

2012 ANNUAL REPORT

**GHANA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
(GHEITI)**

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List of Abbreviations/Acronyms

ASM	Artisanal and Small Scale Mining
CPPR	Country Portfolio Performance Review
CSOs	Civil Society Organizations
EITI	Extractive Industries Transparency Initiative
GHEITI	Ghana Extractive Industries Transparency Initiative
GIZ	German Development Cooperation
IT	Information Technology
MoFEP	Ministry of Finance and Economic Planning
MSG	Multi-Stakeholder Group
MMDCEs	Metropolitan, Municipal and District Chief Executives
NSC	National Steering Committee
PIAC	Public Interest and Accountability Committee
PRM	Petroleum Revenue Management
TMAA	Tanzania Minerals Audit Agency

Foreword by the GHEITI Chairman (Chief Director of MoFEP)

I am pleased to present the 2012 Annual GHEITI Report for the Ghana EITI Secretariat. This report provides a summary of the many activities carried out by members of the National Steering Committee (NSC) and the GHEITI Secretariat for the period January – December 2012. It also provides a brief background on the Ghana EITI process, the significant successes chalked during the year and outlook for 2013.

Through a huge variety of ambitious activities undertaken as per our 2012 work plan, we have reached most of our key stakeholders such as the CSOs, Companies, the media, Members of Parliament and community people in the mining and oil and gas enclaves of the country than ever before.

Our engagement with the various stakeholders and their constituents on EITI issues significantly empowered the public to express their views and opinions on the governance and management of the country's natural resource wealth. The periodic capacity building programmes organized for members of the NSC also strengthened our ability to add to our knowledge, skills and ideas and contributed immensely to the high level of successes recorded by the Secretariat since Ghana signed on to the initiative in 2003.

Despite the successes chalked by the Ghana EITI in 2012, I must admit that there were some challenges encountered in our EITI implementation process during the year. For instance, the long delays that characterized the procurement of the aggregator to carry out the 2010/2011 EITI Audit Reports, the inability of the Aggregator to get relevant data from some of the institutions on time culminating in the delay of the reports and some technical difficulties that impeded the successful implementation of the information technology (IT) solution to aid EITI reporting were some of the challenges experienced. These challenges brought to the fore the need to quickly complete the EITI legislation and also streamline processes and adopt strategies on the effective implementation of SAP IT solution for EITI reporting.

This annual report demonstrates the breadth and quality of our work of the Ghana EITI Multi-Stakeholder Group and further shows how fostering understanding and partnership between government on one hand and Civil Society and Companies on the other hand can produce good results. The trust is what has given us purpose and momentum over the years. We will sustain that vitality as we mark our journey to the year 2013 in order to inspire fresh advances for the future as we are set to produce our first Oil and Gas report and prepare to extend the EITI to the forestry sector.

On this note, I will like to thank all the NSC members and the GHEITI Secretariat for a wonderful job done for 2012 and we look forward to a brighter 2013.

Enoch H. Cobbinah, Chief Director/Chairman, Ghana EITI

Executive Summary

This Annual report contains the activities undertaken by the members of the NSC and the GHEITI Secretariat for 2012. Primarily, it highlights the key issues emanated from the production of GHEITI audit reports, legislation of Ghana EITI, the sensitization workshops, the publication of the Newsletters, capacity building programmes, Public Interest and Accountability Committee, GHEITI 2012 Regional Conference among others.

It also indicates that in spite of the above successes chalked by the Secretariat in 2012, the NSC encountered some challenges such as the long drawn out process of procuring an Aggregator to carry out 2010/2011 EITI audit reports culminating in the delay of the completion of the reports, the difficulty in getting relevant data by the Aggregator for the aggregation etc.

The report concludes with the outlook for 2013.

1.0 INTRODUCTION

The Extractive Industries Transparency Initiative (EITI) is one of the governance tools aimed at reducing poverty among natural resource rich countries by improving accountability and transparency in the payments and receipts of natural resource revenues. This is achieved through regular publication and verification of company payments and government receipts from natural resource revenues such as mining, oil and gas sectors among others.

