

REPORT ON GHEITI END OF YEAR

RETREAT (2011) @ HOTEL

CISNEROS, SOGAKOPE, 6TH -8TH

JANUARY, 2012

1.0 Introduction

Ghana Extractive Industries Transparency Initiative held its 2011 Annual Retreat from 6th-8th January, 2012 at Hotel Cisneros, Sogakope. The purpose of the meeting was to take stock of activities in 2011 and also discuss the following;

- ✓ Finalization of the oil and gas reporting template
- ✓ Stock taking of the implementation of the 2011 GHEITI Workplan
- ✓ Discussion of the 2012-2014 GHEITI draft Workplan
- ✓ Discussion of the draft GHEITI Bill
- ✓ Preparation for 2012 GHEITI Africa Regional EITI Conference
- ✓ Discussion of the scoping report on the extension of EITI to forestry sector and
- ✓ Other matters

The meeting was attended by members of the National Steering Committee, some Consultants working for the group and GHEITI Secretariat. *(Full participation list is attached as appendix III).*

1.1 Welcome address

The Chief Director of MoFEP and Chairman of GHEITI gave the welcome address. In his address he expressed satisfaction at the level of commitment and support the process was receiving from members of GHEITI NSC. He commended the group for their effort and contributions that has resulted in ongoing changes to the mining fiscal regime outlined in the 2011/2012 budget.

He added that, it is his expectation that the group will continue the process of the EITI legislates in Ghana. According to him a legal backing for the process will enhance accountability and transparency.

He continued that, the extension of GHEITI to oil and gas sector was commendable however, it is equally important to ensure that members of the committee build relevant technical capacity on time to enable them effectively participate in the process. He added that the challenges of implementing GHEITI in the mining sector should not re-occur in oil/gas.

1.2 Brief remarks by Chief Director, Ministry of Energy

Prof. Akabzaa, Chief Director of MoEn and member of the GHEITI NSC cautioned that the level of detail and comprehensiveness of the GHEITI reports were reducing as more reports are churned out. GHEITI should therefore ensure that as the process is rolled-out to the oil and gas sector the ToRs developed will be realistic and can be delivered upon technically and financially by both the consultants and GHEITI NSC.

He re-emphasized the need to build relevant technical capacity in the area of oil/gas on time.

1.3 Discussions on the TOR

Considering the comprehensiveness of the TOR, the Chief Director of MoFEP, wondered if the aggregator could really deliver on the TOR. He was of the view that the TOR be reviewed to only capture issues that the Aggregator can deliver on.

In response, Dr. Steve Manteaw of ISODEC/PWYP explained that everything contained in the TOR was within the scope of EITI hence the need to maintain it as such.

Adding on, Mrs. Hannah Owusu Koranteng explained that there is an ongoing debate to expand the scope of EITI globally. In this regard, it was agreed that the interest of NSC is to set high standards for Ghana EITI and ensure that the Consultant/Aggregator has the capacity to deliver on the TOR.

In the view of Prof. Thomas Akabzaa, Chief Director of Ministry of Energy, the major concerns of the committee should be the following;

- ✓ how to develop a realistic timeframe within which the consultant is expected to deliver
- ✓ raising adequate funds to finance the consultancy work and
- ✓ the technical capacity of the Aggregator to deliver on time.

He acknowledged that one of the problems facing the Consultants is the inability to understand the cost structure of companies.

Responding to the above submissions, Mr. Ellis P. Atigla, informed members that the World Bank in their “comment of no objection” promised to provide the needed resources. He reminded that the issue of the aggregator’s capacity to deliver on the TOR, would be determined by the procurement process; thus aggregator with the highest capacity and added advantage wins the bid and should not remain worry to the NSC. He alluded to the fact that the NSC needs to build capacity in oil and gas so as to better scrutinize the work of the aggregator.

Touching on the issue of aggregator’s capacity to deliver, the Chief Director of MoFEP suggested that the tender documents for oil and gas should be separated from that of mining to ensure that Consultant(s) with the relevant expertise in the respective areas are attracted. While efforts are in place to build relevant capacities in the area of oil and gas for GHEITI NSC, technical activities in oil and gas where capacity is weak among members can be out-sourced. Giving his support, Dr. Steve Manteaw agreed to build capacity for members through the help of Revenue Watch in collaboration with their Colombian University.

It was mentioned that the consultant should pay a particular attention to the treatment of the operating cost with respect to its various components including management fees, excavation fees, etc. In contributing to the discussion, the Minerals Commission informed the members that they will soon engage a consultant to look at the various elements of the operating cost.

2.0 Presentations

In all, two presentations were made as follows; *(Details of presentation are attached as appendices I and II respectively)*

Presentation one: Finalization of the oil and gas reporting template – Mr. Asafo Aidoo of Boas and Associates

Presentation two: Draft Scoping Report on the extension of the EITI to the Forestry sector– Dr. Joe Asamoah

2.1 Issues emerging from oil and gas reporting templates

Having discussed thoroughly the major presentations, the following inputs emerged;

2.2 Discussions on oil and gas reporting templates

Mrs. Hannah Owusu Koranteng noted that the name on the template which places emphasis only on state companies be recast to read “national private/national state” because there may come a time where nationals would want to venture into oil and gas as a private business.

