

WELCOME ADDRESS

BY

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CHIEF DIRECTOR, MINISTRY OF
FINANCE

AT THE

LAUNCH OF THE 2012/2013 GHANA EITI
REPORTS

10TH FEBRUARY, 2015
MENSVIC HOTEL
ACCRA

Mr. Chairman
Hon. Members of Parliament
Chief Directors,
Members of the Ghana EITI National Steering Committee
Friends from the Media
Ladies and Gentlemen

Good Morning, it is my pleasure to welcome you all to today's launch of Ghana - EITI Mining and Oil/Gas Reports for 2012 and 2013.

Anytime we produce these reports we make it a duty to share these reports with you stakeholders, especially the media. We believe that the responsibility of taking forward the findings and recommendations of the reports must be a shared one. It is only when stakeholders take responsibility for the various aspects of the reports that we can efficiently address and reform our institutions to respond to the needs of our times.

The 2012/2013 EITI reports are the first reports to be produced under the revised EITI standard adopted in Sydney Australia in May, 2013. So, the current reports are different from the previous years' reports in terms of scope. Apart from the reconciliation of payments and receipts these new reports cover contextual information such as summary description of the legal framework and fiscal regime, the sector's contribution to the economy, production data; state participation in the extractive industries; revenue allocations and the sustainability of revenues, license registers and license allocations; Corporate Social Responsibility (CSR) as well as information on beneficial ownership and contracts.

The new reporting requirements of the EITI encourage more relevant, more reliable and more usable information, as well as better linkages to wider country reforms. It also encouraged implementing countries to disclose contracts between companies and governments and

transparency of access to oil and mineral concessions as part of the EITI reporting process. The revised EITI standard also includes transparency of government spending and budgets in general.

The new EITI reporting requirements therefore raised the EITI reporting bar significantly. It is expected to improve the quality of transparency by generating a great deal of useful data that make the EITI standard more robust, more relevant and a stronger tool for citizens to demand accountability.

Mr. Chairman, the emergence of global initiatives like the EITI to oversee the transparent management of natural resources came about as part of international efforts to tackle development problems associated with the "resource curse": corruption, institutional erosion, civil conflicts and economic crowding-out effects. The challenge at hand was to devise institutional mechanisms that would make governments accountable for the extraction, allocation and use of revenues that did not come from taxation, yet were abundant enough to alleviate socioeconomic inequalities of citizens if the monies were well invested.

The EITI was therefore born to help address some of the challenges facing countries that despite having wealth of natural resources, have failed to enjoy the fruits of that potential bounty. The EITI's fundamental method for addressing the problems of these economies is to introduce greater transparency into natural resource revenues and government budgets.

The initiative therefore seeks to improve transparency and accountability in countries dependent on revenues from oil, gas, mining and other natural resources. This is achieved by the regular publication, reconciliation and audit of all material benefits received by government from individual companies in the sectors.

The EITI, therefore, stands on two pillars, Mr. Chairman: 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.

Ladies and gentlemen, so in line with EITI principles all EITI implementing countries are to regularly publish reports on extractive sector receipts and payments. Accordingly, the Ministry of Finance and the Ghana EITI National Steering Committee through a competitive bidding process appointed an Independent Administrator, Messrs Boas and Associates to collect, review and analyse data from the country's operating mines, the upstream oil and gas industry and government receipts from the mining and oil and gas producing companies to ensure that there was transparency in payments made by the companies and that payments were made appropriately and on time.

The Independent Administrator also had the responsibility of ascertaining whether revenues received by government agencies such as the District Assemblies have been properly accounted for and that beneficiaries have utilized the revenues judiciously.

Ladies and Gentlemen, the EITI having been introduced some ten years ago, with a narrow focus on revenue transparency the EITI has now boarded its scope along the whole value chain requiring accountability and transparency along the entire extractive sector value chain – the full range of extractives - related activities and processes , from the award of licenses and contracts through regulation and monitoring of operations, collection of taxes and royalties, distribution of revenues, and the use of those revenues to support sustainable development policies and projects.

The EITI reports are the cornerstone of EITI implementation. It is expected that if EITI reports are produced accurately, comprehensively and accessibly, they form the basis of informed and more participatory management of the extractive sector. The reports are the main vehicle to provide wider audiences with information about the sector, which is often absent in the public domain.

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.

Mr. Chairman, having implemented this initiative since 2003, Ghana is using the EITI to understand better the problems of the sector and to resolve them. Indeed, this is the tenth EITI report we have produced covering the periods 2004 - 2013 for the mining sector and the third report for the oil/gas sector.

Let me conclude Mr. Chairman by saying that the EITI is making a number of direct and indirect contributions to good governance with respect to natural resource revenues. First it is establishing an emerging standard for reporting of natural resource revenues by both companies and governments. Second for EITI implementing countries it is providing a model of multistakeholder dialogue on a critical issue of policy. Third at the international level, it is forging a network composed of civil servants, corporate executives, and representatives of global civil society organizations who share a commitment to revenue transparency in the hope of promoting economic development and poverty reduction.

EITI is about promoting transparency and accountability within the extractive sector in ways that support strong development impact in the country and extractive communities. The EITI reports would therefore serve as a basis for discussions of the appropriate use of natural resource revenues to the benefit of the Ghanaian society as whole. By publishing the EITI reports the country is making a steady progress towards greater transparency.

I wish to end here and thank you for your kind attention.