

REPORT ON LAUNCH OF
2009 GHANA EITI AUDITED
REPORT

26TH OCTOBER,
2011@COCONUT GROVE
HOTEL, ACCRA

1.0 Introduction

The Ghana EITI Secretariat in conjunction with the members of the GHEITI National Steering Committee organised a one day workshop to launch the 2009 Ghana EITI audited report and to discuss with stakeholders the critical findings and recommendations of the report.

The launch was attended by stakeholders from different sectors, including Civil Society Organisations (CSO's), Media, Government and the private sector. The team of consultants who undertook the assignment were present to present the 2009 Ghana EITI audited report. Complete list of participants is attached in Appendix 1.

The objective of the launch was to make the availability of the 2009 Audit EITI Report public information and to generate the requisite public interest and debate around the content of the report.

The launch was chaired by Hon. Henry Kamel Ford, Deputy Minister for lands and natural resources and moderated by Dr. Gad Akwensivie the members of GHEITI NSC from the Office of Administrator of Stool Lands.

1.1 Remarks by chairman, Hon. Henry Kamel Ford

The chairman, Hon. Henry Kamel Ford commended the GHEITI for overseeing the production of so many reports of very rich content and the continued sensitisation of mining communities. He noted that as a result of the global significance of mining and its vast impact on the populace it is important that it is conducted in an accountable and transparent manner. The need for transparency in the management of the extractive sectors is more critical for natural resource nations like Ghana. One sure way of achieving accountability and transparency is by making relevant information easily accessible.

He added that, the extensive publicity given to these report by GHEITI has contributed to more informed communities and hence a reduction in social conflicts. He noted that, mining makes but positive and negative contributions to the economy, and it is important to take a holistic approach to the subject.

According to the Chairman, the contribution of mining to the economic prospects of Ghana will significantly be enhanced if mining is fully integrated in to the economy. Countries like Peru are a good demonstration of economies with a well-integrated mining sector. He mentioned that Ghana will put in place measures to ensure further integration of mining into the economy.

He informed the participants that, Ministry of Finance and Economic Planning in collaboration with the multi-stakeholder group (MSG) has developed a draft bill for natural resources. This bill when enacted will ensure continuity and sustainability of the EITI in Ghana.

He assured GHEITI of his Ministry's continued support and commended them on their work at the Districts.

1.2 Welcome address by National Coordinator, Mr. Franklin Ashiadey

Mr. Ashiadey Franklin in his address welcomed all participants to the launch of 2009 Ghana EITI audited reports. He mentioned that this report marks the 7th of Audit reports produced by the Ghana Extractive Industries Transparency Initiative and the other reports were for the periods 2004, 2005, 2006, 2007, and 2008. All these reports and other very useful information are available on the GHEITI website.

He also noted that EITI is a governance tool that seeks to promote the principles of transparency and accountability in the payment and receipts of financial resources from the extractive sector. This is achieved by the regular publication, reconciliation and audit of all material benefits received by government from individual extractive companies in the sector.

He continued that 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 Economic Planning and the Ghana EITI National Steering Committee through a competitive bidding process appointed an Independent Aggregator, Boas and Associates to collect, review and analyse data from the country's operating mines and revenues to government from the mining companies to ensure that there was transparency in payments made by the mining companies

and that payments were made appropriately and on time. The Consultants also had the responsibility of verifying whether revenues received by government agencies such as the District Assemblies have been properly accounted for and that beneficiaries have utilized the revenues judiciously.

He noted that the public disclosure of the EITI Revenue figures allow for greater scrutiny of how the revenues are being used and provides an important base for government and public debate on the management of public finances. Additionally, by providing detailed reporting and inviting public participation, a government demonstrates its commitment to good governance and builds confidence in public institutions. The EITI reports are therefore the main vehicle to provide wider audiences with information about the sector often absent in the public domain and that the responsibility of taking forward the findings/recommendations in these reports must be a shared one. He added that over the years the extractives sector has often become associated with mistrust, suspicion and hostility. Affected communities and ordinary citizens often assume that the government and companies are trying to keep the resource wealth for themselves and are undermining the economic development of the country through corruption and mismanagement, so the EITI was 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.

