

**DISSEMINATION
WORKSHOP ON
2009 AUDIT
REPORT @ HOTEL
DE HILDA,
TARKWA ON 24TH
NOVEMBER, 2011.**

1.0 Introduction

The Ghana Extractive Industries Transparency Initiative (GHEITI) Secretariat and the National Steering Committee organized a one day oil and gas stakeholder dissemination workshop in Tarkwa and its environs. The workshop was chaired by Alhaji B. Robert Yakubu, a retired Public Servant and former member of Ghana EITI National Steering Committee and moderated by Mrs. Gladys Klutse of the Office of Administrator of Stool Lands.

The workshop was attended by members from Civil Society Organizations, Mining Companies and Traditional Authorities. Full attendance list is attached as appendix1.

1.1 Purpose of Workshop

The aim of the workshop was to share and discuss the findings and recommendations of the 2009 Ghana EITI Audit Report with relevant stakeholders in the Western Region.

1.2 Welcome address by the National Coordinator, Mr. Franklin Ashiadey

In his address, he welcomed all participants to the workshop and acknowledged that Ghana EITI secretariat has been in Tarkwa several times for similar workshops. The choice of Tarkwa again for this workshop is informed by the strategic role the Western Region plays in mining activities towards national development and therefore it is important that the findings and recommendations of the 2009 Ghana EITI Audit Report are shared with relevant stakeholders in Tarkwa.

He stated that the 2009 Audited report marks the seventh (7th) produced by the Ghana Extractive Industries Transparency Initiative. The other reports were for the periods 2004, 2005, 2006, 2007, and 2008.

Explaining further, he mentioned that the purpose of EITI is ensuring transparency and accountability which is achieved by the regular publication, reconciliation and audit of all material benefits received by government from individual extractive companies in the sector. He added that the initiative therefore encourages greater transparency in the extractive sector. This would enable citizens to make informed

demands for the sustainable use of revenues generated through the exploitation of our natural resources. Additionally, by providing detailed reporting and inviting public participation, a government demonstrates its commitment to good governance and builds confidence in public institutions.

He noted that the EITI reports serve as wider vehicles which promote access to information such as knowing how much revenue government and district assemblies get from mining activities on regular basis empowers the public to demand how these revenues are utilized and this help to hold both government and companies accountable.

He continued that the Ghana EITI reports have helped unearthed several challenges in the management of our mining sector. These include the low royalty rate and the overall fiscal payments mining companies pay to the country despite the prevailing high mineral prices, the fore issues of adequacy and timelines of current sub national distribution of royalties and the need to enhance the capacity of government agencies and to deepen the collaboration between state institutions that have oversight of the mining industry.

Additionally, he stated that, the EITI Reports and findings and recommendations them have also resulted in some very key reforms currently taking place in the mining sector which include; the drafting of guidelines for the utilization of mining royalties by the District Assemblies, the revision of the royalty rates and ground rents, the disclosure of disbursement figures from the OASL to Communities among others and significantly the measures announced by the Finance Minister in the 2012 Budget Statement, such the increase in corporate tax from 25% to 35%, capital allowance regime of five years, the ring fencing and the windfall profit tax.

He mentioned that EITI has developed and introduced IT infrastructure into the EITI reporting for stakeholders including District finance officers and mining companies' financial managers to facilitate the timely production of the reports. The use of the IT software is expected to optimise the reporting, data processing and coordination mechanisms of the EITI thereby enabling the Ghana EITI Secretariat to create and publish data and reports uniformly and transparently.

He also noted that the 2009 EITI Report does not cover the oil and gas sector and therefore plans have been put in place to have the first EITI Report covering the oil and gas sector in 2012.

He concluded by assuring participants that the Ghana EITI Secretariat and the national Steering Committee will continue to work hard in ensuring that the natural resources benefit the people of Ghana.

1.3 Opening Remarks by Western Regional Minister

In an opening remark by Mr. K Osei Poku on behalf Minister, he welcomed members to the region and expressed his gratitude for being invited.

He mentioned that the subject of accountability and transparency in the public sector is one of the critical areas of reform that Government has embarked on. We, therefore, support strongly governance mechanisms like EITI which promotes the principles of accountability and transparency.

He noted that Ghana is well endowed with natural resources especially, minerals with a long tradition of extraction especially of gold which accounts for approximately ninety percent (90%) of the total mineral production of the country. Other commodities in the extractive sector include bauxite, salt, manganese, diamonds and now oil.