Realizing the importance of reducing poverty in natural resource countries through efficient collection and utilization of revenues from the sector, Ghana in 2003, signed onto the EITI to implement the initiative in the mining sector and later extended it to the oil and gas sector in 2010.

The EITI initiative in Ghana is implemented by a Multi-Stakeholder Group (MSG) drawn from Government, CSOs and Mining/Oil and Gas Companies. A set of activities are implemented in each year towards the realization of EITI objectives as set out in the GHEITI annual work plan.

In view of this, the following activities were undertaken in 2012 by the Ghana EITI Secretariat in collaboration with the National Steering Committee (NSC).

- 2011 End of Year Retreat for GHEITI NSC members
- Ghana EITI Consultancy Services for the production of 2010/2011 EITI reports and EITI legislation
- GHEITI Sensitization workshops/finalization of oil and gas reporting templates
- GHEITI Community fora
- GHEITI exhibitions in Ghana
- Publication of GHEITI newsletters
- Organization of GHEITI Regional Conference
- Capacity building
- World Bank Country Portfolio Performance Review
- GHEITI study tours
- World Bank Mining Taxation Forum at La Palm Royal Beach, Accra
- National Coordinators Meeting in Lusaka, Zambia
- NSC meetings
- Update on Public Interest and Accountability Committee (PIAC) issues
- Outlook for 2013

2.0 KEY GHEITI ACTIVITIES

2.1 2011 End of Year Retreat for GHEITI NSC members

The 2011 end of year retreat for the NSC members and the GHEITI Secretariat was organized from 6th-8th January, 2012 at Hotel Cisneros, Sogakope. The purpose of the workshop was to take stock of 2011 GHEITI activities and to develop strategies to minimize challenges in the implementation of 2012 work plan. The retreat also afforded members the opportunity to discuss the oil and gas reporting templates and issues on the legislation of Ghana EITI just to mention a few.

2.2 Ghana EITI Consultancy Services

2.2.1 Production of 2010/2011 EITI reports: The GHEITI Secretariat and the NSC engaged the services of Boas and Associates, a Consulting firm to collect, reconcile and aggregate data for the production of 2010/2011 mining and oil/gas audit reports. The Consultant has so far submitted an inception report and is expected to submit a final audit report by the end of February, 2013.

2.2.2 Legislation of GHEITI process: The ISODEC group of experts in collaboration with Reindorf Chambers, a legal consulting firm drafted the GHEITI Bill in 2011. Subsequently, the NSC in collaboration with GHEITI Secretariat began a consultation process on the Bill. The GHEITI Secretariat/MSG organized a workshop on 13th July, 2012 for Parliamentary Select Committee on Mines and Energy at Labadi Beach Hotel, Accra to solicit their input into the GHEITI draft Bill. A stakeholder validation workshop on draft GHEITI Bill was also held at the African Regent Hotel in Accra on 30th March, 2012.

2.2.3 Validation of Forestry Scoping report: The GHEITI Secretariat organized a one day workshop at Coconut Grove Hotel in Accra to validate the forestry scoping report on 18th May, 2012. The purpose of the workshop was to take on board views and comments from major stakeholders in the Forestry Sub-Sector. The Forestry Scoping report was put together by Dr. Joe Asamoah, a Consultant. The workshop was chaired by Mr. Oppong Sasu of the Forestry Commission and attended by Civil Society Organizations in the Forestry Sector, representatives of Forestry Commission, Ministry of Lands and Natural Resources among others.

2.3 GHEITI Dissemination/Sensitization Workshops

As part of implementing the GHEITI's Communication Strategy as per the 2012 GHEITI Secretariat's work plan, a series of workshops were organized. The workshops sought to sensitize MMDAs, mining/oil and gas companies, CSOs, local communities and the

media on the activities of EITI and also served as a platform to disseminate information on key findings and recommendations from EITI audit reports to the relevant stakeholders.

