

DISCUSSION ON OIL AND GAS REPORTING TEMPLATE

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defects were being worked on and the situation would soon be normalised. They added that there were four metres installed on the FPSO and only one was out of order. Therefore, the measurement of quantity of oil produced and lifted by the companies would not in any way be adversely affected since the other three metres were functioning properly.

A number of decision points were agreed upon at the meeting: (i) Need to capture another column on the template for the gas component as has been done for the oil in case of capturing revenue stream from gas in future. (ii) The Committee agreed that the previous decision to capture only oil producing companies on the EITI oil and gas template still stands. (iii) Licensing fees should be captured on the template for oil producing companies. (iv) Agreed that an oil revenue disbursement template should also be considered by the Aggregator. (v) A decision was taken to the effect that the GHEITI Secretariat could use the expenditure report by the Hon. Minister for Finance could be used by the



Participants during Oil and Gas Reporting Template Workshop

aggregator for publication. (vi) Each agency (BoG and GRA) would have to state which particular companies/areas of operation that they will report on the template.

The next steps adopted by the Committee after the discussions were to: (a) Incorporate inputs by the various constituents of

stakeholders (CSOs, GNPC, MoEn, GRA and oil companies) into the draft templates, (b) Organise a NSC meeting to finalise the templates in a fortnight, (c) Embark on road shows as part of the process to educate the public on the oil and gas templates in particular and GHEITI process in general and (d) Organise meetings with Chiefs and MMDCEs to explain the templates to them.

Giving their final remarks to wrap up the meeting, the representatives of the agencies on the Committee especially CSOs and Companies promised that they were going to consult their constituents and partners to enrich the template. Closing the discussion, the GHEITI Coordinator thanked all members for their useful comments and continuous support to the implementation of the EITI and urged members to submit their comments as early as possible to enable the Committee finalise the development of the templates ■



Mr. Kofi Nti explains sections of the Petroleum Revenue Management Act



MP'S SENSITIZED ON FINDINGS OF EITI AUDIT

On 9th March 2011, the National Steering Committee (NSC) of the Ghana Extractive Industries Transparency Initiative in conjunction with the Ministry of Finance and Economic Planning organised a one day dissemination workshop at Dodowa, on the

his Deputy, Hon. Henry Ford Kamel. The workshop was also attended by clerks of the two Committees, members of the NSC of GHEITI as well as the press.

The then Ag. Chief Director, Mrs. Effie Simpson Ekuban, welcomed all

by the mining companies and that payments were made appropriately and on time. She noted that the EITI reports are the cornerstone of the initiative since it is the output of diverse stakeholders. Ghana EITI has so far produced six EITI reports and the workshop organised to discuss the findings of the 2006, 2007, and 2008 Audit Reports.



GHEITI NSC and Members of Parliament after the Workshop at Dodowa

activities of Ghana EITI for Honourable members of Parliament. The main aim of the workshop was to sensitise members of the Public Accounts Committee as well as the Mines and Energy Select Committee of Parliament on the critical findings and recommendations of the 2006, 2007 and 2008 EITI audit reports.

The workshop was chaired by Mrs. Effie Simpson Ekuban, the then Ag. Chief Director of the Ministry of Finance and attended by the Minister of Lands and Natural Resources, Hon. Mike Hammah and

members to the workshop. She stated that as a requirement of the EITI, all implementing countries are required to publish all payments Extractive companies make to Government. Accordingly, the Ministry of Finance and Economic Planning and the Ghana EITI National Steering Committee through a competitive bidding process appointed an Independent Reconciler, Boas and Associates to collect, review and analyse data from the country's producing mines and payments they make to government to ensure that there was transparency in payments made

