

Ghana EITI Workshop

Jan 15, 2007

Remarks by Mats Karlsson

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Excellencies, Partners and Colleagues,

It gives me real pleasure to participate in this opening session of the EITI workshop in Ghana on behalf of the World Bank Group.

The progress of Ghana's EITI efforts over the past year has been impressive, and today's event is a milestone in that work. During 2006 we have seen a coming together of interests as reflected by the membership of the EITI National Stakeholder Group here in Ghana: of government agencies keen to investigate and improve the system of revenue collection and redistribution associated with the mining sector; of mining companies keen to clearly demonstrate the contribution that they make to the Ghanaian economy; and of civil society groups keen to

improve the transparency and accountability of all involved in the sector.

For all of these groups EITI is a way of achieving their objectives, and whilst I'm sure that there have been, and will continue to be some differences between all three groups, I think that what has been produced through their cooperation on EITI makes the difficulties that come with building partnership more than worthwhile.

It is also pleasing to witness not only the participation of local EITI stakeholders, but also that of delegates from other countries to this forum. These delegates effectively transform today's event into a regional forum in which other countries in the region can learn from Ghana's work on EITI implementation.

Across the world, in rich and poor countries alike, there is a growing recognition that the path out of poverty has to rest on a solid foundation of good governance. Without transparent and accountable governance based on checks and balances; based on participatory processes; and

based on the rule of law; reforms aimed at improving people's lives won't work.

Increasing transparency and accountability are the fundamental cornerstones of the EITI. Advocates of transparency believe that governments which disclose their incomes from oil, gas and from minerals are much more likely to spend those resources wisely. This means that more children can get the education they deserve; more mothers can receive the healthcare they need; more young people can find jobs to be able to escape poverty.

EITI advocates also believe that effective implementation of the Initiative will ensure that less money will be lost to corruption, because people can access the information needed to hold their governments and companies to account. They are right. Information is the cornerstone of a well-functioning system of governance. Knowledge is indeed power. Without it, we cannot hope to beat the disease of corruption.

The launch of EITI coincided with the end of the Extractive Industries Review (EIR) conducted by the Bank over a period of three years. The

Bank's response to that review advocated the strengthening of governance and transparency as a driver of the Bank intervention in countries endowed with mineral resources.

Since then, the Bank has played an important role in the implementation of EITI globally. In partnership with a number of donors we administer the EITI Trust Fund, from which a grant of USD 249,000 has been extended to Ghana so support the implementation of EITI activities in the country over the coming year. This support has been complemented by excellent collaboration between Ghanaian authorities and other donors such as GTZ and DFID to move the EITI agenda forward in Ghana.

Ghana is a key stabilizing country in the West Africa region and an example of successful political and economic performance in the region. It is also an important mining country in Africa and the management of the mining sector in this country is looked upon as an example by other African countries. For this reason successful implementation of EITI here has implications and resonance beyond the country itself. This is particularly important because as we know, several other African

countries are endowed with mineral resources which have not always contributed to poverty reduction but rather these resources have at times led to corruption and conflict.

But making EITI succeed in the broadest sense means going beyond just implementing EITI. Making revenues more transparent is a critical first step, but converting resources into real results that matter in the lives of the poor requires more. Governments need to hold themselves accountable for the use of those revenues, to manage the extractive industries sector efficiently, to manage the revenues wisely, and to build strong controls to ensure the money is used as it should be.

Elsewhere EITI audited results have been used to improve public accounting of mineral revenues; to put in place a transparent framework for the use of revenues earmarked for community development; to guarantee the participation of civil society in the policy dialogue regarding extractive industries; to provide information on the contribution of extractive industries companies; and to strengthen the development of a culture of exchange between the government, the civil

society, and mining companies to address broader issues in the mining sector. We look forward to similar achievements in Ghana.

Progress in EITI will be durable only in a context of an overall improvement in the governance of the extractive industries, as well as improved infrastructure and service delivery – all of this in the context of the collaborative spirit advocated by EITI between stakeholders, but also with the support of donors. It is thus comforting that the three thematic pillars of the Ghana Poverty Reduction Strategy (GPRS II) are centered around Governance and Civic Responsibility, along with Private Sector Competitiveness in which natural resources are considered within a sustainable development context; and Human Resource Development.

Donors in Ghana are currently finalizing a document based on the Poverty Reduction Strategy called the Ghana Joint Assistance Strategy. It aims at engaging in a collaborative donor efforts to harmonize and optimize their dialogue with Ghana on all aspects of development. Both of these guiding documents put emphasis on governance to which EITI is a contributor.

A significant number of countries in the sub region have already adhered, or are in the process of adhering to EITI. We see this workshop not only as an opportunity for further exchanges of experiences and lessons learnt, but also as a step towards harmonisation of approaches to extractive industries management at the regional level. Ghana is a known supporter of regional integration and we see some alignment here which could be stimulated further for the benefit of the whole region.

Sierra Leone has just begun its EITI implementation efforts through the appointment of an EITI champion and the establishment of a stakeholder group to oversee the implementation of the Initiative. We are also hopeful that Liberia will soon begin its work implementing EITI. In both countries the Bank will work closely with other donors to support these efforts.

It is our view that the transformation of extractive industries into a source of sustainable development for each of the countries in the region will require broader regional alignment of a number of related

economic governance issues. These include the convergence of policy, fiscal and regulatory frameworks, the facilitation of trade and commerce, and the optimization of positive externalities and synergies such as the building up of regional infrastructure and energy networks. Further, the effective management of the revenues generated by extractive industries to improve human and physical capital will be required if regional countries are to achieve successes comparable to that of countries such as Botswana, which is a show case in Africa in how best to convert a country's mineral endowments into development. Ghana, in both the economic and political realms, is poised to be a significant contributor to, and benefactor of, a regional convergence of policies and practices.

I would like to invite the Government, EITI stakeholders and the donors for further discussions on these topics.

I now look forward to a rapid implementation of EITI in Liberia and Sierra Leone, and to continued progress in Nigeria. I trust that this workshop will provide a good forum for these two countries to learn from Ghana's experience and facilitate their progress in this journey.



Let me conclude by wishing you every success in this workshop and to reaffirm our commitment to work jointly with other donors to support ongoing successful implementation of EITI in Ghana.

Thank you.