2.3.1 Dissemination Workshop for MMDCEs and Finance Officers in Ashanti Region:

A dissemination workshop was organized by the NSC and the GHEITI Secretariat in Obuasi on 30th January, 2012. The purpose of the workshop was to sensitize major stakeholders in the Obuasi Municipality and its environs on EITI activities and also disseminate the major findings of 2009 EITI audit reports. The workshop was chaired by Kontihene Nana Baffour Aboagye-Agyemang II, Chief of Adansi Traditional Council while Mr. Franklin Ashiadey, GHEITI Coordinator, read the welcome address on behalf of Mr. Enoch Cobbinah, Chief Director of MoFEP and Chairman of Ghana EITI.

2.3.2 Sensitization Workshop on oil and gas reporting templates for Jomoro and its catchment areas:

GHEITI Secretariat organized a sensitization workshop at Jomoro District Assembly from 14-16 June, 2012. This was to afford oil and gas catchment communities an opportunity to make inputs into the oil and gas reporting templates and also sensitize them on the activities of Ghana EITI. The workshop was attended by traditional leaders, Assembly members, youth groups and civil society organizations. Keynote address was read by Prof. Thomas Akabzaa, Chief Director of the Ministry of Energy on behalf of the Minister for Energy.

2.3.3 Sensitization Workshop on 2009 EITI reports/oil and gas reporting templates for Assembly Members in the Nzema East and Ellembelle Districts:

Members of the Nzema East and Ellembelle Districts were sensitized on the activities of Ghana EITI and major findings of the 2009 audit reports from 5th-7th July, 2012 at Axim Beach Hotel. Assembly members were given the opportunity to make inputs into the oil and gas reporting templates. The workshop was chaired by Hon. Emmanuel Yankson, Presiding Member of Nzema East Municipal Assembly. In attendance were the D.C.Es of Nzema East and Ellembelle District Assemblies.

2.3.4 Sensitization Workshop for University of Mines and Technology (UMaT), Tarkwa:

The GHEITI Multi-Stakeholder Group in collaboration with Ghana Chamber of Mines organized a sensitization workshop on EITI activities for Faculty members and students of UMaT, Tarkwa. The workshop took place in the University's Auditorium on 11th May, 2012. Presentations were made on the critical findings of GHEITI 2009 audit reports and the event also created an avenue for dialogue and interactions between NSC on one hand and Faculty members and students of the University on the other.

2.3.5 GHEITI Community Fora

The Ghana EITI Secretariat/NSC in collaboration with the Obuasi and Tarkwa Municipal Assemblies (TMA) organized a one day community forum each for the people of Obuasi and Tarkwa and their environs in January, 2012 and May, 2012 respectively. The purpose of the fora was to disseminate information on the findings and recommendations of the 2009 GHEITI audit reports and also get first-hand information on challenges facing mining communities. The two separate fora were held at Obuasi Municipal Assembly Hall and Tarkwa Community Centre and chaired by Hon. John Alexander Ackon, Municipal Chief Executive of Obuasi Municipal Assembly and Presiding Member of TMA, Mr. Kwesi Ackah respectively.

2.3.6 GHEITI Exhibitions

The GHEITI Secretariat exhibited a set of GHEITI publications (i.e. EITI reports for 2004-2009, flyers, EITI Summary Reports and Newsletters etc) during a series of policy fairs organized by the Ministry of Finance and Economic Planning in Accra, Takoradi, Tamale, Sunyani and Kumasi. The Secretariat also participated in the exhibition during the first mining forum organized by the Ministry of Lands and Natural Resources in collaboration with Minerals Commission on the theme "Managing Ghana's Mineral Resource for Sustainable National Development". The event took place on 12th July, 2012 at the National Theatre in Accra.

2.3.7 Publication of GHEITI Newsletters/Reports

The GHEITI Secretariat in September, 2012 published the Fifth edition (vol. 5) of the GHEITI Newsletters. Some of the key issues captured in the publication were information on GHEITI legislation, revenue from Ghana's crude oil so far, minerals production in Ghana, GHEITI regional conference among others.

