

REPORT ON THE GHANA EXTRACTIVE INDUSTRIES
TRANSPARENCY INITIATIVE (GHEITI) DISSEMINATION
WORKSHOP ON THE 2012/13 FOR MINING, OIL AND GAS
SECTOR REPORTS ORGANIZED ON THE 8TH -10TH APRIL 2015

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1.0 EXECUTIVE SUMMARY

The fourth in the series of the 2012/13 GHEITI Reports dissemination workshop was held in Sunyani in the Brong Ahafo Region from the 8th to 10th April, 2015.

The report which was released on 27th December 2014 and formally launched on the 10th of February 2015, brings to ten the total number published on the mining sector and three for the oil and gas sector since Ghana acceded to the initiative in 2003.

The reports published in conformity with the EITI standard adopted by the Sydney Global EITI Conference in 2013, goes beyond the mere reconciliation of payments and receipts, to include contextual information such as summary description of the legal framework and fiscal regime, the sector's contribution to the economy, production data; state participation in the extractive industries; revenue allocations and the sustainability of revenues, license registers and license allocations; as well as information on beneficial ownership and contracts.

It is a requirement for GHEITI's annual reports to be published and disseminated across the country in order to inform and update all stakeholders about the outcome of the reconciliation of the extractive industry payments and government receipts focusing on the findings in the respective region or district.

Participants for Brong Ahafo regional workshop included District Finance Officers, Coordinating Directors, Civil Society Organizations, Company representatives, local media organizations in Sunyani. In addition a community forum was held for local Assembly members in the Asutifi North District Assembly (details of discussions are in the Community Forum Report).

Following introductory remarks by dignitaries, facilitators shed light on the concepts, principles and impact of EITI, the draft GHEITI Bill which aims to strengthen transparency and accountability in the resource governance sector of the country and findings from the 2012/13 Mining and Oil and Gas reports.

3.0 OPENING STATEMENTS

The opening remark was given by Mr. Duodo Acheampong (Ag. Regional Coordinating Director on behalf of the Brong Ahafo Regional Minister. He sets the tone by emphasizing the importance of empowering the citizenry with information in order for them to be able to play an effective watch dog role. This role he said “when effectively played, will ensure openness and transparency in the mining, oil and gas sector thereby making the voices of the communities affected by such activities heard”. He noted the important role of EITI reporting particularly on sub-national financial flows which ensures that impacted communities receive the correct amounts of mineral revenues from central government thereby enhancing mutual trust between local communities and central government. It is important to have an empowered citizenry, civil society and Parliament that can hold government accountable. He urged participants to openly discuss the issues and make meaningful contributions towards the management in the extractive sector.

In his Keynote Address on behalf of the Hon. Deputy Minister of Finance Mr. Franklin Ashiadey , the National Coordinator of the Ghana EITI noted that the 2012/2013 EITI Reports have made some critical findings and recommendations, pointing to various weaknesses within the extractive sector revenue institutions. The findings therefore provide a solid basis for probing further existing institutional weaknesses and the urgent need to strengthen them. In this regards he entreated all the MDAs, companies and Districts Assemblies affected by findings/recommendations to ensure the necessary corrective measures are put in place as soon as practicable to address the institutional weaknesses.

He further informed participants that the EITI is serving as the catalyst that will help stakeholders collectively put in place reforms that work not only for Government but also for the private sector. GHEITI through its independent reports has set the pace for government's decision to carry out massive reforms in the extractive industry, hence ensuring that the tenets of transparency and accountability in the industry are protected and upheld he stated.

The Company (Newmont Ghana) represented by Mr. Anthony Log (Ag Snr. Sustainability and External Relations Manager) in his remarks stressed the company's global support for the initiative and pledged its continuous support locally by providing the needed data to aid the work of GHEITI. The focus of the company he noted remains on running a sustainable business without sacrificing transparency, ethical conduct and working to high standards. He further highlighted the company's development foundations which have so far accrued US\$23million, to support infrastructural and social development in their host communities.

Representatives from the Ministries of Petroleum, Lands and Natural Resources, who spoke on behalf of the sector Ministers, reflected on the importance of revenue transparency in enhancing governance of the extractive sector and pledged their Ministries support for GHEITI to complement the existing structures of good governance and transparency in the country.