Delivering his key note address, the Honourable Minister of Lands and Natural Resources Hon. Mike Hammah observed that one of the barriers to the implementation of the initiative as indicated in the reports was the lethargy of extractive sector companies and revenue management institutions to disclose information for the production of the EITI reports. The EITI reports therefore recommended a legal backing for the initiative to ensure that the government and relevant companies disclose the payments and receipts. He further noted that EITI can deliver many benefits as a stand-alone initiative, and that it is likely to work particularly well when it is considered in the context of a long term strategy that mainstreams the initiative in the improvement of governance of the extractive industries. This mainstreaming can be achieved through a well thought out law backing the initiative. A law that also addresses some of the implementation challenges. So far countries like Nigeria, Liberia and Azerbaijan have legislated

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MP's SENSITIZED

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the EITI in order to remove all legal obstacles to the implementation of EITI in their jurisdictions; other countries are in the process of doing so. Ghana EITI has reached a consensus to pave the way to legislate Ghana's initiative. He emphasised that Ghana is now among the eleven EITI compliant countries and the fifth to become EITI compliant globally. The other ten EITI compliant countries are Azerbaijan, Liberia, Timor Leste and Mongolia, Norway, Nigeria, Niger, Central Africa Republic, the Kyrgyz Republic, and Yemen. In all there are 35 countries currently implementing the EITI.

He concluded by noting that, the need to include the management of the extractive sector presents a unique opportunity to all stakeholders, especially parliament to establish itself as a credible and relevant actor in the movement towards greater transparency, accountability and responsiveness in government.



Workshop on EITI Audit findings in session

A number of presentations were delivered including the following: "Concepts and principles of EITI" by Mr. Amponsah Tawiah from the Minerals Commission., "The GHEITI process so far" by Dr. Steve Manteaw of ISODEC/ Publish What You Pay-Ghana, The Road to Legislation of the Ghana EITI by Dr. Steve Manteaw of ISODEC/

Publish What You Pay-Ghana, Highlights of GHEITI 2006-2008 Audit Reports by Mr. Kwaku Boa-Amponsem of Boas and Associates and a report on the Implementation of the Recommendations of EITI Audit Report by Mr. Franklin Ashiadey, GHEITI Coordinator.

During the discussion session, MPs unanimously agreed that it was critical to have guidelines to regulate the utilisation of royalties by the District Assemblies and therefore encouraged the introduction of the guidelines inspite of some opposition to its introduction. Some MP's described the treatment of royalties by some District Assemblies as Internally Generated Funds (IGF) as unacceptable and advocated the creation of dedicated accounts for the utilisation of royalties by the assemblies as done for the MP's Common Fund, NHIS Fund, HIPC and GET Funds.



Hon. Muntaka Mubarak, MP poses serious questions during Workshop

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The issue of giving legal backing to the EITI was also extensively discussed by participants. Some of the Hon. Members of Parliament were of the view that the existing laws on transparency and accountability needed to be strengthened instead of enacting a separate law to deal with it. The general consensus among the participants was, however, that the EITI is a laudable initiative and it was important to initiate the process to give it a legal backing.

The law will guarantee the sustainability of the initiative and also ensure that the various Government agencies and companies to disclose the relevant information to the appropriate authorities on time.

Discussions also covered the Benchmarking of the Operating Cost of the Mining Companies to ensure that Government gets value for money from the minerals. It was explained by the Minerals Commission that no two mineral deposits are exactly the same so benchmarking their production cost will be difficult. However, Schedule three of the Internal Revenue Act which is used in determining the operating cost incurred by companies, states explicitly that such costs should be wholly, exclusively and necessarily incurred. Therefore, it is not every cost that the companies claimed to have incurred that is accepted by IRS but only those costs that have been incurred in the production of the minerals which are deemed to have been wholly, exclusively and necessarily incurred.

Suggestions were made to the effect that to promote total transparency, there is the need to hold all those affected beneficiaries in the mining revenue/royalties value chain accountable. The EITI reports should also capture the utilisation of the royalties by the traditional authorities instead of focusing on government receipts and the company payments, the MPs suggested.

