

KEYNOTE ADDRESS

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AT

THE GHANA EXTRACTIVE INDUSTRIES TRANSPARENCY
INITIATIVE (GHEITI) SENSITIZATION WORKSHOP FOR OIL
AND GAS CATCHMENT AREAS

JUNE 14-16

JOMORRO ,WESTERN REGION

Mr. Chairman

Nananom,

Honourable Assembly Members,

Members of the GHEITI NSC,

Distinguished Ladies and Gentlemen.

Good morning and Welcome to this morning sensitization workshop on the Ghana Extractive Industries Transparency Initiative in Ghana.

We are here in Jomoro today not only because, Jomoro is in the Western Region where the bulk of our natural resources are found and produced, but because it is in the catchment area of where our new natural resources, namely oil and gas is found. You are therefore an important stakeholder in ensuring that there is transparency in the revenues that comes to government from the oil and gas resources and in payments made by the oil and gas companies. It is also for this reason that is why Jomoro represents the communities in the oil and gas catchment areas on the Ghana EITI National Steering Committee.

For those of you hearing about the EITI for the first time, the EITI seeks to improve issues of transparency and accountability in countries dependent on revenues from oil, gas and mining. The initiative also seeks to reduce the potential negative impacts of mismanaged revenues by ensuring that these revenues become an important source of long-term economic growth that will contribute to sustainable development and poverty reduction.

It therefore has enormous potential not only for improving the development outcomes from the management and utilization of extractive sector revenues, but will also help in erasing the mistrust and tensions that often characterize the relationship among the key stakeholders in the extractive sector.

Mr. Chairman, as you may already be aware, Ghana has been implementing the EITI in the mining sector since 2003. The initiative was extended successfully to the oil and gas sector in September 2010. As a result, the Ghana EITI National Steering Committee has been expanded to include the oil and gas stakeholders. In preparation for the oil and gas reporting, oil and gas reporting templates have been developed to capture oil and gas revenues. We have shared these reporting templates with some of you at a workshop in Takoradi last year October, 2011. We are just about to conclude the process of hiring of a Consultant to undertake the production of our first oil and gas report.

So far, the Ghana EITI has managed to produce financial audits reports for the mining sector covering 2004, 2005,2006,2007,2008 and 2009. These reports have brought to the fore many critical issues our mining industry has been grappling with for the past decades. I am, however, pleased to inform you that Government has responded promptly to the findings and recommendations of the EITI reports and has taken the necessary steps to address some of the policy and institutional issues raised in the reports.

The EITI reports are therefore informing some key institutional and policy reforms taking place currently in the mining sector. The policy reforms among others include the review of the fiscal regime in the mining industry, the development of guidelines for the utilization of mineral royalties by the District

Assemblies and improved sectoral collaborations and information sharing among the key Revenue Agencies through the setting up of a Multi- Agency Revenue Tax Force by the Minerals Commission.

Ladies and gentlemen, we can confidently say that Ghana has now joined the league of oil producing nations, to date, the country has lifted about 5.9 million barrels of crude oil, representing total revenue of \$903 million. Having said that must be known that the success of Ghana's oil will not be measured by the number of barrels of oil produced but the amount of poverty we have managed to reduce with the revenues from the barrels produced.

Indeed there are very high expectations amongst many Ghanaians about how our new found wealth will impact on their standards of living, and it is incumbent on us, Ghana EITI stakeholders to ensure that the requisite systems are in place to promote principles of good and accountable governance in the management of our oil resources.

To ensure this, combinations of measures are required, strong policy institutions, strong legal frameworks, prudent revenue management and transparency among others. It is in this regard that Government is committed to the EITI implementation in the oil and gas sector to ensure transparency in our oil revenue management. Ensuring that the scarce resources of this country are managed in a prudent manner is one of the areas that government is very much committed to.

So the objective of today's workshop is to educate you on how the EITI will help ensure that our oil and gas revenues are managed transparently and to hold the institutions involved in the management of the resources accountable.

Mr. Chairman, having stated government's commitment, I must also add that there will be challenges. There is the challenge of creating a viable, integrated and diversified oil and gas industry, as well as sustaining the wealth it generates without compromising environmental, social and cultural considerations, and ensuring a regulatory framework that encourages wealth creation in a balanced manner.

The availability of domestic capacity and expertise will determine whether we overcome many of the challenges that will come along with our new oil wealth. Building the required capacity is, therefore, critical going forward.

We are all happy that the Petroleum Management Act, 815 has been passed and it is now being implemented. This is evidenced by the recent launch the first Annual Report of the Public Interest and Accountability Committee. The Committee is expected to ensure that the Ghanaian public has the opportunity to debate how government is managing petroleum revenues in the light of the country's development priorities. So it is within this mandate that the PIAC presented its first annual report. The Committee has made very far reaching recommendations which when implemented to the letter will help ensure that our oil revenues are spent judiciously.

Let me conclude by saying that, the challenge for many resource rich countries in Africa is the phenomena of the Resource Curse. Many African countries with huge economic potential fail to translate the benefits from their resources into better standards of living for the majority of their people. We therefore need to work with all the relevant bodies to ensure that collectively we strengthen our institutions to better manage the benefits from our oil discovery.

EITI is about promoting transparency and accountability within the extractive sector in ways that support strong development impact in the country and among extractive communities. The EITI reports would therefore serve as a basis for discussions of the appropriate use of natural resources revenues to the benefit of society as a whole. By publishing the EITI reports the country is making a steady progress towards greater transparency in the extractive sector.

Thank you all, and have a productive session.