4.0 PRESENTATIONS

4.1 Concepts, Principles & the Impact of GHEITI on Policy (by Dr Steve Manteaw, GHEITI Co-Chair)

Speaking on the subject, Dr. Mateaw stated that, the EITI is a laudable initiative meant to unleash economic potential of the extractive sector. Tracing its origins to the 2002 World Summit for Sustainable Development and a 1999 Global Witness report – the “crude awakening”, the EITI was launched with a narrow focus which sought to address only one link of the extractive industry value chain. The implementation of the initiative underpinned by twelve core principles has enhanced transparency and accountability in the sector, empowered the citizenry with information to demand accountability from duty bearers and improve development outcomes from the industry. Highlighting the impacts of the initiative since Ghana signed onto in 2003, he posited that the initiative has led to tremendous improvement in the natural resource governance of the country.

Among its key achievements are: enhanced stakeholder dialogue between the three main stakeholders in the sector namely government, civil society and the communities; reporting on sub national revenues; facilitating reforms in fiscal

regimes which has led to review in royalty rates from 3% to 5% and corporate tax rates from 25% to 35%; improved and enhanced collaboration among regulatory agencies that govern the sector; the development of draft guidelines for the utilization of mineral revenues at the sub national level and guidelines on corporate social responsibility for the companies operating in the sector. The EITI he expressed is pushing further for the country to realize maximum benefits from sector particularly along the extractive value chain.

Untimely reporting, difficulty in accessing data, identifying and preventing the incidence of transfer pricing and other tax avoidance/evasion practices are some of the key challenges to effective implementation of the initiative. As expressed by the speaker for the reports to be useful, they must be current to facilitate the adoption of its recommendations by policy makers.

4.2 Natural Resources Sector Transparency and Accountability/GHEITI Bill (Mr. T.E Amuzu, GHEITI Legal Consultant)

The implementation of the EITI since 2003 has had tremendous impact in the natural resources governance of the country. As part of efforts to consolidate the successes made over the years, there is a need for a specific legal framework on the underlying Principles and Standards of the EITI to institutionalize and sustain the process. A Draft Bill – The Natural Resources Sector Transparency and Accountability Bill with the overall objective of strengthening transparency and accountability in the entire extractive sector has been developed to which participants were sensitized on. The Bill as pointed out by the speaker is developed with the purpose of:

- Providing the legal framework to enhance transparency and accountability in relation to governance of the natural resources sector of the economy;
- Expanding the scope of the current EITI to cover the entire natural resources sector, including minerals, petroleum, forestry and fisheries;
- Ensuring increased transparency in the distribution of payments made to and received by local government units and traditional authorities; and

- Providing a platform for the effective implementation of the EITI Standards and other measures aimed at good natural resource governance, whilst empowering the general public to demand accountability and transparency in the development outcomes from benefits from payments made by mining firms to government.

The Bill he explained consists of five (5) main parts with twenty-six (26) clauses. The five main parts are:

Part 1 – The Establishment of GHEITI

Part 2 – Governance of GHEITI

Part 3 – The Independent Administrator

Part 4 – Contract and Revenue Transparency

Part 5 - Miscellaneous

4.1 2012/2013 GHEITI Oil/Gas and Mining Reports (by Boas & Associates)

Briefing participants on the objectives, scope of work, the benefits/revenue streams assessed and findings on the 2012/13 mining sector report which marks the tenth of EITI reports Mr. Kojo Safo Aidoo of Boas & Associates revealed that total revenue collected in 2012 exceeded that of 2013, corporate tax receipts exceeded royalty in both years and the Artisanal and Small-scale mining accounted for 34% of total gold exports in 2012 and 2013.

Within the Brong Ahafo region, the Asutifi North District Assembly is the only mining district within which mining operations by Newmont Ghana Gold Limited are undertaken. In 2012, disbursements from the OASL (Head Office) to the Brong Ahafo region amounted to GHS 4,521,847.89. It was however noted that off this, GHS 2,707,388.75 relates to payments for May to December 2011. Royalties due the district for 2012 was GHS 2,507,926.94 but the district received GHS 2,146,354.03. In 2013 however, there were no disbursements of royalties the speaker noted.

