

ENR SUMMIT

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implementation a comprehensive framework to improve small scale mining

- Promotion of investment into production of salt and base metals to increase diversification of the mineral production base
- Enforcement and compliance with Policies, Laws and Legislations by mining industry operators
- Conduct Strategic Environmental Analysis (SEA) of the mining sector policy
- Develop the national Climate policy framework into sectoral policies
- National Environmental Policy finalized and implemented
- National biodiversity strategy finalized
- Collaboration with Small Scale Unit of the Minerals Commission to monitor activities of fifty (50) permitted small scale mining companies
- Continue to address livelihood challenges in all the three sectors

The Summit re-emphasized the need for inter-sectoral collaboration, linkages, communication and awareness creation within the sectors. It called for broader stakeholder participation in the sector ■



PROGRESS REPORT ON THE IMPLEMENTATION OF I.T. SOLUTION TO AID EITI REPORTING

In the quest for transparency and efficient information dissemination under the GHEITI framework, the government in collaboration with GIZ and SAP adopted the SAP designed software for data collection from mining companies, the Ghana Revenue Authority; the Office of the Administrator of Stool Lands and District Assemblies to aid reporting and to ensure prompt aggregation of mineral revenue receipts and payments.

The software developed was successfully completed on schedule in November 2010. Subsequently, from the 7th to 9th December 2010, stakeholders were trained in the application of the software. After the training, a team from the Ministry of Finance and Economic Planning (MoFEP) undertook a needs assessment and configuration and also did a follow-up on-site training for stakeholders at the various locations across the country.

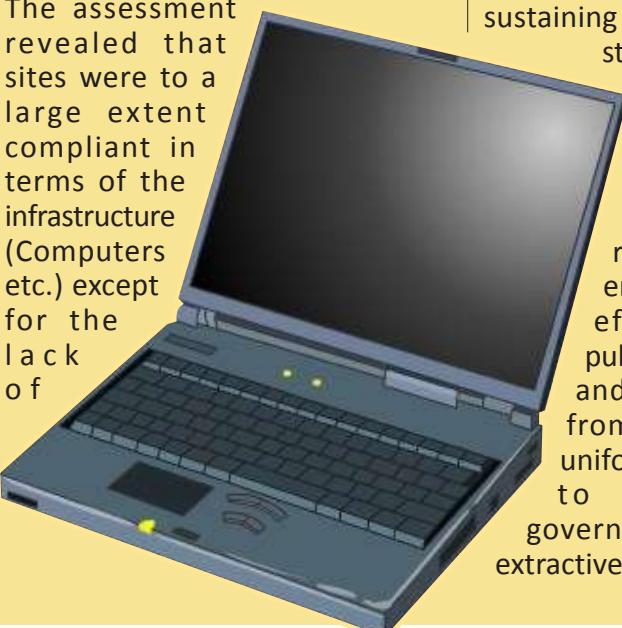
The assessment revealed that sites were to a large extent compliant in terms of the infrastructure (Computers etc.) except for the lack of



internet accessibility which has been identified as a major challenge likely to stall the process. To help solve the problem, GIZ donated Seventeen (17) MTN Modem sticks for distribution to the district, municipal and metropolitan assemblies to enable them connect to the server.

Currently, users of the application have received their login credentials on to the production server for live operation and some users have already begun using the system to report on revenue receipts and payments.

The challenge envisaged in sustaining the process is the high staff turnover at reporting entries.