The Secretariat also published a revised version of the Consolidated and Summary GHEITI audit reports covering the periods 2004-2009.

2.4 Organization of GHEITI Regional Conference

The Ghana EITI Secretariat and the National Steering Committee organized its first regional conference at La Palm Royal Beach Hotel, Accra from 27-28 September, 2012. The conference was on theme "**Natural Resource Governance; Setting Standards with EITI**".

The main objective of the Conference was to create a platform to share country experiences of EITI implementation and identify gaps and opportunities in maximizing benefits from the extractive sector. It was also to promote inter-regional linkages among people and organizations working on similar issues with the intention of having a regional interface (i.e a framework for regional cooperation) that feeds into the International EITI.

The opening session of the conference was chaired by Naa Prof. John Nabila, President of National House of Chiefs (Ghana) while Hon. Alhassan Azong, MP and Minister of State for Public Sector Reforms read the keynote address on behalf of H.E. John Mahama, President of the Republic of Ghana. The conference was attended by representatives from EITI implementing countries in and outside Africa including a representative from the EITI International EITI Secretariat.

The Conference concluded that there is the need to pull together and optimise individual country experiences around some agreed pillars of natural resource governance for the way forward. Additionally, a more holistic approach to reporting on the entire extractive industries chain should be considered, including contract transparency and full disclosure of license-holders and company directorships/ownership.

The Conference also recommended a legislative support for EITI to ensure that relevant information can be quickly accessed and logistical support for the process assured.

2.5 GHEITI MINES STUDY TOUR

The GHEITI Multi-Stakeholder Group/Secretariat in collaboration with the Ghana Chamber of Mines during the year organized a mining study tour to Tarkwa in the Western Region. The tour took the Committee members to the Ghana Manganese Company (GMC), Anglogold Ashanti Iduapriem, Goldfields Damang and Goldfields, Tarkwa. It afforded the Steering Committee members the opportunity to learn about the operations of the mining companies and their Corporate Social Responsibility activities. The event took place from 9th-10th May, 2012.

2.6 Capacity Building

The Revenue Watch Institute (Ghana) in collaboration with GHEITI Secretariat organized a two day capacity building workshop for members of the Multi-Stakeholder Group from 27-28 April, 2012 at the Forest Hotel in Dodowa. The objective of the workshop was to afford members the opportunity to understand major issues in Petroleum Revenue Management (PRM) with the view of assisting the Multi-Stakeholder

Group make inputs into the EITI mining/oil and gas reporting templates. Some of the issues discussed were Priority Transactions and issues in Ghana's PRM system and Reporting on Petroleum Revenue within the Extractive Industries Transparency Initiative

Also, the German International Cooperation (GIZ) as part of its efforts of providing technical assistance to the GHEITI Secretariat supported two members of the NSC to participate in a training programme on World Fiscal Systems and Contracts in Tanzania. In addition, four other members of the NSC were sponsored by the GIZ to participate in a course on World Fiscal Systems for oil and gas in Dubai.

Four members of the NSC/GHEITI Secretariat with the support from the World Bank Oil and Gas Capacity Building Programme at the Ministry of Energy participated in a two-week course on International Oil and Gas Development, International Oil and Gas Management and Mini MBA in Oil and Gas held in Washington D.C. and Texas in the U.S.A. The trainings were aimed at building the capacity of the NSC/GHEITI Secretariat and National Steering Committee to understand oil and gas issues as part of preparations towards the first oil and gas reports expected to be produced this year.

3.0 OTHER GHEITI ACTIVITIES

3.1 Visit of Jonas Moberg of International EITI Secretariat

On 8th February, 2012 Mr. Jonas Moberg, Head of International EITI Secretariat paid a courtesy call on the Hon. Deputy Minister for Finance and Economic Planning, Hon. Seth Terkper and the Ghana EITI National Steering Committee. The meeting provided an opportunity for the parties to exchange views on the GHEITI and the changes taking place on the global EITI front.

