

DELIVERED BY THE GHEITI NATIONAL COORDINATOR-MR. FRANKLIN ASHIADEY

Mr. Chairman

Member of the GHEITI NSC

Distinguished Invitees from Government Agencies, and CSO

Ladies and Gentlemen

Good Morning and welcome to today's workshop on the dissemination of the findings and recommendations of the 2006- 2008 EITI Aggregators reports. The public disclosure of these figures allows 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.

Through the EITI reporting process, the revenues accruing to government from extractive sectors are well documented and publicly disclosed. Knowing how much money is coming into government from different sources is a necessary first step in ensuring that those resources are better managed. The EITI reports are therefore the main vehicle to provide wider audiences with information about the sector, often absent in the public domain.

It is our duty to share these reports with you because we believe that the responsibility of taking forward the findings/recommendations in these reports must be a shared one. We believe that it is only when stakeholders take responsibility for the various aspects of these reports that we can efficiently address and reform our institutions to respond to the needs of our times. Mr. Chiarman, 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. Conversely, extractive companies sometimes believe that governments and citizens are unaware of just how much they contribute to the greater economy through paying of taxes and royalties, job creation and infrastructure development. Despite high stakes, dialogue about these problems is often lacking between stakeholders. The

EITI helps to address this through creating a platform for discussing and information sharing for governments, companies and civil society.

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. Its fundamental method for addressing the problems of these economies is to introduce greater transparency into natural resource revenues and government budgets. Quite simply, Mr. Chairman, the aim of the EITI is to ensure that citizens can reconcile what comes into the economy (the revenue side) with what government accounts (the expenditure side), so that both industry and state become more accountable to those who ultimately benefit from the nation's resource endowment.

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

So 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 Aggregator also had the responsibility of ascertaining whether revenues received by government agencies such as the District Assemblies have been properly accounted for and that beneficiaries have utilized the revenues judiciously. Mr. Chairman, 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. Ghana has so far produced six EITI reports reconciling the amounts paid to Government by mining companies with the amounts reported as received by Government.

In Ghana the scope of EITI reporting has also gone beyond government revenues and companies payments to include information such as government transfers to the sub-national

level and expenditures at the sub-national level.

I also wish to take this opportunity to inform you that to facilitate the timely production of these reports GTZ /SAP are supporting us to introduce IT infrastructure into the EITI reporting.

The objective of the SAP/GTZ EITI IT Project is to equip Ghana EITI with a software solution tailored to meet existing EITI reporting difficulties. The use of the software is expected to optimise the reporting, data processing and coordination mechanisms of the EITI thereby enabling the Ghana EITI Secretariat to create and publish data and reports uniformly and transparently.

We are happy to report that the project has so far progressed smoothly; the software has been developed, most of the stakeholders including District finance officers and mining companies' financial managers have been trained. To test the system, we have already directed that all EITI reporting institutions have to use the system to report on 2009 data to the Ghana EITI Secretariat. My colleague Ms. Victoria Benson who is in charge of this project will be in touch with all districts and revenue institutions and mining companies to ensure that you use the system to report the data. District Assemblies which fail to comply will be sanctioned. I don't want to mention the form of sanctions here but for the District Assemblies, there is a possibility of withholding royalty transfers by the Office of the Administrator of Stool Lands if you don't comply. So we need your cooperation.

Ladies and gentlemen, Ghana has close to seven years' experience in implementing EITI in the mining sector. In September last year, the initiative was formally extended to our emerging oil/gas sector. The extension was done to ensure that the rich experience and benefits derived from implementing EITI in the mining sector is brought to bear on the oil/gas sector. And very soon Ghana EITI intends to roll out fully our activities covering the oil and gas sector. Our 2011- 2012 workplan covers EITI implementation in the oil and gas sector and we are currently in the process of developing a framework for reporting the oil and gas revenues. Stakeholder consultations will be held on the framework as soon as the development is completed.

Ladies and gentlemen, I cannot take my seat without mentioning Ghana EITI Compliance status. I am very happy to inform you, that on 19th October, 2010 the EITI Board designated Ghana as EITI compliant. Hitherto Ghana was EITI candidate country and according to the EITI rules all EITI candidate countries must undergo validation in order to become EITI compliant. The Validation process is an independent assessment to measure a country's progress in EITI implementation and to determine whether a country's EITI implementation is compliant or not with the principles and criteria of EITI. Ghana EITI therefore underwent rigorous validation process from December 2009 to 19th February 2010.

According to the EITI International Board, Ghana's validation report provides a comprehensive review of EITI implementation in Ghana, and provides a sufficient basis for establishing Ghana's compliance with the EITI validation indicators. The Board congratulates the government, companies and civil society organizations in Ghana for the progress made in implementing the EITI. Our EITI Compliance means government has worked with the private sector and civil society groups to produce regular, audited reports of payments to the government by oil, gas and mining companies. This data enables citizens to monitor such payments and demand accountability.

We are proud to say that Ghana is now among the eleven EITI compliant countries and the fifth country 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. The achievement of the EITI compliance status is significant, it is even more so as we now join the league of oil producing countries. A strong EITI implementation in Ghana would complement other good governance measures to ensure that there is transparency in the management and use of our oil revenues.

It will also send a strong signal to the international and investor communities that Ghana is serious with transparency in the extractive sector and therefore all investors must comply with our transparency laws and disclose all material payments made to government and government must also report these payments to the Ghanaian public. I therefore, urge the Ghana EITI National Steering Committee and the Secretariat and all stakeholders to maintain the momentum. EITI is about promoting transparency and accountability within the extractive sector in ways that support strong development impact in the country and among host communities. We wish to see more direct impact of the EITI on the lives of the people.

As the international price minerals climb, and the demand for greater information and accountability increases, the case for revenue transparency in the extractive sector will be stronger than ever before. Whilst we part ourselves at the back for achieving the compliance milestone, I also wish to remind you all that the EITI process does not stop with compliance. Transparency alone will not guarantee sound management of extractive resources. The challenges we face are immense, but the EITI is a good place to start, focusing on our extractive sector revenues could help a long way in transforming our country.

Let me conclude Mr. Chairman by saying that the EITI is making a number of direct and indirect contributions to good governance with respect to natural resource revenues. In EITI implementing countries, it is providing a tool for building confidence and trust at a national level

and in communities affected by oil, gas and mining activities. It is establishing an emerging standard for reporting of natural resource revenues by both companies and governments. It is also providing a model of multistakeholder dialogue on a critical issue of policy. The EITI is helping to improve governance by creating a platform for open discussion about the management of the natural resource sector. And finally, at the international level, it forging a network composed of civil servants, corporate executives, and representatives of global civil society who share a commitment to revenue transparency in the hope of promoting economic development and poverty reduction.

Thank you for your kind attention.