

KEYNOTE ADDRESS

BY

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MINISTER FOR FINANCE AND ECONOMIC
PLANNING**

AT

**THE GHANA EITI BREAKFAST MEETING ON THE
GHANA EITI DRAFT BILL
HELD AT LABADI BEACH HOTEL**

13TH JULY, 2012

Mr. Chairman

Colleague Ministers

Honourable Members of Parliament,

Members of the Ghana EITI National Steering Committee

Friends of the Media

Distinguished Ladies and Gentlemen

1. It is a great pleasure for me to welcome you to this all important breakfast meeting on the Ghana EITI Draft Bill. As a government and in line with the NDC party manifesto, the principles of EITI support our efforts to promote good and accountable governance in our natural resource sectors. These principles have no doubt informed the drafting of the Petroleum Revenue Management Act, 2011 (Act 815 or PRMA) which has transparency very much entrenched in it.

2. Honorable Members, indeed, the EITI seeks to improve transparency and accountability in countries dependent on revenues from oil, gas, mining and other natural resources. The initiative also seeks to reduce the potential negative impacts of mismanaged revenues by ensuring that these revenues are managed prudently to become an important source of long-term economic growth for sustainable development and poverty reduction.

3. The EITI, therefore, stands on two pillars: the first is full publication and verification of company payments and government revenues from

oil, gas and mining and the second is the creation of in-country multi-stakeholder groups that discuss ways to manage the wealth generated from the extractive industry.

4. I recall, during my inauguration of the expanded Ghana EITI National Steering Committee in September 2010 when the initiative was being extended to the oil and gas sector, that I mentioned that the value EITI can add to the governance of our natural resources sector can be enhanced if its fundamental role of publishing or putting accurate information in the public domain is done regularly and timely. In fact we expect timely and accurate information to enable us address systemic problems on time. The regular publication of timely, reliable and easily accessible financial information disclosed by governments and companies and subject to third-party verification is at the core of the EITI model of improving natural resources governance.

5. However, I have been reliably informed that earlier EITI Audit Reports have suffered from lack of cooperation from some of the extractive companies and some national revenue management institutions to disclose information for the preparation of the EITI reports. This constitutes one of the most critical barriers to the EITI implementation in the country. To address this challenge stakeholders have called for legal backing of the Ghana EITI to ensure that government institutions and all companies in the extractive industry disclose their payments and receipts periodically.

6. Honorable Members, it is the opinion of EITI stakeholders that while the EITI can deliver many benefits as a stand-alone initiative, it is likely to work particularly better when there is a long term strategy for mainstreaming it to improve governance of extractive industries. This mainstreaming can be achieved through a well thought out law backing the initiative and addresses some of the implementation challenges. So far countries like Nigeria, Liberia and Azerbaijan have legislated the EITI in order to remove all the legal obstacles to the implementation of EITI in their countries whilst other countries are in the process of doing so. Ghana has gone through a series of consultative processes including a legal review of some of the country's laws that promote transparency and accountability. The EITI legislation has, therefore, begun in earnest.

7. To finalize the process the Ghana EITI, the National Steering Committee with the support of the Ministry of Finance and Economic Planning and GIZ, engaged the services of a Team of Consultants to provide a draft Ghana Extractive Industries Transparency Initiative (GHEITI) Bill. The assignment has been completed and a Draft Document has been shared with the Ministry of Finance and Economic Planning.

8. Honorable Members, we are here this morning to share with you the draft Bill. This meeting is expected to provide you with the opportunity to input into the draft Bill. The primary purpose of the GHEITI Bill is to

provide the legal framework to enhance transparency and accountability in relation to receipts and payments in the natural resources sector.

9. In consonance with developing trends on the issues of extractive industry transparency, the draft Bill expands the scope of the current EITI to cover the entire natural resources sector (i.e., minerals, petroleum, forestry and fisheries). The Bill is also intended to ensure increased transparency in the distribution of payments made to, and, received by District Assemblies and traditional authorities.

10. Hon Members, an important feature of this Bill is that it provides for contract transparency. It, thus, makes provision for the disclosure of the contents of extractive industry contracts negotiated and concluded between companies and firms within the sector and Government to the public. Contract transparency is essential not only for the purpose of tracking revenue streams but also for ensuring the sustainable exploitation of natural resources.

11. The legislation of the EITI therefore, will not only ensure sustainability of the initiative in Ghana but also ease the challenges of accessing receipts and payments data and other critical information from extractive companies and Government Agencies. The Bill is expected to complement other existing legislations which aim at ensuring transparency and accountability in the natural resources sector of the country.

12. Hon. Members, EITI is about promoting transparency and accountability within the extractive sector in ways that support strong development impact in the country and among host communities. The recognition of the need to improve the management of the extractive sector presents a unique opportunity to all of us especially Parliament to establish itself as a relevant and credible actor in the movement toward greater transparency, accountability and responsiveness in government. So far our legislature has played a very robust role in creating a viable oversight mechanism for public expenditures but could do more for revenues from the extractive industry.

13. Hon Members, you would agree with me that the issue of the EITI legislation is even more urgent now than ever before as we roll-out EITI to the Oil & Gas Sector. I have been reliably informed that plans are advanced for the production of the first oil and gas EITI Report covering the period 2010 and 2011 which will reconcile all payments made by the oil and gas companies to government and government receipts and to determine whether there are discrepancies in the payments and receipts.

14. Hon Members, the EITI law will complement and strengthen the existing transparency and accountability provisions in the Petroleum Revenue Management Act, 2011 Act 815 (PRMA) in the Oil & Gas sector. The transparency provisions requires that petroleum receipts are

gazetted and published quarterly in at least two state owned newspapers on quarterly basis. All petroleum receipts up to the 1st quarter of 2012 have since been published and the 2012 2nd Quarter receipts is scheduled for publication by the end of July 2012 in consonance with the PRMA.

15. I wish to use this opportunity to notify Hon. Mmembers that since the inception of Jubilee Fields production, the Ministry has allocated petroleum receipts to the various allowable sources namely, the National Oil Company (GNPC), the Annual Budget Funding Amount (ABFA), and the Ghana Petroleum Funds (GPFs) in accordance with Sections 7, 11(2), and 23 of the PRMA. The allocation to the GPFs is determined as the revenue in excess of the ABFA per Section 11(2) and Section 23 of the PRMA. In this regard, the GPFs in some quarters in 2011 and 2012 received no allocations since the allocable revenue was less than the relevant quarterly ABFA. On the other hand any excess amount over and above the quarterly ABFA is allocated to the GPFs. For example, in the 2nd Quarter of 2012, it is expected that the GPFs would receive substantial amount since the Ghana Group would lift crude oil twice generating substantial receipts for the quarter which will enable such transfers to be made into the GPFs.

16. Let me conclude by commending the Ghana EITI Steering Committee and the Team which worked very hard to draft the Bill. It is my hope

that the input of the Parliamentary Select Committee on Mines and Energy will help to further enrich the Bill.

17. On behalf of my Ministry and the Ghana EITI Stakeholders, I wish to express my sincere appreciation to Hon. Members for making time to attend this breakfast meeting.

18. I thank you all for your kind attention and wish you a very productive discussion.