In his concluding remarks, the GHEITI Coordinator, Mr. Franklin Ashiadey thanked all the members for making time to attend the workshop and also for



Mr. Kwaku Boa-Amponsem (EITI Aggregator) discussing findings of the 2008 Audit report



Mr. Kwaku Boa-Amponsem (EITI Aggregator) presenting findings of the 2008 Audit report

their useful contributions and suggestions. The chairman applauded all the participants especially the Members of Parliament and the Clerks for taking time off their busy schedules to attend the workshop. He further commended members of the National Steering Committee for their continuous commitment towards the work of Ghana's EITI which contributed to the achievement of the country's compliant status and urged them to sustain the momentum particularly with the successful extension of the initiative to the oil and gas sector ■

HIGHLIGHTS OF THE 5th EITI GLOBAL CONFERENCE HELD IN PARIS

Ghana was adequately represented at the Fifth EITI Global conference which took place from the 2nd to 3rd March, 2011 at the Organization for Economic Cooperation and Development (OECD) conference centre in Paris. The delegation from Ghana was led by the Minister of Lands and Natural Resources, Hon. Mike Hammah who delivered a speech on behalf of the government and people of Ghana. The conference was the fifth global gathering of the Movement where EITI stakeholders meet to share experiences with implementation and decisions that will ensure that the initiative delivers increased benefits to more people in a lot more countries. Mr. Kwaku Boa-Amponsem, a consultant to the Ministry of Finance and Economic Planning and the EITI Aggregator also delivered a paper.

HIGHLIGHTS OF THE CONFERENCE

- **EITI Reporting is gaining momentum**

The regular publication of timely, reliable and easily accessible financial information disclosed by governments and companies and subject to third-party verification is at the core of the EITI model of improving natural resources governance. It emerged at the conference that, so far 23 of the 33 countries implementing the EITI had issued reports, providing citizens with access to information on earnings from their extractive sectors, often for the first time. In the 59 EITI reports published by these 23 countries by January 2011, a total of US\$400bn in government revenues had been published and the number of reports had more than doubled since 2009. It was found that, the reports serve as a



Hon. Mike Hammah (MP), Minister of Lands and Natural Resources delivering message on behalf of Government and people of Ghana

basis for discussions on the appropriate use of natural resources for the benefit of society as a whole. By providing EITI reports implementing countries are making steady progress towards greater transparency in the extractive sector.

- **Progress in improving quality**

It emerged at the conference that there has been steady improvement in the quality of EITI Reports published both in terms of timeliness and comprehensiveness of data disclosed. Countries are learning from their own experiences as well as from other implementing countries through the good practice notes published by the EITI international secretariat. Citing **Ghana** as an example, accessibility to the information reported was improving through better presentation of the financial information being disclosed and the application of various dissemination methods. There has also been a significant decline in the time lag between the reporting period and



German Economic Affairs Minister interacts with Hon. Seth Tekper, Dep. Minister of Fin. & Econ. Planning at the Ghana Stand during the Exhibition. Looking on are Mr. Franklin Ashiadey and Mrs. Genevieve Tsegah, Ghana's Ambassador to France

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HIGHLIGHTS OF PARIS CONFERENCE

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the publication date in most countries. While the first two years of implementation tend to focus more on institution building, reporting is becoming routine thereafter in most implementing countries.

- **Reach of EITI Reporting has expanded**

Participants generally consented that, the breadth and depth of EITI reporting had expanded significantly in the last two years. Sectors covered by the reporting had gone beyond oil, gas and mining to include, for example, forestry in Liberia. In addition, some countries had moved beyond their dominant extractives, such as the inclusion of mining in countries like Azerbaijan and Cameroon. Countries who have published multiple reports, such as Kazakhstan, Azerbaijan, **Ghana**, and Cameroon were making steady progress towards full coverage of companies operating in the oil, gas and mining sector. The scope of reporting has also gone beyond government revenues and companies payments to include information such as government expenditures at the national and sub-national level in **Ghana**.

- **EITI Report and Value Addition**

It emerged further that, as the quality of EITI Reports continues to improve and publication becomes regular and widely available; their usefulness is becoming apparent. EITI Reports are beginning to satisfy the thirst for information on the extractive sector both at national and international levels from donors, companies, investors and civil society groups. As the reporting process matures in implementing countries, it is also becoming increasingly embedded within the institutional framework of implementing countries through national legislations.