Although earlier EITI reports have recommended the setting up of dedicated accounts for mineral royalties, the Asutifi North Assembly is among various Assemblies that are yet to implement the recommendation. The absence of the dedicated account for mineral royalties therefore made it impossible to assess the Assemblies utilization of its mineral revenues. The report however revealed a peculiar mode for the request and release of royalties from the OASL. Request for release letters are sent to the OASL through the Regional Coordinating Council who approves the request before the OASL releases the funds. This, the speaker emphasized was unusual and called for the development of clear procedures for the release of royalties from Regional OASL offices.

The Oil & Gas Report

Highlighting the objectives, scope of work and benefits stream assessed for the 2012/13 Oil/Gas report, the speaker, Mr. Kwaku Boa-Amponsem drew attention to some observations made that requires policy direction to ensure that Ghana receives maximum benefits from its resource extraction.

Findings included the absence of an online repository to enable the regulators to enhance transparency and improve efficiency in their operations; the open door licensing regime operated by the regulator may lead to the award of licenses to inefficient operators; the lack of benchmark returns as required by Section 30(1) c of Act 815, non-payment of capital gains tax by PetroSA in 2012 for its acquisition of Sabre Oil/Gas Ltd; discrepancies in computation of revenue streams by GNPC and GRA and the broad allocation from ABFA on capacity building and the absence of published data on projects funded by the ABFA to track the progress of on-going work and their potential development impacts.

Below summarizes concerns raised regarding all three presentations during the workshop.

5.0 HIGHLIGHTS OF ISSUES DISCUSSED

- Responding to a question on whether companies declared dividends but did not pay government its share, the speaker explained that government holds a 10%
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free carried interest in mining projects and its corresponding dividends are paid to the Non Tax Revenue Unit at the Ministry of Finance. In 2012, three companies namely AngloGold Ashanti, Goldfields Ghana and Ghana Manganese declared and paid dividends. In 2013 only AngloGold Ashanti paid dividends. It was however indicated that though the Ghana Manganese Company Ltd, initially reported the payment of dividends in 2013, the payment was wrongly lodged at the GRA instead of NTRU.

Discussions

- Participants confirmed the revelation made by the report that request letters for the release of royalties are sent to the regional OASL office through the Regional Coordinating Council for approval before the Assemblies share of royalties are released. Furthermore the Assemblies do not receive periodic statements/advice from the OASL to enable them determine what is due or owed the Assemblies. Participants expressed concern about the procedure and called for the development of clearly defined procedures for disbursement from Regional OASL to District Assemblies. Participants were urged to use the royalty disbursement formula to determine how much is due their respective Assemblies and demand the payment from the OASL. Suggestions were raised for future workshops to include officials from regional OASL to provide details and clarifications on issues regarding their offices. The NSC assured participants to address the concerns raised and tasked its OASL representative to assist in solving the problem.
 - The full benefit of mining is not fully known until the environmental cost is ascertained as expressed by a participant. The EITI reports however fail to provide information on the environmental cost of mining. Participants urged GHEITI to consider including environmental costing in its future report to give a fuller picture of extractive activities in the country.
 - Questions were raised on the delay in the passage of the Minerals Development Fund Bill which was drafted in 2009 and continues to be a draft Bill. Information gathered was that the Bill has been reviewed by both Cabinet and the Attorney
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Generals Department and will soon be laid before Parliament for debate and promulgation.

- A participant expressed the concern that although the draft GHEITI Bill is one of several instruments to ensure accountability and transparency in natural resources governance, it gives the citizenry (i.e. the principal agents) very little powers in its ability to easily access information in the sector. The speaker however expressed that Article 16 of the 1992 Constitution is the foremost law that provides for citizens right to information and makes a stronger case for the citizen's demand for information.
- Responding to the question on how government was going to penalize itself under Part 2 Clause 6(4) if government or public institutions fails to provide needed information, the speaker explained that the Bill gives the MSG powers to impose sanctions/penalties on entities be it public/government or private. He further stated that a fund will be established to which fines levied will be logged into to aid the work of GHEITI. Participants called for the Bill to provide clear guidelines on how government should be penalized.
- Participants expressed the need for the GHEITI Bill to clearly identify and state the sources of funding for GHEITI Secretariat. The sources of funding could include allocations (%) from the Minerals Development Fund and the Petroleum Fund. The NSC is to further deliberate and make propositions on how GHEITI should be funded for inclusion in the Bill.

