

DRAFT REPORT ON OBUASI

COMMUNITY FORUM

31ST JANUARY, 2012

1.0 Introduction

The Ghana EITI Secretariat and the National Steering Committee as part of its sensitization program organized a community forum at the Obuasi assembly hall for community members in the Obuasi Municipal Assembly and its environs. The forum was chaired by Hon. John Alex Ackon, Municipal Chief Executive of Obuasi. A total number of one hundred and fifty (150) participants including the Assembly members, Opinion leaders, community members, and students attended the program. *A full list of participants is attached as appendix 1.*

1.1 Objective of forum

The objective of the forum was to explain the Ghana EITI Reports especially the 2009 audit reports to the community members in their local language and to interact with the members in order to know their perspectives and concerns about the extractive sector. The aim of the forum was also to educate them on the activities of Ghana Extractive Industries Transparency Initiative.

The forum was addressed in turns by Municipal Chief Executive of Obuasi, Hon. John Alex Ackon, and some members of the Ghana EITI National Steering Committee (NSC), namely Mr. Amponsah Tawiah of Minerals Commission, Dr. Gad Akwensivie of the Office of Administrator of Stool Lands and Dr. Steve Manteaw of Publish What You Pay-Ghana .

1.2 Brief remarks by Hon. John Alex Ackon

In his remarks, he explained that the Extractive Industries Transparency Initiative (EITI) is a tripartite governance tool made up of mining companies, civil society organisations and government agencies that work towards the promotion of transparency and accountability in the extractive sector. He added that Gold is a non renewable natural resource and therefore must be judiciously managed. He further stated that mining has been going on in Obuasi for decades with inadequate developmental outcomes in the area and region as a whole. He assured members that the forum will explain the processes involved in the mining lease, the revenue the mining companies pay to government and the amount received by government.

EITI seeks to enhance transparency in the extractive sector. It is important therefore that we know what the Assembly use the money that comes to them for in terms of development.

1.3 Remarks by Mr. Amponsah Tawiah of Minerals Commission

Taking his turn, Mr. Amponsah Tawiah mentioned to the forum that Ghana EITI has been in existence for about eight (8) years and seeks to enhance transparency in the extractive sector and for that matter the exploitation and utilisation of natural resources.

He further explained that Gold is exhaustible and therefore must be managed properly to benefit the communities, the current and future generations in the country. He added that it is the responsibility of all Ghanaians to monitor the revenue payments. The mining companies pay revenues in the form of taxes, royalties, dividends etc to the government and government in turns disburses part of the revenues to the District Assemblies. It is therefore important that the District Assemblies use that money for developmental projects like building of schools, hospitals, market centres and also enhance sanitation. He finally encouraged the traditional leaders to come out publicly to declare the developmental projects they do in their communities especially with the share of royalties they receive from government.

1.4 Remarks by Dr. Gad Akwensivie of the Office of Administrator of Stool Lands

Dr. Gad Akwensivie in his remarks explained to the forum that the money paid by the mining companies to government is shared among three beneficiaries; the District Assemblies, Traditional Authorities and Stools. He added that eighty percent (80%) of the revenue goes to the Consolidated Fund, ten percent (10%) goes to the Mineral Development Fund (MDF) and the remaining ten percent (10%) is given to the OASL to disburse to the three beneficiaries. Of this ten percent, Article 202 of the Ghana constitution mandates the OASL to keep one percent (1%) for administrative purposes the remaining nine percent which is considered as ten

percent (10%) is shared to the respective District Assemblies, Traditional Authorities and Stools in the ratio of 5.5:2:2.5 respectively.

1.5 Remarks by Dr. Steve Manteaw of Publish What You Pay-ISODEC

Dr. Manteaw in his remarks stated the Civil Society groups are advocating for an increment in the royalty percentage that goes to the Districts, traditional authorities and stools. He explained that, the little that goes to the District Assemblies must be properly accounted for so that they can lobby for additional increment. District Assemblies are encouraged to use their quota for developmental projects and also they should involve the community members when preparing their budgets. He assured them that, the Civil Society group will inspect and publicly disclose to the people so that the government can increase the royalty to 30%. He also urged the District Assemblies as a matter of demonstration could label the projects they have undertaken with the royalty monies so the community people will get informed about the work they do.