Academics, journalists and other stakeholders are finding creative ways to use the information in EITI reports to address important policy questions. Governments producing similar



(L-R) Dr. Gad Akwensivie (Chair of GHEITI's Sub-committee on Communications) and Mr. Allan Lassey (Extractive Industry Governance Advisor of GIZ)

resources are also beginning to learn from each other through EITI Reports, and companies are getting better assessments of the cost and risks involved in doing business in different environments.

Way forward and Future of EITI

The first principle of EITI as was agreed in 2003 is that “the prudent use of natural resource wealth should be an

important engine for sustainable economic growth that contributes to sustainable development and poverty reduction”. That outcome does indeed not necessarily happen when a country becomes EITI compliant. To ensure sustainable development and poverty reduction, the EITI has to be an incremental, on-going process. If the

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Some Ghanaian participants at the Paris Exhibition



HIGHLIGHTS OF PARIS CONFERENCE

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EITI stops in any country it has failed in that country. Although it is a significant achievement for any country to become compliant, it must be remembered that, the EITI is a minimum standard and needed to be implemented alongside other governance efforts.

The extent to which the EITI has been successful rests largely on its narrow focus and clear mandate. This should however not be understood as a lack of ambition. It is precisely this tight focus that makes the EITI successful in fostering wider change and being adoptable in differing countries. Flexibility drives from a narrow core. To understand this, we have to be clear that the EITI has never claimed to be the magic solution to the resource curse. Revenue transparency by itself is not enough to ensure that natural resource wealth generates benefits and development for a country's citizen. Revenue transparency through the EITI is necessary, but not sufficient.

It was noted that, Nigeria's reports for instance do not only cover financial payments, but also physical flows of

oil and gas. They also undertake an audit of the governance process of all oil and gas sector. The results are reports that not only say how much money came in, but also raise questions about how it should come in and how it should be governed. Ghana's reports show how the revenues received at sub-national level are spent. Half of the EITI countries are now producing reports detailing payments company by company. More countries need to use their EITI reports to answer the questions that agitate the minds of their citizens. And there needs to be more comparative analysis of the reports to understand better how different countries are benefiting from their resources. In this way, the EITI will become a platform for champions of reform and transparency in governments around the world.

To create this platform, the EITI Board will have two main roles in 2011 and 2012: strengthening EITI Implementation and effectiveness in the 33 implementing countries and continued targeted outreach activities.

As the EITI's quality assurance mechanism, Validation is enhancing transparency efforts and can lead towards corrective actions in the

implementation of the EITI. Once countries have completed Validation, whether or not they are deemed Compliant, the Board will provide guidance and support in strengthening the process.

The gathering also discussed the fact that, there are still many countries such as South Africa, of significant political, resource-endowed or fragile status, yet to join the process. The EITI will also work to encourage companies, investors and international development agencies to endorse the EITI and to provide political, financial and technical support.

There was a general consensus also that, all EITI stakeholders need to continue to be part of and support these efforts. This must be done by fair and rigorous implementation of the EITI Rules. It must be done by continuing to refine and improve EITI Rules and it must be done by providing technical assistance and possibilities for implementing countries to learn from each other. Encouraging and incentivizing implementing governments and their stakeholders will also be the principal task of the EITI in the coming years ■



MALAWIAN DELEGATION ON EITI STUDY TOUR TO GHANA

As part of preparations towards signing on to the Extractive Industries Transparency Initiative (EITI), a nine-member Malawian delegation from the Malawian Ministry of Finance, Office of the President and Cabinet, Ministry of Natural Resources, Energy and Environment, Civil Society (Citizens for Justice), Private Sector (Association of Malawi Women in Mining) and GIZ-Malawi undertook a study tour from 8th August – 11th August, 2011, to learn from Ghana's experiences in the implementation of the EITI, especially



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Group photograph of Malawian - Ghanaian team after deliberations