He added that the EITI reports also empower civil society and communities to ask the right questions and also to hold government and companies accountable. The findings and recommendations from the reports have resulted in some very key reforms currently taking place in the mining sector. Some of the reform areas the reports have influenced include ;the drafting of guidelines for the utilization of mining royalties by the District Assemblies, revision of the royalty rates, revision of ground rents and the disclosure of disbursement figures from the OASL to Communities among others. He noted that Ghana EITI is very hopeful that many of these activities will significantly enhance the contribution of the sector to national development. He also urged the media and the public to be abreast with the

recommendations in the various reports and follow up with the lead institutions on the progress of work.

He concluded that EITI is making a number of direct and indirect contributions to good governance with respect to natural resource revenues. It is establishing an emerging standard for reporting of natural resource revenues by both companies and governments. It is also improving governance by creating a platform for open discussion about the management of the natural resource sector. It is also providing a model of multi-stakeholder dialogue on a critical issue of policy.

1.3 Keynote address by Chief Director of MoFEP, Mr. Enoch H Cobbinah

In his keynote address, Mr. Enoch Cobbinah, Chairman of GHEITI NSC and Chief Director for the Ministry of Finance and Economic Planning (MoFEP) welcomed all participants to the launch of the 2009 GHEITI Audit report and expressed his appreciation for the turn-out. He added that, the purpose of the launch is to inform and share the report with stakeholders. He mentioned that, the report provides very useful revenue data on the sector. He added in fairness to players in the industry it is always important that statements about the industry are supported by the facts. The GHEITI 2009 Audit report therefore provides the facts needed to objectively analyse various aspects of the industry. He mentioned that, Ghana is a large producer with actual gold production in 2010 reaching 104.39 metric tons, i.e. Thirty six (36%) of total world gold output and the second largest gold producer in Africa after South Africa. Ghana is also the third-largest African producer of aluminium metal, manganese ore and a significant producer of bauxite and diamond.

He noted that the mineral sector contributes approximately forty per cent (40%) of Gross Foreign Exchange earnings and accounts for approximately 5.2% of GDP. “Indeed, mining remains a key industry for the growth and development of the Ghanaian economy”, he said.

According to him countries like Australia, Canada, Sweden, the United States of America and South African have depended on the exploration and extraction of minerals for their economic development but the case in Ghana is different, the

country has failed to translate its mineral wealth into broad economic development. Transfers from the sector to the economy as a whole have been particularly disappointing because of several factors, including our inability to operationalize the Minerals and Mining Act among others. He also attributed the inability to derive maximum benefit from the mining sector to institutional weakness to effectively monitor the industry. He informed participants that amidst these challenges, Government has initiated efforts to strengthen the institutional framework for mining including the mining fiscal regime. Natural Resources and Environmental Governance Programme (NREG) is providing support in this direction, Government has also adjusted the royalty payment up from 3% to 5%, collaboration between government and donor agencies to build capacity for the Revenue Agencies and the Tax Policy Unit of the Ministry of Finance and Economic Planning has been improved, the Minerals Commission also commissioned studies on how best to carry out its regulatory responsibilities. It facilitated the establishment of a Multi-Agency Revenue Task Force to strengthen mining revenue management. In addition, it has drafted a mining policy document to bring synergy between policy and the Minerals Act.

He mentioned that the Ministry of Finance is in discussion with various mining companies on the review of some stability agreements. Work is ongoing in the establishment of the Ghana Gold Company to leverage the nation's share of proceeds from gold mining, to raise funds for the country's development.

He also expressed interest having seen the terms of reference (TOR) for the aggregator with recommendations on key issues contained in the terms of reference. In his conclusion, he stated that initiatives like EITI is one of the several extractive sector tools being implemented to improve transparency in the management of resources from the extractive sector. It is not the solution to the extractive sector challenges but it is a good starting point.

He also pledged government support for the Ghana EITI process. It is the expectation that subsequent reports will feature the oil industry. He then declared the 2009 Ghana EITI Reports duly launched.

1.4 Remarks by Chief Executive of Ghana Chamber of Mines, Mr. Toni Aubynn

The Chief Executive of Ghana Chamber of Mines, in his remark mentioned that the Chamber is concerned about Ghana's inability to properly account for revenue from extractive industries to its citizens.

He added that the Chamber however, pledged their support to government in ensuring transparency and accountability. He mentioned that, EITI has become the global standard for good governance in that it ensures transparency and accountability which is also the core values for the Chamber.

He also noted that, the chamber has played several leadership roles with government towards the implementation of EITI in Ghana. He noted that, in the period of rising gold prices, Newmont Ghana paid the highest corporate tax in the third quarter of last year which was revealed by Ghana Revenue Authority.