The mining sector therefore contributes significantly to the economy of this country in terms of foreign exchange earnings, employment creation and contribution to GDP. However, the sector could contribute more to our national development if we properly integrate it into the national economy.

He added that the Western region specifically, is endowed with considerable natural resources which give it a significant economic importance within the context of national development. The region is also one of the largest producers of Gold, cocoa, cashew nuts, oil palm and timber.

He continued that EITI has made significant contributions to revenue transparency in the mining sector since its inception in 2003. EITI in the mining sector has resulted in the publication of all payments and receipts between mining companies and government for the periods 2004, 2005, 2006, 2007, 2008 and 2009 and have been very instrumental in informing many of the reforms currently taking place within the mining sector.

He noted that the extractive sector revenues must be used efficiently and judiciously by all stakeholders including Government and therefore they must be held accountable for the use of the revenues generated from the extractive sector. He added that he strongly supports the recommendation to develop guidelines for the utilization of the mineral royalties at district level and urge all the District Assemblies to use the guidelines when they are introduced.

He also stated that, the extension of EITI to oil and gas sector by Government demonstrates government's commitment to promote transparency, accountability and good governance in the natural resources sector. Government will continue to put in place a robust regulatory framework that reflects global good practice and local concerns that promotes stability, confidence and consensus.

He continued that government will also put in place credible Public Financial Management (PFM) systems to support prudent management of our resources and continue to work with the Municipal and District Assemblies to strengthen their Public Financial Management System as Government has adopted Composite Budgeting process and prepares to roll out fiscal decentralization as indicated by the Minister of Finance and Economic Planning in the 2012 Budget Statement. The Metropolitan, Municipal and District Assemblies (MMDAs) are going to be further empowered with the additional responsibility of managing local resources.

He further said that the objective of this workshop is to discuss the findings and recommendations of the 2009 Ghana EITI Reports and therefore it is about time the citizens of mining communities to start taking the published findings from the EITI reports seriously and to use them as the basis to demand accountable governance from the managers of these resources.

He continued that there is the need to go a step beyond the issues of transparency and accountability to address the social issues in the mining communities such as negative impacts of illegal small scale mining, issues of compensation, maintenance of law and order and land disputes.

He concluded that all over the world, in rich and poor countries alike, there is a growing recognition that the path out of poverty has to rest on solid foundation of good governance. Without transparent and accountable governance based on rule of law and checks and balances reforms aimed at improving people's lives will not work.

1.4 Remark by Nana Ngoa Kudum II- Chief of Bibiani

In his remarks, he stated that Ghana EITI is a governance tool which ensures transparency and accountability in mining revenues paid to government by mining companies and therefore must be promoted.

He noted that transparency is the key element in the mining sector and should begin at the concession stage. All negotiations should involve the District Chief Executives, Traditional Authorities and Community members so that they can hold the mining companies accountable.

1.5 Presentations

The following presentations were made;

- ❖ GHEITI process so far by Dr. Steve Manteaw-PWYP-Ghana
- ❖ Highlights of GHEITI 2009 Audit Reports by GHEITI aggregator-Mr. Kwaku Boa Amponsem
- ❖ Draft guidelines on the utilization of mineral royalties by Mr. Richard Afenu-Minerals Commission
- ❖ Draft reporting template on oil and gas by GHEITI aggregator-Mr. Kwaku Boa Amponsem

2.0 DISCUSSIONS, COMMENTS, QUESTIONS AND ANSWERS

2.1 Questions and Answers

Question: Is it possible to appoint an independent fund manager for the Mineral Development Fund. ?

Answer: Mr. Richard Afenu of Minerals Commission explained that the draft Bill has made provision for the appointment of an independent fund manager for the Mineral Development Fund.

Question: One of the DCE's asked why the OASL normally delay in the release of mineral royalty revenue to the districts assemblies. ?

Answer: A participant from OASL answered that the release of mineral royalty is done by the Ministry of Finance and not OASL and that the OASL releases the funds to the Districts and traditional authorities as and when the OASL receive the monies from Ministry of Finance.

Question: Why are the guidelines being developed only for the 100% of mineral royalties sent to OASL for MMDAs and not cover the 10% and 80% paid into the MDF and consolidated Fund respectively?

Answer: The 80% paid into the Consolidated Fund has already been taken care of by the constitution and is used for the development of the entire country by providing schools, hospitals, roads etc by government. For the MDF, a separate bill called the MDF Bill is being developed for cabinet's approval to take care of the issues concerning the MDF. Therefore, the guidelines are meant for only the District Assemblies to regulate their utilization of the mineral royalties.

