



# EITI DISSEMINATION WORKSHOP FOR MMDA'S IN KUMASI

**T**he Ghana Extractive Industries Transparency Initiative (GHEITI) Secretariat and the National Steering Committee (NSC) organised a successful sensitisation workshop for Metropolitan, Municipal and District Assemblies (MMDA's) on the 31st of January 2011. The workshop was used to sensitise stakeholders on the activities of GHEITI and to disseminate in particular critical findings of the 2006, 2007 and 2008 EITI audit reports. In attendance were several high profile personalities including the Mayor of Kumasi, Honourable Samuel Sarpong.

The GHEITI National Coordinator, Mr. Franklin Ashiadey, in a key note address, welcomed all members to the workshop to disseminate the



*Chief Executives of MMDAs, their Finance officers and Nananom with GHEITI MSG*

findings and recommendations of the 2006-2007 audit reports. He stated that EITI was created to help

address some of the challenges facing countries that despite having wealth of natural resources, failed to enjoy the fruits of the potential bounty by introducing greater transparency into natural resource revenues and government budget.

He noted that the necessity of taking forward the findings and recommendation of the report is a shared one since the findings revolve around the various stakeholders. He mentioned that in September 2010, the initiative was formally extended to the Oil and Gas sector. The extension was done to ensure that the rich experience and benefits derived from implementing EITI in the mining sector is brought to bear



*Mrs. Philomena Johnson speaks for Civil Society Organizations*

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## KUMASI DISSEMINATION WORKSHOP

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on the Oil and Gas sector. He also mentioned that Ghana EITI obtained EITI compliance status on 19th October, 2010.



Mrs. Philomena Johnson on behalf of the CSOs noted that the workshop was among others to ensure that recommendations of the audit reports were implemented. She was of the view that the findings must be published and should be taken seriously by Publish What You Pay, Ghana (PWYP) and that it is the responsibility of all to ensure that the nation's natural resources are used sustainably.

The chiefs wanted to know what measures that Minerals Commission/government have put in place to reduce the activities of 'galamsey' operators. They also wanted to know if the galamsey operators and the Small scale miners also pay royalties. Mr. Amponsah Tawiah of Minerals Commission

explained that several measures have been adopted to deal with illegal mining. The Minerals Commission for instance has blocked 144 illegal mine sites for small scale mining. Also, the sector ministry has designated some sites that could

be available for small scale mining activities to discourage people from engaging in galamsey. In addition, the Minerals Commission has organised several sensitization workshops to educate the various communities on the dangers of illegal mining and to inform them of other available opportunities in small scale mining that they could take advantage of.

The chairman, Mr. Roger Angsomwine applauded participants for taking time off their busy schedules to attend the workshop and urged the MMDAs to continue to show interest and support the work of the Ghana EITI to promote transparent, accountable and

good governance in the country's extractive sector. He commended members of the National Steering Committee for sustaining the momentum to ensure the successful extension of the initiative to the oil and gas sector ■



*Cross section of participants*



*Nananom at Workshop*



*Mr. Roger Angsomwine, Office of the Vice-President, delivering opening statement*



*Nana makes an intervention*



## Draft Guidelines on the Use of Mineral Royalties by District and Municipal Assemblies now Developed

One of the most critical findings of the Ghana EITI reports 2004-2009, is the fact that District Assemblies and Traditional Authorities in the mining areas on receipt of their due share of the royalties and other mineral revenues transferred to them from the central government through the Office of Administrator of Stool Lands often use the funds on operational and administrative expenses and immediate consumption rather than development projects. To address this concern the Ghana EITI reports recommended the development of Guidelines for the use of the royalties transferred to the District Assemblies.

It is in the light of this that, the Ministry of Lands and Natural Resources and the Minerals Commission, under the Natural Resources and Environmental Governance Programme initiated the programme to develop the guidelines on the use of the minerals royalties for the District Assemblies.

The purpose of the Guidelines is to provide a **framework** to guide District and Municipal Assemblies to properly manage the use of their share of mineral royalties and other mining related levies.