It was mentioned the level of materiality has not yet been determined. It is therefore only when GHEITI NSC determines the materiality level for oil and gas companies that clear distinctions would be made as to which companies should be included or not. Members were referred to the new GHEITI rule with respect to the provision on materiality.

To ensure consistency in the EITI reporting format, it was suggested that the heading voluntary disclosure in the oil and gas draft template should be replaced with voluntary payments to create consistency with the mining template.

It was also recommended that, a third reporting template should be developed to take care of investment income (oil and gas revenue utilization). A six member committee was formed to work on the subsidiary reporting template and is expected to report back to members by 3rd week in January, 2012. In this regard, investment income should be defined in accordance with the provisions of the Petroleum Management Act. The composition of the committee is as follows:

1. Mr. Sam Addo Nortey
2. Dr. Steve Manteaw
3. Mr. Sulemanu Koney
4. Mr. J. B. Okai
5. Mr. Dela Klubi
6. Mr. Franklin Ashiadey (Convener of the Committee)

The representative of Ministry of Energy, Mr. J.B Okai informed members that the gas infrastructure will be put in place by the end of 2012 and therefore, 2011 can only cover oil.

2.3 Discussions on the Revised Draft Bill led by Dr. Dominic Ayine

He commended the MSG for their contribution and inputs received. He added that based on his legal technical opinion, he could not take on board all the comments.

He mentioned that the essence of the bill is to;

- ✓ Give legal backing to EITI principles
- ✓ Give backing to the existing structure underpinning the GHEITI by empowering the Multi Stakeholder Group to operate

2.4 Give legal backing to GHEITI principles

The legislation would not make GHEITI a legal entity capable of suing, being sued, or entering into an agreement with third parties. GHEITI will at all times have to enter into legal obligations through MOFEP.

2.5 Appointment of staff of GHEITI secretariat

2.5.1 Coordinator and Deputy Coordinator

He noted that the provisions in the revised draft bill on appointments stipulate that GHEITI Coordinator/Deputy Coordinator shall be appointed by the Minister of Finance upon the recommendations of the MSG. in addition, it was agreed that as per existing practice, the GHEITI Secretariat should be totally staffed from MOFEP. Provisions that apply to Public Service secondment should apply in this instance.

However, in case of non performance, the Committee can cause the withdrawal of the Coordinator and/or the said Secretariat staff. In instances where any member of the Secretariat needs to be re-assigned, it is the responsibility of the Ministry to ensure that the secretariat is fully staffed at all times. It was recommended the word dismissal in the draft bill should be replaced with removal.

2.6 Composition of the GHEITI Multi Stakeholder Committee

The composition of GHEITI MSC should reflect what currently on the ground. The provision for future expansion should be provided for in the draft bill enable expansion into forestry, fisheries etc. It was suggested that a copy of the GHEITI draft framework be shared with the Consultant by Mr. Franklin Ashiadey.

2.7 Political Champions

The law must make provisions for a political champion as stipulated in the EITI principles. In this instance therefore, the political provisions make in the GHEITI draft

framework document should be noted (reference to GHEITI organogram in document). The role of the champion should be defined to include the following, example

1. GHEITI activities are fully funded
2. Ensure implementation of audit recommendations etc.

2.8 Aggregator

The term aggregator should be defined in the interpretation column of the Draft Bill. This is because the work of the aggregator is to disaggregate so as to avoid confusion. It noted the qualification of the aggregator should not be restricted to the accounting profession. The agreed accounting reporting format for the aggregation should be the International Financial Reporting Standard (IFRS).

2.9 Disclosure Requirements

It was noted that the disclosure clause should be amended to hold all parties responsible for making agreements available to the Aggregator. Consultant should insert a default clause, that is to say where a company fails to disclose its agreements within a stipulated time (14 days), government should make the agreement available. It was recommended that penalties should be industry specific.

A clause should also be included in the draft bill to capture all other documents not mentioned.

2.10 Voting

It was agreed that provisions should be made for both voting and consensus building. Where voting is applied, it should be applied on the basis of one constituent one vote; thus government as one constituent, private sector companies as one constituent and Civil Society Organizations as one constituent.

2.11 Independence of GHEITI Secretariat

Independent of the GHEITI Coordinator and GHEITI Secretariat from their appointing authority (political leadership) should be provided for in the draft bill.

2.12 Comments on the Forestry Scoping Report presentation

It was agreed that GHEITI is interested in the fiscal regime that is the revenue streams in the forestry sector, how the revenues are being used in the sector and what is being retained in the forestry sector. In terms of practical application, it was agreed by members that 2013 should be the best time to extend EITI to the forestry sector.

It was also suggested that a roadmap be incorporated in the second draft report to be submitted to the GHEITI Committee for comments by the consultant. Generally members agree that there was the need to extend EITI to Forestry Sector, however, considering the fact that we are in the early phase of rolling out EITI to oil and gas

sector, there was a general consensus to extend the forestry sector to 2013 and beyond. In addition, GHEITI Secretariat should include some stakeholder consultation activities in 2012.