He finally urged the Secretariat and the National Steering Committee members to report on all payments of revenues to help develop the country socioeconomically and also to deepen communication to community members so that they can hold companies accountable for the development of their area.

1.5 Remarks by Dr. Steve Manteaw on behalf of Civil Society Organisation

On behalf of the civil society organization, Dr. Steve Manteaw, noted that, EITI gives Civil Society Organisations the opportunity and platform to duly monitor the payments, receipts as well as utilisation of benefits from natural resources and to express their concerns regarding natural resource governance.

He mentioned that Ghana EITI has produced six reports and 2009 is the seventh report in terms of revenue tracking which has enhanced accountability and transparency in the mining sector.

He further noted that the recommendations in each report needs to be assessed and level of achievement evaluated.

He finally suggested that the aggregator should include the social and environmental cost of impacts of mining to the nation in his report and also urged the media to help disseminate the content of the report to the general public.

2.0 DISCUSSIONS AND COMMENTS

Royalty paid to traditional authorities

On the issue of the percentage of royalty given to the traditional authorities, it was suggested that, since EITI enhances transparency and accountability in receipts and payments of mineral revenues disclosed by companies, the amounts and receipts made to traditional authorities should be disclosed to the public so that we know what they have been used for since they receive twenty five per cent (25%) of the mineral royalties and also the twenty five per cent (25%) given to them should be reduced.

Payments of revenues to OASL

A representative from OASL mentioned that, sometimes, disputes in the Assemblies affect disbursement which affects all the Assemblies.

Inaccurate location of area of disbursement

A representative from OASL stated that IRS data sheet for disbursement to the District/Municipal Assemblies does not come with the names of the district. This makes it difficult in locating the actual districts that are entitled to the disbursements. It was therefore recommended that literature accompanying royalty payments going to DCE's and MCE's should be specified by IRS so that they are disbursed properly.

Issue of delay in the release of mineral royalties

It was said that too many institutions are involved in the release and transfers of the money which causes the delays; it is therefore recommended that at least two

institutions be involved in the transfer and release. Also IRS and Ministry of Finance should release the money immediately.

Recommendations

It was also recommended that, Ghana as a country cannot be developed by mining companies therefore there is the need to concentrate on what the mineral revenue would be used for in terms of development.

Also, the nine per cent (9%) of mineral royalty that goes to the Districts or communities must be increased so that those communities where mining activities do not take place can also benefit from it.

3.0 Conclusion

In his concluding remarks, the GHEITI Coordinator, Mr. Franklin Ashiadey thanked all the members for making time to attend the launch and also for their useful contributions and suggestions. He assured them that the necessary reactions on their comments will be taken care of by the Secretariat.

Appendix1

Mr. Franklin Ashiadey	-	MoFEP
Mr. Sulemanu Koney	-	Chamber of Mines
Mr. Toni Aubynn	-	Chamber of Mines
Ms. Sheila Naah	-	MoFEP
Ms. Victoria Benson	-	MoFEP
Mr. B.C.D. Ocansey	-	GRA
Mr. Dela Klubi	-	GRA
Mr. Wayo Abubakari	-	OOP

Mr. Richard Afenu	-	Minerals Commission
Mr. Amponsah Tawiah	-	Minerals Commission
Mr. Duodu A. Acheampong	-	Jomoro District Assembly
Dr. Steve Manteaw	-	PWYP-Ghana/ISODEC
Dr. Gad Akwensivie	-	OASL
Hon. Henry Kamel Ford	-	Deputy Minister, MLNR
Mr. Allan Lassey	-	GIZ
Mr. Kwaku Boa Amponsem	-	Boas and Associates
Mr. Asafo Aidoo	-	Boas and Associates
Ms. Doreen Asare	-	MoFEP
Mr. Vincent Azorli	-	MoFEP
Cecilia Akwetey	-	MoFEP
Victor Kofi Baido	-	MoFEP
Josephine Brukum	-	MoFEP
Emmanuel Moses	-	MoFEP
Emma Tarrant Tayoo	-	Revenue Watch
Sean Doolan	-	DFID
Vlrik Borch	-	IBIS
Mohammed Amin Adam	-	IBIS
E. Gyambrah	-	GRA
George Blankson	-	GRA
Christie Bobobee	-	OASL

Emmanuel Danso-Boafo	-	GCM
Elaine Kwami	-	Golden Star
M. T. Ababio	-	MLNR
Giftly Mahama Biyira	-	MLNR