Stakeholders consulted during the development of the guidelines included community members i.e traditional authorities, farmers, women, youth, and concerned citizens. Key informant interviews with mining companies, mining sector related institutions (Minerals Commission, Environmental Protection Agency, Administrator of Stool Lands) and District Assemblies were also undertaken. Public meetings, stakeholder consultation and engagement workshops were also held to discuss the draft guidelines.

The stakeholder consultations carried out covered the following selected

districts: Bibiani- Anwiaso-Bekwai, Tarkwa-Nsuaem, and Prestea-Huni Valley all in the Western Region of Ghana. Others were Obuasi Municipality from Ashanti Region, Asutifi District in Brong Ahafo, Dangme East and Weija Municipality in the Greater Accra Region.

The following guidelines, based on views, perceptions and suggestions from stakeholders have been proposed to be used by the MMDAs. In the application of these Guidelines, Assemblies are to remember that Urban, Town, Zonal and Area Council areas are demarcated as development areas for the purposes of direct allocation of funds and other development resources. Stakeholder communities in the Urban, Town, Zonal and Area Council areas of the Assemblies should therefore be involved in the identification and prioritization of development projects for consideration, approval and inclusion in the development budget of the Assembly.

- 60% of all revenues received from royalties should be allocated to directly impacted communities and 40% to the other communities in terms of project financing.
- Projects shall be evaluated and funded based on the proposal/request submitted to the Assembly.
- Amounts shall be released quarterly to finance projects in selected communities and the Assembly shall notify the Assembly Member of the beneficiary community.
- Where a memorandum has been raised to the District/Municipal Chief Executive for project to be financed under the Fund, the Assembly Member shall be given

a reply within fourteen working days as to whether the request has been approved or whether a query has been raised.

- A separate record shall be kept in respect of each community.
- The District/Municipal Chief Executive shall report the physical progress of implementation of each project quarterly to Assembly Members.
- Contracts will be awarded in accordance with the Public Procurement Act, 2002, Act 663.
- Competent contractors from stakeholder communities should be given due consideration in the award of contracts.
- Standard designs and their variations approved by the relevant sectors should be used in the implementation of all projects involving the construction of infrastructure.

### Allocation of Funds to Project Areas

Since the priority needs of most stakeholder communities are education, health, water and sanitation, and food, revenues from mineral royalties should address these needs. Therefore, District/Municipal Assemblies should allocate funds to the various sectors as proposed in the following table:

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## Draft Guidelines continued

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Proposed Allocation of Funds to Project Areas is as follows:

% of Revenue from Royalties	Sector Allocation
25%	Health infrastructure and services
20%	Education infrastructure and services
20%	Water and sanitation infrastructure and services
18%	Social infrastructure and services.
12%	Agricultural and other income-generating ventures
2%	Capacity-building and administrative expenses of each Assembly.
3%	Purchase security stocks and government bonds and interest accrued to it be used as scholarship for brilliant but needy students in the communities.

### Development Budgeting

- District/Municipal Assemblies shall each year prepare a Development Budget based on the revenues received from mineral royalties.
- The Development Budget shall be approved by Resolution of the Assembly in accordance with section 112 of the Local Government Act, 1993 (Act 462).
- In collating and harmonizing the Development Budget, the District/Municipal Assembly shall ensure that projects, programmes and other activities are in conformity with the Assembly's Medium and long-term Development Strategy.
- The District/Municipal Assembly shall distribute the collated budget to all Assembly Members.

### Payments from Fund

- A separate account shall be kept for the Fund.
- Under no circumstances shall monies be withdrawn from this account without a memorandum from the sitting Members of the Assembly.
- All transactions, including requested payments, deductions and unredeemed contractual retentions should be recorded in the Books of Account of the Assembly.
- Transactions should reflect in the quarterly Financial Returns and monthly Trial Balance of the Assembly.
- All payments should be made by the Finance Officer of the Assembly in accordance with existing local government financial regulations and administrative instructions in force.