Mr. Jonas Moberg commended the Hon. Deputy Minister on the Government's commitment to the initiative so far and the strides made by the Ghana EITI. Mr. Terkper assured Mr. Moberg of the Government's commitment to ensure transparency in the nascent oil and gas sector. He informed him that, Ghana has passed a Petroleum Revenue Management Act which has entrenched provisions on transparency and Accountability. The Hon. Minister thanked Mr. Moberg for the courtesy call and assured him of Government's commitment to the implementation of the EITI in Ghana.

In a separate meeting with the Ghana EITI National Steering Committee, Mr. Moberg highlighted the changes in the International EITI rules. He informed the meeting that the rules were reviewed last year to give more focus to the initiative. The Ghana EITI Secretariat also took the opportunity to discuss with the Head of the EITI International some of the achievements and challenges faced by Ghana EITI in the EITI implementation process.

3.2 World Bank (WB) Mining Mission

The GHEITI Secretariat hosted the World Bank Mining Mission led by Mr. Boubacar Bocoum (Senior Mining Specialist) from 26th-28th June, 2012 at the MoFEP conference room. The Mission discussed specific challenges relating to mining in Ghana and the EITI process so far.

3.3 World Bank (WB) Country Portfolio Performance Review (CPPR)

The World Bank as part of the process of its periodic assessment and review of all WB funded projects organized a CPPR meeting in November 2012 with all beneficiary MDAs at the WB Office in Accra. The GHEITI Secretariat being one of the beneficiaries of the WB support participated in the CPPR meeting and made a presentation on EITI implementation so far in Ghana, achievements made, challenges faced and the way forward.

3.4 Visits of Nigeria and Cameroun EITI Delegations

The GHEITI Secretariat during the year hosted two separate EITI delegations from Nigeria and cameroun. The delegations were in the country to learn about the implementation of our EITI process especially in mining and now oil/gas sectors. They were briefed by members of the NSC on strategies, experiences and challenges of EITI implementation in Ghana. The Nigeria delegation during the interactions also shared their experiences with NSC members on EITI implementation in oil and gas sector in Nigeria.

3.5 Tanzania Minerals Audit Agency Study Tour

The Ministerial Advisory Board of the Tanzania Minerals Audit Agency (TMAA) were on study tour in Ghana from 12th – 16th November, 2012.

The delegation which was led by Dr. Yanuagu Kayardabila, six (6) Board members and three senior officials from the Agency met with the Ghana EITI Secretariat on Wednesday, 14th November, 2012.

The delegation was briefed on EITI implementation in Ghana, achievements and challenges. Issues pertaining to existing mining sector institutional arrangements, GHEITI audit reports and guidelines for administration of mining revenue collection were discussed. Other issues discussed included practices and challenges in the administration of mining industry in Ghana, laws and regulations guiding the mining industry etc.

3.6 World Bank Mining Taxation Forum at La Palm Royal Beach, Accra

The Multi-Stakeholder Group and the GHEITI Secretariat took part in the World Bank Mining Taxation Forum organized at La Palm Royal Beach Hotel, Accra from 13-14 August, 2012. The forum discussed issues relating to mining taxation in West Africa.

3.7 National EITI Coordinators Meeting in Lusaka, Zambia

The Ghana EITI Secretariat participated in the National Coordinators meeting held in Lusaka, Zambia from 22 - 24 October, 2012. Ghana EITI was represented at the meeting by Ms. Sheila Naah of the Ghana EITI Secretariat.

The National Coordinators from thirty-eight (38) countries met to share experiences on best practices, how to improve EITI reports (including widening their coverage and relevance), simplifying the EITI implementation and strengthening linkage with other efforts to improve the management of natural resources. The National Coordinators also presented their views in a joint session with the EITI Board. The Coordinators supported many of the proposals put forward and made suggestions on how the proposals could be clarified and amended.

Tim Bittiger of the EITI International Secretariat appealed to National Coordinators to ensure representation of their countries at the Global Conference and Members meetings, participation in the nominations process for implementing country 2013 – 2015 Board members and active dialogue within the Sub-constituents represented through five Board members and five alternates.

