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GHANA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

2010/2011 GHANA EITI REPORTS ON MINING, OIL AND GAS LAUNCHED

Major (Rtd) Tara, Chief Director of Ministry of Finance and Chair of the Ghana EITI delivering his keynote address

The Ghana EITI National Steering Committee has in collaboration with the Ministry of Finance launched the 2010/2011 EITI audit reports on oil & gas and mining. The report covered the reconciliation of payments the extractive companies made to government and government's receipts from the extractive companies. The Launch which took place at the Coconut Grove Regency Hotel in Accra on 17th April, 2013 was attended by government representatives, extractive companies and civil society groups. It was chaired by Major (Rtd) M.S Tara, the Chief Director of the Ministry of Finance, who is also the Chair of the Ghana EITI.

The event was moderated by Dr. Gad Akwensivie of the Office of the Administrator of Stool Lands (OASL) who is also a member of the Ghana EITI National Steering Committee.

Delivering his keynote address the Chair of the Ghana EITI underscored the strategic importance of natural resources especially minerals and oil & gas to the economy of Ghana. He

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added that given the urgent need for a more transparent and prudent management of revenues from these strategic sectors, it is appropriate to make our natural resources revenue data widely available to empower the general public to hold both companies and Government accountable.

He stated that over the past decades, the contribution of the mining sector to Government revenues and to the economy at large has been increasing steadily. In 2012, the sector contributed 27% of Ghana's total tax revenue (corporate tax earnings, royalties, PAYE, etc) as collected by the Domestic Tax Division of the Ghana Revenue Authority (GRA) and 6% of GDP. In absolute terms, total mineral royalty receipts from the mining sector in 2012 amounted to GHC356, 392,853; Dividend receipts, GHC25,879,431 and total corporate tax from mining GHC 893,773,828.

The Chairman observed that in 2011, and for the first time in many decades corporate tax receipts exceeded royalty payments from the mining sector. He found this very significant as it may marked the end of the initial investment recovery periods for major mining companies.

He noted that large-scale mining and the Mine Support Services sub-sector employs about 27,000 people. An estimated 500,000 people are engaged in the small-scale gold, diamond, sand winning, quarry and salt industries. Total Foreign Direct Investments (FDI) into the minerals and mining sector, from 1983 to 2012 amounted to some US$13.5 billion with total

Mr. Franklin Ashiadey, the National Coordinator giving his remarks.

gold production at an all-time high of 4.2 million ozs in 2012.

He further noted that like the mining sector, the contribution of the new oil &gas sector to the economy cannot be overemphasized. Total volume of crude oil produced from the Jubilee field in 2012 was 26,351,278 barrels representing an increase of 8.9% over production levels in 2011. The average daily production rate in 2012 was 71,998 barrels per day. "Currently, the Jubilee Oil Field is producing in excess of 105,000 barrels per day; to date the field has produced over 50million barrels of crude oil. In terms of revenue contribution, the total oil &gas receipt at the end of 2012 was US$541.62 million (equivalent to GHµ 978.32m). This represents 6.6% of domestic revenue and 1.4% of Gross Domestic Product (GDP)" he said.

He stated that, the EITI believes that extractive resources can indeed promote growth, enhance poverty reduction and drive sustainable development and that 35 resource-rich countries across the globe have heeded the call that transparent and accountable management of extractive resources can make a difference.

He added that, with close to ten years of EITI implementation in Ghana, Ghanaians are beginning to see that the EITI is not an empty call, it can work, and it does work. Early fruits are beginning to manifest; civil society, companies and government are collaborating for win-win solutions to resource governance. Citizens and civil society groups are asking critical questions, becoming more constructively engaged, and in the process, strengthening the levers of democracy and development.

He indicated that, increased transparency and accountability is the fundamental cornerstone of

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A group photograph of participants

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the EITI. Advocates of transparency believe that governments who disclose their incomes from oil, gas and minerals are much more likely to spend those resources wisely. This means that more children can get the education they deserve, more mothers can receive the healthcare they need and more young people can find jobs to be able to escape poverty.

Furthermore, EITI advocates also believe that effective implementation of the initiative will ensure that less money will be lost to corruption, because people can access the information needed to hold their governments and companies to account. They are right. Information is the cornerstone of a well-functioning system of governance.