- The unredeemed contractual retention should be treated as a deposit, and payment of matured retention monies should be paid out of the Deposit Account.
- The District/Municipal Chief Executive shall submit half-yearly progress report on the operation of the Fund to the OASL with copies to:
  - (i) The Presiding Member of the Assembly
  - (ii) The Regional Minister, who shall compile the district half-yearly returns into (iii) Regional returns and transmit to the Minister for Local Government and Rural Development

### Supervision and Monitoring of Projects

- In accordance with the Local Government Act of 1993, Act 462, and Section 141 (1) (b) Regional Co-ordinating

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## Draft Guidelines continued

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Councils shall monitor the use of all monies allocated to the District/Municipal Assemblies by any agency of the Central Government.

• The Assemblies should establish a Committee to oversee the utilization of funds from mineral royalties and other mineral revenues.

• Composition of committee may include the following:

- (i) The District/Municipal Coordinating Director (Chairman).
- (ii) The Planning Officer.
- (iii) The Budget Officer.
- (iv) The Finance Officer.
- (v) Chairman of Development Sub-committee.
- (vi) Community Relations/Development Manager of mining companies operating in the area.
- (vii) Assembly members from selected areas (co-opted).
- (viii) A representative each from Minerals Commission, EPA, OASL Traditional Council and Stools in the area.

• Functions of the Committee shall include:

- (i) Undertake community needs assessment through consultation process.
- (ii) Prioritization of community needs.
- (iii) Undertake planning, budgeting, implementation, monitoring and evaluation of projects.

(iv) Ensure involvement of community members during project planning and execution.

(v) Collaborate with NCCE to educate and disseminate information on projects to community members.

### Accounting for the Utilisation of the Fund

Assemblies shall prepare Financial Reports indicating amount utilized, balance in the Fund Account, and outstanding contractual financial commitment for the succeeding period of three months at the end of each quarter (i.e. end of March, June, September and December) to the prescribed form and distributed to:

- (i) Assembly Members.
- (ii) Office of the Administrator of Stool Lands.
- (iii) The Regional Coordinating Council.
- (iv) The Controller and Accountant Generals Departments.

- All District/Municipal Assemblies shall prepare a Monthly Trial Balance, Receipt & Payment Statement, and Bank Reconciliation Statement.
- The periodic receipt from the Fund and expenditures thereof should be incorporated in the Monthly Trial Balance.
- All Assemblies shall produce project-by-project

recording expenditure statement.

• All requested payments and deductions (made under exceptional circumstances) by the Finance Officer of the Assemblies should be recorded in the relevant books of Accounts of the Assemblies and reflected in the Trial Balance, receipts and payments, Reconciliation Statements and other Financial Reports.

• Any unspent balance of an Assembly's share of the mineral royalties revenue should under no circumstances be credited to the Accumulative Surplus Fund of the Assembly. This Balance should be treated as part of Finances of net Assets in the Balance Sheet.

### Conclusion

Please note that this is a draft guideline and your input to enrich the draft is welcome.



# NREG

# ENVIRONMENT & NATURAL RESOURCES GOVERNANCE (ENR) SUMMIT

FOURTH ANNUAL ENVIRONMENT AND NATURAL RESOURCES SUMMIT ELMINA, GHANA, 28TH JULY, 2011.

## STATEMENTS AND CONCLUSIONS

The annual Summit of the Environment & Natural Resources (ENR) sector took place at the Elmina Beach Resort from 26 – 28 of July 2011. This fourth summit brought together ENR stakeholders including government representatives, civil society organisations, traditional authorities, the private sector and development partners. The annual Summit was established three years ago to provide a platform to improve the harmonization of the formulation and implementation of the ENR policies. The theme for the 2011 ENR Summit was 'Sustainable Management of Natural Resources and the Environment for People' and provided the opportunity to review the strategies and achievements of the different sub-sectors. Highlights of the Summit were mining in the forest reserves, galamsey, chainsaw operations, benefit sharing and community participation in environmental and natural resource governance.