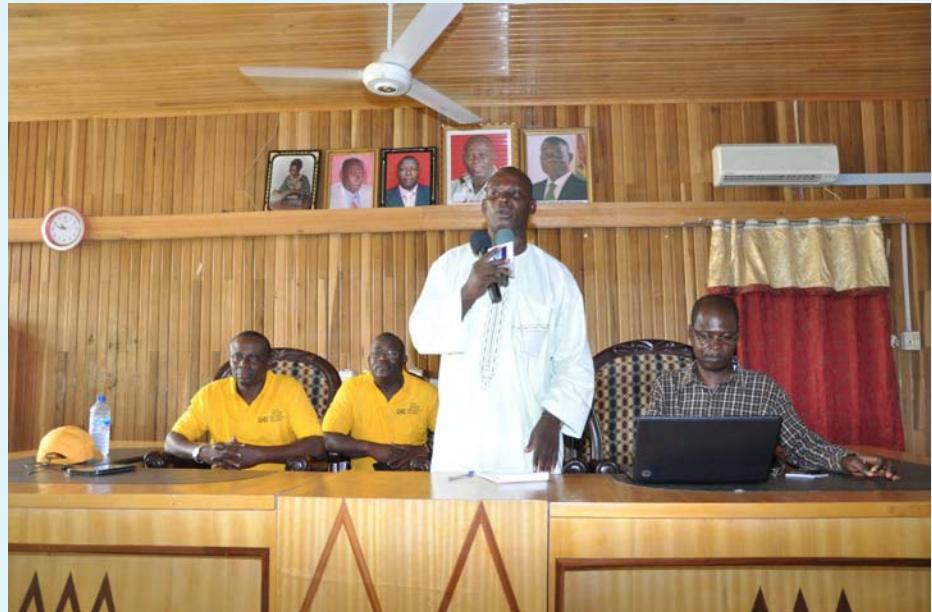
When fully operational the IT Solutions will support the users in their reporting and will also enable the aggregator to efficiently verify and publish company payments and government receipts from oil, gas and mining uniformly and transparently to ensure improved governance in the country's extractive resources ■



KENYASI COMMUNITY FORUM ON EITI WAS A BIG SUCCESS

The Ghana EITI Secretariat and the National Steering Committee as part of their nationwide sensitisation programme successfully organised a community forum at the Asutifi District Assembly Hall in Kenyasi on 27th April 2011. The objective of the forum was to explain the GHEITI Reports to the community members in their local language and to interact with the members of the Kenyasi community and its environs to get their perspectives and concerns about the extractive sector. The aim of the forum was also to educate them on the activities of the Ghana Extractive Industries Transparency Initiative. The forum was well attended with over 170 participants and was chaired by the Asutifi District Chief Executive, Hon. Eric Addae and moderated by Mr. Amponsah Tawiah of the Minerals Commission. The workshop was addressed in turns by Dr. Steve Manteaw of ISODEC/PWYP-Ghana and the GHEITI Aggregator, Mr Boa Amponsem of Boas and Associates.

Mr. Amponsah Tawiah, in his introduction remarks explained that payment of dividends and taxes go to the central government for development projects. For royalties paid to government, 80% is paid into the consolidated fund, 10% is paid into the Mineral Development Fund (MDF) account for special projects, and R&D in the mining sector. The remaining 10% is paid to the OASL which is distributed as follows: 1% of the 10% is given to OASL to cover administrative expenses, the 9% left is assumed to be 100% and is paid in the following proportions: 55% is paid to the District



Asutifi DCE responds to question by Youth activist

Assemblies; 25% is paid to the Stools; and 20% is paid to Traditional Authorities.

One of the objectives of EITI according to Mr. Tawiah is to enhance transparency and accountability in the payments, receipts and utilization of mining benefits. Accordingly, community members need to know the development projects for which revenues from royalties have been used for in the qualifying Assemblies. He was therefore happy about the number of projects financed from the royalties as outlined by the D.C.E. He added that it is important for the District Chief Executives to consult the opinion leaders of the community to discuss the type of projects that should be undertaken with revenues from the royalties.

The EITI Aggregator Mr. Kwaku Boa-Amponsem, explained to the forum that the Ghana EITI

Secretariat through the Aggregator has produced six reports so far from 2004-2008 and that work on 2009 reports was ongoing.

These reports according to him contained various recommendations as well as information on mining benefits paid by companies and received by government during the period. The benefits include corporate taxes, dividend, ground rent, mineral right licences, and royalties among others.