3.8 Update on Public Interest and Accountability Committee (PIAC) Issues

To ensure that the country's oil and gas revenues are managed judiciously and for the overall benefit and welfare of all Ghanaians, including future generations, government enacted the **Petroleum Revenue Management Act (PRMA), ACT 815**. The Act provides clearly defined guidelines for managing revenues from the oil and gas sector. In furtherance of the above objective, Act also provided for the establishment of the Public Interest and Accountability Committee (PIAC). The Ghana EITI is represented on the Committee by the national Coordinator, Mr. Franklin Ashiadey.

In 2012 PIAC published its first annual report covering the period 2011. The report was duly launched on 17th May, 2012 at the Coconut Grove Hotel in Accra. The report was generally hailed as excellent by the general public. Two regional public fora in Takoradi and Kumasi were also held to disseminate the report. The Committee is currently working on its semi-annual report which will be published by the end of January, 2013.

The Committee continues to face resource challenges and has still not yet established a Secretariat. The Revenue Watch Institute continues to provide a temporary Secretariat for the PIAC. In 2012, the Committee was largely supported by GIZ and Revenue Watch Institute.

3.9 National Steering Committee meetings

The GHEITI Secretariat/Multi-Stakeholder Group held several meetings to plan, discuss and formulate strategies to facilitate the implementation of EITI in Ghana. In 2012 for instance, the MSG held meetings to discuss the following;

- Planning towards the successful hosting of Ghana EITI Regional Conference.
- Review the 2009 EITI draft reports and discuss the programme concerning the Sensitization workshops on 2009 EITI audit reports.
- Procurement of an aggregator for the 2010/2011 mining/oil and gas EITI audit reports
- The GHEITI Secretariat/Multi-Stakeholder Group also held a meeting on 27th November, 2012 with the Aggregator to discuss the GHEITI 2010/2011 mining, oil and gas inception report. The meeting was duly represented by members from the Chamber of Mines, GNPC, the multinational oil companies namely Tullow oil (Gh) Ltd. and KOSMOS Energy. The meeting was meant to remind members especially the oil companies to make relevant data available to the GHEITI Aggregator to successfully complete work on the 2010/2011 EITI audit reports as quickly as possible.

4.0 CHALLENGES

In spite of the above achievements, the NSC/GHEITI Secretariat also faced some challenges as part of the implementation process of the EITI as follows:

- Long drawn out process which delayed the procurement of an Aggregator to undertake the aggregation of 2010/2011 EITI Audit reports for mining and oil/gas sectors;
- Difficulty in accessing data in time by the Aggregator from some of the relevant institutions particularly the Oil/Gas companies which culminated in the delay in the completion of the 2010/2011 EITI audit reports.
- The implementation of Information Technology (IT) Solution to support EITI reporting system though has seen some improvement but the system still faces some technical challenges making it quite difficult to fully bring it on board. Example, Unreliable access to internet service by some of the user agencies, frequent transfers of trained officers etc.

5.0 OUTLOOK FOR 2013

The outlook for 2013 per our work plan for the year is as follows:

- Finalization of 2010/2011 GHEITI Audit reports for mining and oil/gas sectors.
- Launch of the 2010/2011 Audit reports.
- Dissemination of the 2010/2011 Audit reports to stakeholders.
- Preparations and participation in the upcoming Sixth EITI Global Conference, Australia in May, 2013.
- Field visit to oil/gas companies and communities.
- Undertake continuous capacity building programmes for members.
- Carry out a scoping study to include ASM into Ghana EITI.
- Engagement of the forestry sector stakeholders.

6.0 CONCLUSION

The GHEITI Secretariat and the National Steering Committee during the year under review chalked quite a number of successes as outlined in the number of activities successfully undertaken in 2012 as per our work plan for 2012. However, there is more work to be done in the years ahead especially as we rolled out the EITI to the oil and gas sector and plan to extend the initiative to forestry sector. In this direction, members are urged to continue to put our efforts behind the wheel to ensure that we succeed as a team.