The Summit received a statement from the Vice President of the Republic of Ghana in which the potential of the ENR sector to contribute to the achievement of the Millennium Development Goals (MDG) was emphasized. He also emphasized the need for a clear and effective process in decision-making up to the highest level as an integral part of a natural resource management system. This he said, was essential because of conflicting causes of action involved in natural resource management.

In his statement, the Minister for Lands and Natural Resources, Hon. Mike Hammah, described the Summit as an important platform

that enables the cross-sectoral stock taking that helps to fill policy gaps/spaces. He recognized the place of natural resource issues in matters of national socio economic development as well as security. He also called for a shift in paradigm in the regulation of mining operations especially in the area of increasing its local content along the value chain.

The Minister of Environment, Science and Technology, Hon. Sherry Ayithey, highlighted policy advances in the areas that drive environmental governance and Ghana's preparation to take on the challenge of climate change. These include the establishment of a National climate change Secretariat and the finalization of the national policy on climate change. The establishment of Environmental and Natural Resource Advisory Committee, ENRAC has created a platform for inter-sectoral dialogue, particularly in respect of cross-cutting issues. She reiterated the importance of the NREG process for sustained financing of the sector.

In a statement delivered on his behalf,

the Minister of Finance and Economic Planning, Dr. Kwabena Duffuor, expressed the need for Ghana to

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**Participants at the summit**



**Nananom at the Environment & Natural Resources summit**



**Ministers of State and Development partners**

# ENR SUMMIT

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**(L-R) Hon. Ford Karmel MP, Mr. Franklin Ashiadey and Mr. Oppong Sasu**



**Minister of Lands & Natural Resources, Hon. Mike Hammah, interacts with Development partners. Looking on is Mr. Ellis Atiglah, Technical Director of Mines.**

convert its economic growth into permanent wealth, by ensuring the sustainability of the environment upon which the livelihoods of the rural and urban poor depend. He added that the environment is literally our world and abusing it diminishes the standard of life. In accordance with Ghana's Aid Policy he emphasized preference for Sector Budget Support arrangements and therefore encouraged Development Partners to continue to support programmes like the Natural Resources and Environment Governance Programme (NREG).

His Excellency Gerard Duijffes, the Ambassador for the Embassy of the Kingdom of Netherlands (EKN), commended Government for

establishing the Environment and Natural Resources Advisory Council (ENRAC) in 2010 but expressed concern about the slow progress in achieving results. He hoped that the Summit will not only provide an occasion for reflection but also mark the beginning of a change in direction towards a result oriented environmental policy-making.

The Central Regional Minister, Hon Ama Benyiwa-Doe in her welcome address, added her voice to the problem of increasing environmental degradation. She recognized these as human driven through activities such as a poor

waste management, bush fires, slash and burn agriculture, hunting, excessive timber logging (both legal & illegal) etc. She therefore called for a change in attitudes as part of the solution to the country's environmental challenges.

Civil Society Organizations (CSOs) involved in the ENR sector stated that they do not only act as 'watchdogs' of the sector, but also contribute in terms of research and policy reviews. CSOs recognized their engagement in some governance processes in the sector and expressed concerns about the rapid rate of deforestation and high cost of environmental degradation. They advocated for the development of a communication strategy with the media on national environment and natural resource concerns. They also called for

the need to establish key targets that could be reported at the next Summit.

The Summit received its first ever statement from representatives of chainsaw and small-scale mining operators. The chainsaw operators expressed the need for government to engage their members in the formulation of policies on the environment and natural resource. An executive of the small scale miners association further called for their involvement in dealing with recalcitrant miners. Government was commended for the various interventions aimed at regularization of the operations of the "galamsey" operators.

The Summit was concluded with agreed key actions to be implemented by the Forestry, Mines and Environment sectors. Among others, these include:

- The implementation of Forest Investment Programme
- The review of stumpage fees
- The cultivation of Ten thousand (10,000) hector of plantation
- The National roll-out of the Legality Assurance System including the wood tracking system
- Implement policy on domestic and timber procurement
- Road map for tree tenure and benefit sharing
- Review of guidelines for mining in forest reserves
- Develop and

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