On royalty payments and utilization, Mr. Boa-Amponsem suggested to the District Assemblies to open separate accounts and also prepare budget for the amounts disbursed to them by the OASL. This process will help the Assemblies to plan and track the utilization of the mineral royalties which will eventually

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KENYASI COMMUNITY FORUM

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assist in deepening transparency at the sub-national level.

On the role of the community leaders, he stated that the leaders or even the Assemblies could find out from the mining companies how much they have been paid to government as royalty which can be the basis for the community to monitor whether or not the money has been properly accounted for or utilized by the District.

He further admonished the Assembly not to use royalties disbursed to them for garbage collection but rather should it for development projects like hospitals, schools, etc.

Finally, the Aggregator informed the forum that government had developed guidelines for the utilization of minerals royalties by the District Assemblies. These guidelines will soon be made available to all Assemblies to guide them on how to apply their



Dr. Gad Akwensivie explaining the Mineral Royalty Disbursement formula to participants

portion of the royalties.

During a question and answer session, participants wanted to know if the community youth could make enquiries from Newmont (Ghana), regarding the amount the company pays to the community.

Mr. Amponsah Tawiah answered in the affirmative. He said that the people could make enquiries from the company. However, he cautioned that such enquires should be done in such a way that it will not create inconvenience for the company. For instance, the Community leadership could liaise with the company for such information and not necessarily individual community members going to the company to request for the information.

Participants also wanted to know why in the 2004 – 2008 audit reports, Newmont Gold did not pay property rate and ground rent. The Aggregator explained that Newmont was not in operation in 2004 and 2005 and so the report did not cover them. The company started production in 2006 as per its agreement with the government of Ghana, it is exempted from the payment of property rate. Though it pays



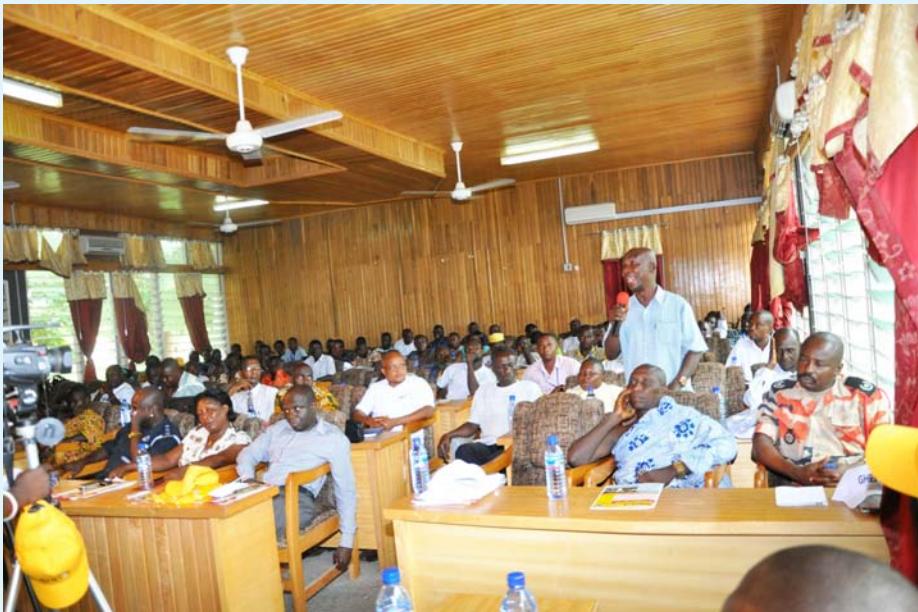
Cross section of participants at Forum

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KENYASI COMMUNITY FORUM

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Opinion leader poses question to DCE

concession ground rent it is very insignificant.

Participants enquired why the Newmont operations affected five communities of which Kenyasi is a part yet the royalties is shared among all the communities in the

district. It was explained that the Assembly represents the entire Asutifi District and not only the five communities. Therefore, legally it is allowed for the royalties to be used for the development of all the other communities in the District.