2.13 Workplan for 2011

Status of implementation of 2011 Workplan was adopted. Members requested that copies be shared with them through e-mail for comments.

2.14 Workplan for 2012

Members were taking through 2012 workplan. Members recommended that the timelines in the workplan should be firmed up and circulated to them for comments through e-mails. The following activities in the 2012 workplan were discussed further;

a. The Information Centre;

It was agreed that an information centre for the oil and gas should take place at Jomoro in the Western Region. This activity should be done in partnership with the Ministry of Energy which is in the process of setting up oil and gas information centers with WB support.

b. GHEITI Regional Conference

As contained in the 2012 workplan, the EITI secretariat plans to hold an EITI Regional Conference to create the platform to share and learn more about the process. In pursuant of this, a nine member committee was formed to review the draft regional concept paper and plan for the coming GHEITI Regional Conference. The composition of the Regional Planning Committee is as follows;

1. Mr. Mohammed Bash Abdul-Razak
2. Mrs. Hannah Owusu Koranteng
3. Ms. Victoria Benson
4. Mrs. Philomena Johnson
5. Mr. Amponsah Tawiah
6. Mr. Afenu Richard
7. Mr. Frank Turkson
8. Ms. Sheila Naah (the Convener)
9. Mr. Wayo Abubakari

Appendix: I Finalization of the oil and gas reporting template – Mr. Asafo Aidoo of Boas and Associates

Appendix: II Draft Forestry Scoping Reports – Dr. Joe Asamoah

ACTION POINTS FROM 2011 END OF YEAR GHEITI RETREAT, SOGAKOPE

Action	Responsibility	Organization	Time frame
Capacity building for GHEITI NSC in oil and gas	DR. Steve Manteaw	Revenue Watch/ Colombian University	
GHEITI draft framework be shared with the consultant	Mr. Franklin Ashiadey		
The Review committee working on the subsidiary reporting template for oil and gas is to report their findings to the NSC	Mr. Franklin Ashiadey (The Convener of the Committee)		3 rd week in January, 2012
The draft guidelines on corporate social responsibilities for companies and utilization of mineral royalties by district assemblies should be tabled before the GHEITI NSC to facilitate its operationalization	Mr. Franklin Ashiadey and Mr. Richard Afenu		
A field visit to mining companies for GHEITI NSC	Mr. Sulemanu Koney and GHEITI Secretariat.		
Circulation of 2011 Workplan to Members through e-mail.	GHEITI Secretariat.		Done: Date
Timelines in the 2012 Workplan should be finalized and circulated to members for comments through e-mail	GHEITI Secretariat.		Done: Date

Appendix: III. List of Participants

Name		Organization
1. Mrs. Philomena Johnson	-	ISODEC/IFP
2. Mrs. Hannah Owusu-Koranteng	-	WACAM
3. Mr. Chris Afedo	-	GRA
4. Mr. Amponsah Tawiah	-	Minerals Commission
5. Dr. Gad Akwensivie	-	OASL
6. Mr. Sam Addo-Nortey	-	GNPC
7. Mr. K. Asafo Aidoo	-	BOAS
8. Mr. Duodu A. Acheampong	-	Jomoro District Assembly
9. Mr. Frank Turkson	-	Ghana Chamber of Mines
10. Ms. Naah Sheila	-	MoFEP
11. Mr. B.C.D. Ocansey	-	GRA (LTU)
12. Mr. Ellis Paul Atigla	-	MLNR
13. Mr. Sulemanu Koney	-	Chamber of Mines
14. Dr. Joe Asamoah	-	
15. Mr. Dennis Amponsah	-	MoFEP
16. Mr. Richard Owusu Agyapong	-	GRA
17. Mr. Anthony Arhin	-	GMA
18. Mr. Ignatious Baah	-	MLNR
19. Rv. Adetu Amegavi	-	MoFEP
20. Mr. Kofi Gbormittah	-	GRA
21. Mr. Jonathan Okuti	-	GNPC
22. Mr. Alfred Owusu Ansah	-	Chamber of Mines
23. Mr. Albert Kofi Elorm	-	Minerals Commission
24. Mr. Wayo Abubakari	-	Office of the President
25. Mr. Richard Kofi Afenu	-	Minerals Commission
26. Mr. Hemang Tackey	-	Attorney Generals
27. Dr. Steve Manteaw	-	ISODEC/PWYP
28. Ms. Victoria Benson	-	MoFEP
29. Mr. Enoch H. Cobbinah	-	Chief Director, MoFEP
30. Prof. Thomas Akabzaa	-	Chief Director, MoEn
31. Mr. Franklin Ashiadey	-	MoFEP
32. Mr. Mohammed Bash Abdul-Razak	-	MoFEP
33. Mr. J.B. Okai	-	MoEn
34. Ms. Doreen Asare	-	MOFEP
35. Mr. Vincent Azorli	-	MOFEP
36. Dr. Dominic Ayine	-	University of Legon
37. Mr. Dela Klubi	-	GRA