

OPENING REMARKS

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AT THE

GHEITI SENSITIZATION AND DISSEMINATION
WORKSHOP

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GARIBA LODGE
TAMALE

Mr. Chairman

Nananom,

Hon. Ministers,

Members of the Ghana EITI National Steering Committee

Friends from the Media

Ladies and Gentlemen

Good Morning, it is my pleasure to welcome you to today's sensitization and dissemination workshop.

This is the second time Ghana EITI is in Tamale, we were first here last year October and we are happy to be here again to share with you some of the policy, fiscal and regulatory issues of the Ghanaian mining and oil and gas sectors. It is also to inform you about the Ghana EITI process so far and above all to share with you the findings and recommendations of GHEITI Audit reports spanning the period 2004 -2011.

For those of you who are new to the EITI, the initiative 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 emerged to oversee the transparent management of natural resources 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.

Mr. Chairman, the overarching development challenge for resource rich countries like Ghana is to transform non-renewable natural capital into other forms of productive wealth so that once the extractive wealth is exhausted there are other income-generating assets to take its place. Mining is not sustainable, but the revenues from the extractive sectors can be invested in other forms of wealth, such as infrastructure, human capital, renewable natural capital, and institutions (social capital), to build economies that are sustainable.

To achieve this transformation ladies and gentlemen requires effective policy three areas namely, policies to promote efficient resource extraction in order to maximize resource rent generated by the extractive sector. It also requires

a system of rent and taxes and royalties that allows government to recover equitable and proportionate shares of rent. And above all policy for investment of resources rent in productive assets and not used to fund consumption.

Mr. Chairman, getting policy right in all the three areas I just mentioned could present a considerable challenge. There are areas where the best policy is relatively well understood but implementation is very difficult. If natural resources revenues are managed by government, how should government balance investment in public infrastructure, support for domestic private sector development and investment for the highest return even if that means investment abroad?

There is a considerable debate on the recovery of natural resource rent, whether African governments receive their fair share of extractive sector revenues as compared to that of the extractive companies. This implies that Policy makers should be just as concerned with ensuring that the state receives a fair share of revenues as they are with setting macroeconomic policy.

The EITI represents a novel use of multistakeholder partnerships between governments, the private sector and civil society organizations. It principally 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.

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.

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.

Without transparency in wealth transformation and creation – the conditions for long-term sustainable development – accountability in resource- rich countries may not be considered complete.

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