Nananom ask questions

Participants wanted to know if it is possible for the youth of the community to access part of the royalties from government to support themselves? It was answered that it was not possible because the 1992 Constitution is very clear about how mineral royalties should be shared. However, the District's share of the royalties is supposed to be used for development in the area for the benefit of the whole community.

A participant asked why communities get small compensation from Newmont when the company causes a lot of 'damage' to the environment. Mr. Amponsah Tawiah answered that government pays the greater compensation which forms part of the compensation principles in the Minerals and Mining Act. In addition, mining companies pay some fees or penalties to the EPA when it is established that a company has caused a certain level of environmental damage.

One of the community members noted that the revenues received from royalties should be used for developing schools so that their future generations will acquire knowledge to enable them contribute to the development of their communities in particular and the nation at large.

The D.C.E in his contribution informed participants that the District Assembly has opened a separate account for royalties and through that it had set up an education fund. This fund according to him has supported about four hundred students from

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basic to tertiary levels so far.

One of the community members commended the GHEITI Secretariat for holding the forum and suggested that the Ghana EITI Secretariat should organise more of such community fora so that members from the extractive communities will be enlightened and be well informed. This sensitization forum would go a long way to help remove misconceptions and perceptions about the extractive industry which sometimes create animosity among government, companies and communities.

In conclusion, the D.C.E, the GHEITI Coordinator and Mr. Ampsonah Tawiah took turns to thank the participants particularly, the traditional rulers and opinion leaders for making time to attend the forum. They assured them that their comments and suggestions had been well noted and that more of such fora will be organised to help address their concerns ■



Queenmother poses questions



Cross section of participants during the presentation



Youth Group leader demands more transparency and accountability from District Assemblies



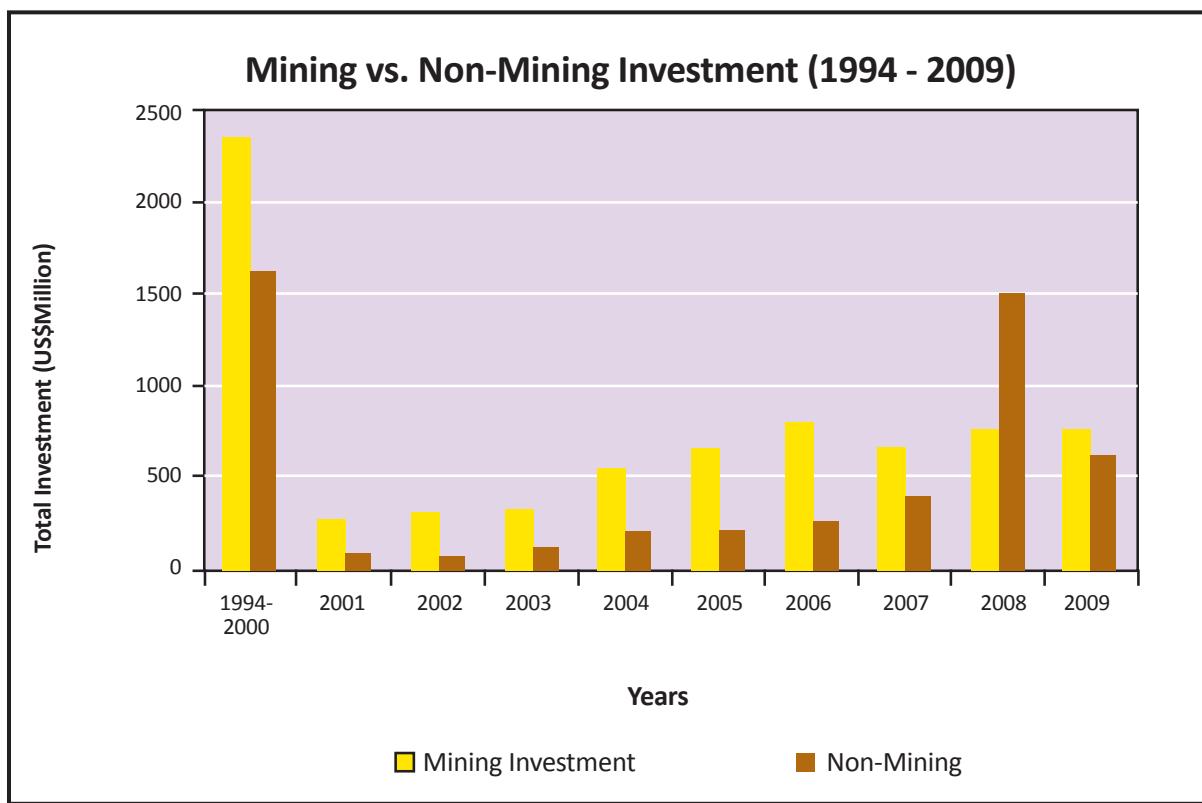
FACTS AND FIGURES ON THE MINING SECTOR IN GHANA