7.0 CONCLUSION

The Coordinator for the Ghana EITI Mr. Franklin Ashiadey in his closing remarks expressed appreciation to participants and the Regional Coordinating Council for their participation and assistance in organizing the workshop. He promised that the NSC will look into concerns raised particularly the disbursement procedure applied by the regional OASL office to ensure that appropriate procedures are followed and also

admonished participants to use the reports to demand accountability from duty bearers.

WORKSHOP PARTICIPANTS LIST

S/NO	NAME	ORGANIZATION
1	Mr.Frank Turkson	GMC/GCM
2	Ms.Victoria Benson	MOF
3	Ms.Mona Bempah	Extractives For Development
4	Mrs. Philomena Johnson	PWYP
5	Mrs.Hannah Owusu Koranteng	WACAM/PWYP
6	Mr.Chris Nyarko	GCM
7	Mr.Tuinese E. Amuzu	Hse/GIMPA
8	Mr.Ben Aryee	MLNR
9	Mr.Amponsah Tawiah	ID-Mincom
10	Mr.B.C.D. Ocansey	GRA
11	Mr.Kwaku Boa Amponsem	Boas and Associate
12	Dr.Gad Akwensivie	OASL
13	Mr.Frank Sofo	MLGRD
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15	Hon. Opoku Boakye Yiadom	BMA
16	Mr.M.B. Abdul Razak	MOF
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21	Hon. Eric Addae	Asutifi North
22	Hon. K. Oppong Ababio	S.M.A.
23	Hon. Agnes Kusi	SWDA
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25	Mr. Mohammed Rufui	Wenchi M. Ass
26	Mr.Yakubu A. Rahman	Dormaa East

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29	Mr.Sarpong Siaw	Asunafo South
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31	Mr.Anyigba Christopher	ANMA
32	Mr.Samuel Kwaku Gyimah	Berekum M.A
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35	Mr.Dramani Apour	S.M.A
36	Mr.Ashetu Abdul-Mumuni	ANDA kenyasi
37	Mr.Attah James K	Asunafo South
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42	Mr.Samuel Anarfi – Gyekye	SNTF
43	Mr.Agbeko Azumah	Newmont
44	Mr. Anthony Loh	Newmont
45	Mr.Raphael Ahenu	Global Media Foundation
46	Nana Owusu Boadua	Traditional council
47	Nana Osahene Adu Bonsu	KII Traditional Council
48	Mr.John Sam Arthur	GTV
49	Mr.E. Mensah Abludo	GBC Radio
50	Mr.Henry Effah – Bediako	GTV
51	Mr.Christopher Loligah	GTV
52	Mr.Zadok K. Gyesi	Daily Graphic
53	Mr.Baba Senu	ETV
54	Mr.Daniel Dzirasah	Ghanaian Times
55	Mr.Dennis Preprah	G.N.A
56	Mr.Gordon Walter	Viasat TV

57	Mr.Fred Tettey Amoako	Daily Guide
58	Mr.Larry P.k. Moses	E. TV Gh
59	Mr. Odehene Appiah	J Life Fm
60	Mr. Ransford Benyin	MOF
61	Mr. Yaw Mireku	MOF
62	Mr. Emmanuel Ankrah	Boas
63	Mr.Grenyford Acquah	Ministry of Petroleum
64	Mr.Kwadwo Sebe	B.M.A Berekum'
65	Mr.Kwame Nti	W.M.A Wenchi
66	Mr.Afryie Joseph	S.W.D.A. Odomase
67	Mr.Brefi	A.N.M.A
68	Mr.Kwaku Emma	S.M.A
69	Mr.Patrick A. Kenkert	S.W.D.A
70	Mr.Isaac Amuzu	S.M.A
71	Mr.Eric Osei Mensah	MLRD
72	Mr.Paul Karikari Biney	MLNR
73	Mr.Armah Benjamin	B.M.A
74	Mr.Edwin Bansah	D.E.D.A.
75	Mr.Isaac Kofi Oti	WACAM
76	Mr.Ebenezer Quansah	GMC
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