2.2 Comments

Issue of royalty payments made by Mining companies

It was observed that royalty payments are not proportional to gold prices i.e. when prices of gold rise on the international market, royalty payment by companies still remain same so companies have no basis to complain about the increase in royalty payment.

Issue of concession granted to mining companies

It was said that, there was no need to grant concession to mining companies who make so much profit and degrade the virgin forest and that the only company which may deserve concession is Sankofa mines which mines waste. Somehow one day, capital allowance must stop.

Public sensitization on EITI issues by workshop participants

On the issue of public education, it was mentioned that it was not encouraging and that the media and District Chief Executives (DCE's) after being educated on EITI issues at workshops such as this should also sensitize the community members on the issues of transparency and accountability to ensure that the information trickle down to the ordinary people at the local level.

Issue on payment of ground rent

On the issue of reviewing the ground rent payment, Nana Ngoa Kudum II explained that, the ground rent is the money paid for the use of land. Therefore negotiations and payments should be between the land owner and the mining companies and not Land Valuation Board or government.

Drafting of guidelines for utilization of mineral royalties by MMDAs

It was advised that due to the delicate nature of revenue management, the National Steering Committee of EITI should involve members of Parliament in the drafting and finalization of the guideline for the utilization of mineral royalties by District Assemblies.

The guideline states also that sixty percent (60%) of the royalty would be for mining communities. Those communities where mining activities do not take place must

also be included because they are in the same region with the district where the mining activities take place.

The guideline should also specify what government will use the eighty percent (80%) royalty retained and government's contribution to the assemblies from the revenues retained.

2.3 Suggestions

It was suggested that an in-depth Stakeholder Consultation should be organized on the guidelines for utilization of mineral royalty for District Assemblies before it is implemented.

Issue on capital project

Officials from the District Assemblies complained about the use of sixty percent (60%) of royalty proposal in the draft utilization guidelines for capital projects. It was recommended that some of the money should be used for recurrent expenditure and also to monitor and evaluate the capital projects.

Some District Chief Executives suggested to the National Steering Committee to involve Members Parliaments and area councils heads in the mining areas on the development of guidelines to secure their buy in as well instead of only the District Assemblies.

Other District Chief Executives also suggested that peculiarities of each district is different and so the percentages stated in the draft guidelines for royalty utilization should be done with care. There is therefore the need for flexibility.

There is the need to put a ceiling on the use of royalties for projects and suggested that sixty percent (60%) should be used for projects and forty percent (40%) for monitoring of the project.

3.0 Conclusion

In conclusion, Mr. Franklin Ashiadey thanked all participants for attending the workshop. He mentioned that the dissemination workshop on the 2009 audit report

has just begun and that similar workshops would be held at Kumasi, Takoradi, Sunyani and Koforidua as well. He promised that their concerns would be looked at and necessary actions will be taken.

Appendix 1

Participants' List

Ebenezer Essiaw	-	Sefwi Wiaso District Assembly
Victor A. Quacoe	-	AWDA
James Amoah	-	Prestea Huni Valley DA
Stephen Williams	-	Jomoro
Stephen Bessabro	-	Nzema East District Assembly
Samuel Tutuani	-	Jomoro
Joseph K. Agyei	-	Ellembelle
Kofi Poku Barnie	-	WAEDA
Mathew Kirk-Kwofie	-	MWEDA
Albert A. Anderson	-	TNMA
Benjamin Addo	-	Ghana Bauxite Company
Joseph K. Atiemo	-	Goldfields, Damang
David T. Dadzie	-	Goldfields Ltd
Kingley Siaw	-	Goldfields, Tarkwa
Samuel Osei Twum	-	Ghana Manganese Company
James Adjei	-	Minerals Commission
Nana Ngoa Kodom II	-	Chief
Anthony Bassaw	-	Mpohor Wassa East District
Seidu Mahama	-	Bibiani District Assembly
John Fum	-	Nzema Axim
Joseph Dofoyenah	-	Ahanta West

Sylvester N. Daddih	-	Jomoro, DCE
Daniel K. Eshun	-	Ellembelle, DCE
S. B. Acheampong	-	Amenfi East
Christable Owireh	-	Pure Fm
Clement Adzei-Boye	-	Ghanaian Times
Thomas tetteh	-	Dynamite Fm
Bibi Manney	-	Space Fm
Ralph Menz	-	Westerngh
Erica Addo	-	GNA
Lord Tawiah Jonah	-	GTV
Desmond Cudjoe	-	GTV