2.0 Discussions

Questions and Answers

Question: What are the processes the mining companies go through in the payment of revenue to government?

Answer: Mr. Amponsah Tawiah answered that gold is produced on quarterly basis. The price of gold is known on the international market so the amount of money made by the mining companies after selling the gold is also known. Also when the companies bring their returns, government verifies the figures to ensure that the declarations are right which will enable the authorities to determine how much revenue to be realised. Our refinery centres have Custom officers who monitor the movement and transportation of gold to enhance transparency in the entire process.

Question: What percentage of royalty do AngloGold Ashanti and Newmont mining companies pay to government because of the existence of the stability agreement they have with government?

Answer: The companies' royalty payment fall between 3-5% for a period of fifteen years. This is as a result of the development agreement signed between government and the mining companies. The agreement has been revised and therefore mandates all existing and new mining companies to pay a royalty of 5% to government.

Question: In which year was the development agreement signed between government of Ghana and AngloGold Ashanti?

Answer: It was signed in 2006 and will end in ten years to come.

Question: Are there any guidelines for the traditional authorities on how to use their share of the mineral royalty?

Answer: Dr. Akwensivie answered that royalty that goes to the District Assemblies must be used for development projects and Article 267 clause 6 of the Constitution states that 25% of the mineral royalty shall be given to the Stools in keeping their status; therefore it cannot be accounted for. He advised that individuals should approach the Supreme Court for further interpretations. He added that Ghana EITI has produced guidelines on utilisation of mineral royalty by District Assemblies which will be enforced when it is finalised.

On this issue, one of the chiefs explained that the royalty that comes to them is used to assist some of the developmental projects in the community like school buildings, hospitals, construction bore hole etc. He added that the registrar of the Traditional Council has all the details of the royalty utilisations.

Question: What work has the GHEITI Secretariat done on the issue of the 50 pesewas being paid by mining companies as ground rent?

Answer: Mining companies pay ground rent which gives them access to the land they operate on. Recommendations made by the Ghana EITI reports have led to the revision of that agreement. Mining companies are now supposed to pay GH 9000 per square kilometre for the land they use for mining.

Question: Is there any law for the negotiation of land between land owners and mining companies?

Answer: Mrs. Hannah Owusu Koranteng of WACAM answered that Minerals and Mining Act (Act 606) states that the parties are to negotiate for the payments of the land. Mining companies are supposed to compensate land owners for the damages they cause on their lands.

Question: What is the ten percent of mineral royalty paid into the Mineral Development fund used for?

Answer: It was explained that the money from the MDF is used by government (Ministry of Lands and Natural Resources, Minerals Commission) for research into mining in the various universities and also for other special duties by special institutions.

Question: Does the Ghana EITI report on the various environmental damages the mining companies cause in the communities?

Answer: It was explained that the value chain for EITI International concentrates on the revenue reporting and transparency only but Ghana EITI has extended it to the community level therefore the damages will also be taken into consideration.

Comments

55% of royalty that goes to the District Assembly

The Obuasi MCE, Hon. Alex Ackon explained that the 5.5% of mineral royalties that go to the District Assembly in the case of Obuasi is shared among six beneficiary Districts; the Bekwai, Adansi South, Adansi North, Amansie Central and Obuasi Districts and .However, it should be noted that in the case of Kenyasi (Asutifi District) District, the 5.5% mineral royalty goes to only the Asutifi District.

Issue of public disclosure of development projects by traditional authorities

Mr. Amponsah Tawiah explained to the forum that transparency is necessary because it clears all doubts from all minds. He encouraged the chiefs to publicly disclose their developmental projects to the public through the mass media and other means. He also encouraged the District Assemblies to name the projects they construct with detailed information so that community members will be informed on them.

3.0 Conclusion

The Obuasi MCE, Hon. John Alex Ackon thanked all members for making time out of their busy schedules for the meeting. He assured all members that their comments and suggestions will be addressed by government with the help of Ghana EITI initiative. The GHEITI Coordinator, Mr. Franklin Ashiadey also on behalf of the NSC expressed this gratitude to the MCE for the wonderful reception and support and support during the organisation of the forum.

Appendix 1

Participant list