue derived from natural resources. It ensures that derivation funds and other allocations reach the intended beneficiaries. It took the Commission about a year to come up with its first proposal, which remained with the National Assembly for almost eight months before the Supreme Court verdict of 2002 on resource control nullified special fund in the existing revenue sharing formula.[41] Eventually, the Commission came up with a sharing formula that gave the Federal Government 52.68%, States 26.72% and the Local Governments 20.60%[42]

Although this current revenue sharing formulae has been the subject of continual political debate, it has proven to be quite stable and has not changed.[43] States have continued to lobby for an increase in their share as they are of the view that the Federal Government gets the lion share. There is also division among the States regarding the derivation principle as the oil producing States are given a substantially larger

[39] Note 107
[40] Akeem, U. O., Revenue Allocation Formula and its Impact on Economic Growth Process in Nigeria (Online) *Journal of Economics and Sustainable Development* 2(3).
[41] *Ibid.*
[42] *Ibid.*
[43] *Ibid.*

share of the revenue derived from oil.[44] The States that receive less feel that they are not given enough, while those given more still feel that they should be given more.

The Commission is to review the revenue allocation formulae, from time to time, and the principles in operation in order to ensure conformity with changing realities; any revenue formula that has been accepted by an Act of the National Assembly shall remain in force for a period of not less than five years from the commencement of the Act.[45]

Despite the fact that the RMAFC Act does not specifically refer to "community rights," its clauses on revenue sharing, the derivation principle, and the creation of development commissions all indirectly address the rights and interests of communities. The Act intends to ensure that local communities reap the financial benefits of mineral resources and take part in the decision-making procedures that impact their development. The effective implementation and enforcement of these laws nevertheless face obstacles, such as problems with accountability, transparency and the equitable distribution of benefits to communities.

3.5 The Niger Delta Development Commission Act 2000

The continued demands of the oil producing states to control their resources led to the establishment of the Niger Delta Development Commission (NDDC) in 2000, which replaced the Oil Mineral Producing Areas Development Commission (OMPADEC). The Commission was established to conceive, plan and implement projects and programmes for the sustainable development of the Niger Delta

[44] *Ibid.*
[45] Part I Paragraph 32 of the Third Schedule of the 1999 Constitution of the Federal republic of Nigeria (as amended).

area, particularly the mining host communities.[46] It was saddled with the responsibility of promoting socio-economic development of the Niger Delta region.[47]

The NDDC Act, in defining the Niger Delta area, includes the nine oil producing states of Abia, Akwa-Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo and Rivers. Section 14(1) of the NDDC Act provides that the Commission shall establish and maintain a fund from which shall be defrayed all expenditure incurred by the Commission. Section 14(2)(c) of the NDDC provides that there shall be paid and credited to the fund 0.5 percent of the annual budget of any oil producing company operating, on shore, in the Niger Delta area. These provisions empower Nigeria Extractive Industry Transparency Initiative (NEITI) to monitor transparency and accountability of the disbursement of the money to the NDDC and application of that money by the NDDC in accordance with the NDDC Act.

4.0 Revenue Sharing Mechanisms

Revenue sharing is a mechanism that distributes revenue generated from the exploration and exploitation of mineral resources among various stakeholders, including governments, mining companies and local communities that are in close proximity to mining operations. With the aid of these mechanisms, communities will be able to benefit from resource extraction in their areas. Revenue sharing mechanisms can take various forms, which include:

a. Direct Payments to Communities which may be in the form of Community Development Agreements (CDAs) or Direct Cash Transfers (DCT). CDAs are legal agreements between mining

[46] Dibua, J. I., Citizenship and Resource Control in Nigeria: The Case of Minority Communities in the Niger Delta (2005) *Africa Spectrum* 40(1).
[47] Note 148

companies and local communities outlining how benefits will be shared, while DCTs are direct financial payments to households or individuals in the host community.

b. Community Development Funds[48] or Trust Funds[49]
c. Infrastructure Development, which may be through:
    i. Social Infrastructure Projects: Investing in schools, hospitals, roads and other infrastructure, which directly contribute to the well-being and improve the quality of life of host communities.
    ii. Public-Private Partnerships (PPPs): Collaborative projects between mining companies and governments to develop local infrastructure.
d. Government policies mandating a certain percentage of mining revenue to be allocated to local governments or communities.
e. Mandating that a certain percentage of the workforce of mining companies must be hired from the local community and encouraging or requiring mining companies to procure goods and services from local businesses.
f. Offering educational scholarships to local students for higher education and vocational training.
g. Compensation due to environmental damages caused by the negative impacts of mining.
h. Regular assessments to monitor and address the social impacts of mining activities on local communities.

5.0 Findings

[48] pools of money managed by a board including community members, mining companies and government representatives, dedicated to community projects
[49] financial instruments where revenue is set aside in a trust to be used for community development over time

1. Revenue-sharing arrangements that are open, inclusive and transparent can ease tensions between local communities and mining companies while guaranteeing that benefits are shared fairly.
2. Revenue derived from mining activities can greatly improve the general standard of living and quality of life of host communities. Long-term sustainability can be achieved by providing funding for local businesses, education, healthcare and infrastructure development. Success however depends on transparency and accountability.
3. Revenue sharing encourages a sense of belonging and inclusion among community members, which strengthens social cohesion. According to research, collaborative decision-making procedures, in which communities participate in the allocation and utilisation of funds, lessen the tensions and disputes that are frequently connected to mining activities.
4. A portion of the revenue derived from mineral resources may be utilised for programs regarding the mitigation and restoration of the environment. In addition to providing compensation for the degradation that mining activities have caused to the environment, this strategy will ensure that communities are actively involved in projects that support sustainable resource management.

6.0 Conclusion

The article has examined the vital role that revenue sharing arrangements play in guaranteeing the sustainable development of mining communities beyond simple extraction. Mineral resource extraction and exploitation are important for the economic growth of countries. The advantages brought about by these resources, however, are frequently not distributed fairly, depriving populations in resource-rich areas of their just share of the riches. The idea of community rights

in revenue sharing has gained popularity as a result of the fundamental significance of equitable resource distribution. In addition to economic benefits, revenue sharing incorporates social, environmental and governance aspects that are critical to promoting long-term prosperity and well-being. The implementation of revenue sharing mechanisms is crucial in addressing the socio-economic disparities and environmental deterioration that are frequently linked to mining operations. These mechanisms enable communities to engage in decision-making and receive a portion of mining revenues. Revenue sharing also improves community resilience, promotes social cohesion and lessens conflicts brought on by competing interests. Governments and mining firms must work together to develop and implement effective revenue sharing arrangements that give priority to mining communities' sustainable development goals.