According to the Minerals Commission, investment inflows for mining, since 1983 amounted to US\$10.8 billion, leading to an increase in the sector's contribution to the economy as follows:

- ◎ About 6% of GDP in recent times;
- ◎ 23.7% of Government revenue (2010)
- ◎ 49% of total merchandise exports (2010)
 - * **SSM Contributed 23% of total gold production in 2010**
- ◎ The sector employs 27,000 for large scale operations
- ◎ An estimated **>1,000,000** people are engaged in small scale mining

Contribution: Investment Trends

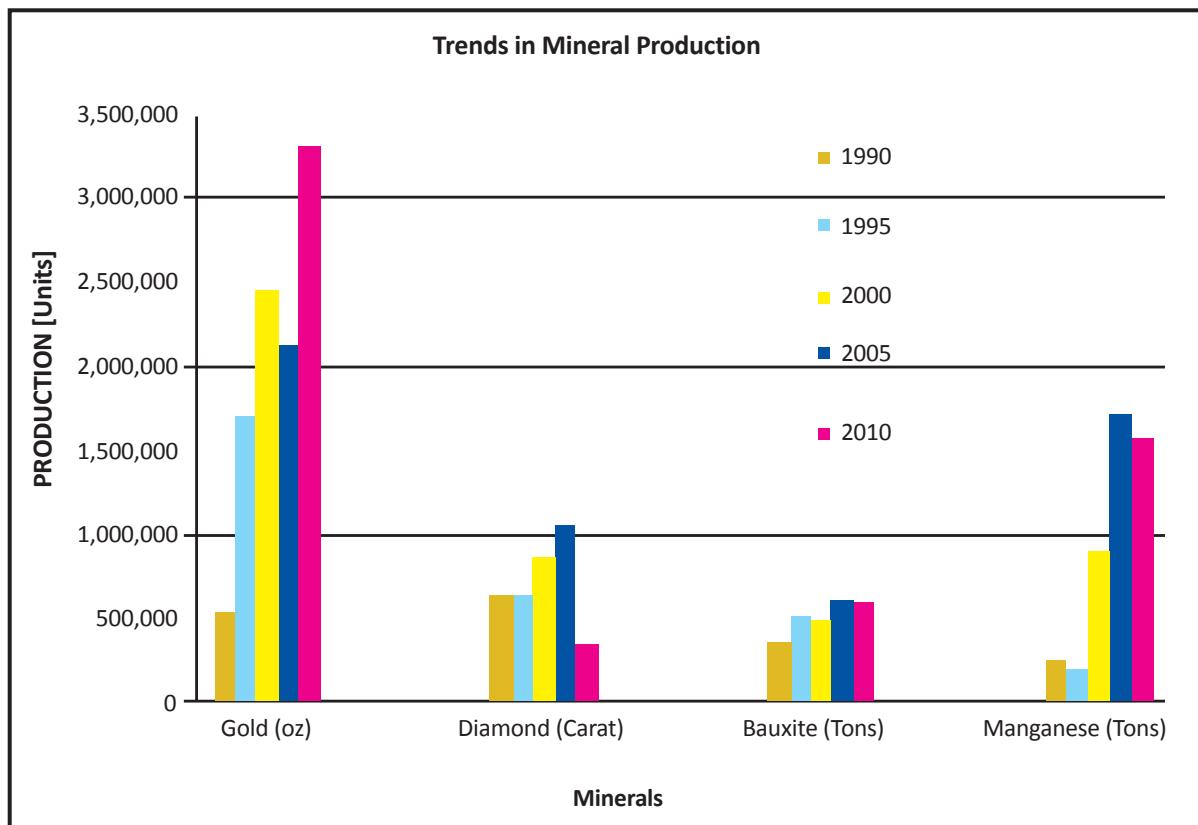


SOURCE: Minerals Commission

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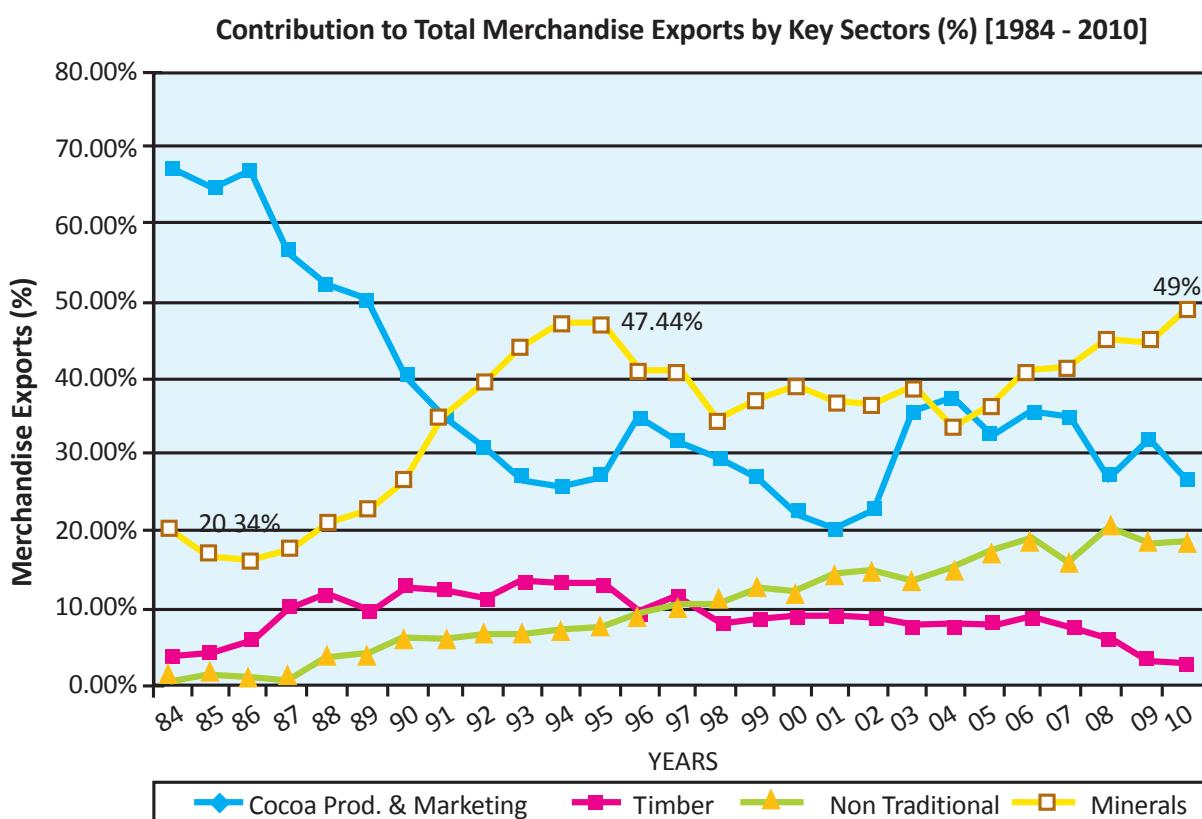
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Contribution: Production



SOURCE: Minerals Commission

Contribution: Exports



SOURCE: Minerals Commission



GHEITI

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