He informed the meeting that Ghana EITI has so far produced nine EITI Reports in order to make revenue information on the extractive sector available to the general public. The findings and recommendations from these reports are significant. Government has taken seriously the recommendations of the earlier EITI reports and has implemented most of them. The recommendations have informed a wide-range of policy reforms in the mining sector. Particularly, they have led to the review of mineral royalty payments from a range of 3 - 6 percent to a fixed rate of 5 percent; an ongoing upward review of ground rent; increase in the corporate tax rate from 25 percent to 35 percent; the replacement of the previous 100 percent capital cost recovery with a uniform capital allowance regime of 20 percent for five years, all with a view of ensuring equitable returns from the sector to the people, the resource owners.

He assured participants that Government is working assiduously to ensure that the enhanced revenues are prudently managed and utilized for the benefit of the people, especially those immediately and negatively impacted by the activities of extractive sector companies. "We expect the District Assemblies in the mining areas also to demonstrate fiscal accountability and transparency in all revenue mobilization and expenditure decisions particularly those relating to the use of mineral royalties" he added. Communities should be able to hold District Assemblies to account for the services they provide. To do this, people need information about what decisions Assemblies are taking and how public money is spent. The EITI reports provide this information.

He also mentioned some of the challenges in the discovery of oil

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and gas in commercial quantities as follows:

- *Managing oil and gas revenues judiciously for the overall benefit and welfare of all Ghanaians, including future generations;*
- *Protection of the environment in the exploitation of the oil resources to ensure sustainability;*
- *Strengthening the regulatory agencies for the regulation of all activities related to upstream, midstream and downstream oil and gas industry;*
- *Ensuring maximum participation of Ghanaians in petroleum activities and;*
- *ensuring security for oil and gas industry installations and operations.*

He added that, Government over the past few years has confronted these challenges head-on to ensure that the oil revenues benefit all Ghanaians and have put in place the necessary measures to make sure of the efficient and transparent management of the oil revenues.

In the spirit of the principles and criteria of EITI, Government has provided for public disclosures of petroleum production and corresponding revenues in the Petroleum Revenue Management Act, Act 815. The Act provides clearly defined guidelines for managing revenues from the upstream sector. It also commits the bulk of the oil revenues to a shared growth fund to finance investments in human resource development and other productive infrastructure such as education, health and agriculture. According to the Chairman the extension of the EITI to the oil and gas sector is therefore an icing on the cake for Ghanaians and a further demonstration of the country's resolve to succeed where others have failed.

He concluded that, the Ghana-EITI Audit Reports have become public documents and entreated all to educate themselves on their content. He assured that Government will be proactive in arranging a public discussion around the issues in the reports for the various stakeholders. For EITI to be effective, key stakeholders, including civil society, private sector and selected MDAs should be able to discuss, evaluate and interpret the results. These discussions will signal our willingness to be responsible and accountable for extractive sector revenues. He stated that government is convinced that it is only through creating awareness among relevant stakeholders that maximum benefit will be derived from these publications.

He then declared the 2010 and 2011 Ghana EITI Reports duly launched.

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A cross section of the participants

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In his opening remarks the National Coordinator of the Ghana EITI, Mr. Franklin Ashiadey noted that the emergence of global initiatives like the EITI to oversee the transparent management of natural resources came about at the turn of the century as part of donor efforts to tackle development problems associated with the "resource curse", government corruption, institutional erosion, civil conflicts and economic crowding-out effects. The challenge at hand was to devise institutional mechanisms that would make governments accountable for the extraction, allocation and use of revenues that did not come from taxation, yet were abundant enough to alleviate socioeconomic inequalities of citizens if the monies were well invested.

He added that, the EITI was therefore born to help address some of the challenges facing countries which inspite of their wealth of natural resources, have failed to enjoy the fruits of that potential bounty. The EITI's fundamental method for addressing the problems of these economies is to introduce greater transparency into natural resource revenues and government budgets.

He reiterated that, the initiative seeks to improve transparency and accountability in countries dependent on revenues from oil, gas, mining and other natural resources. This is achieved by the regular reconciliation, audit and publication, of all material benefits received by government from individual companies in the sectors. The EITI, therefore, stands on two pillars; the first is verification and full publication of company payments and government revenues from oil, gas and mining and the second is the creation of in-country multi-stakeholder groups that discuss ways to manage the wealth generated from the extractive industry.

> ***"The emergence of global initiatives like the EITI to oversee the transparent management of natural resources revenues came about at the turn of the century as part of donor efforts to tackle development problems associated with the "resource curse", government corruption, institutional erosion, civil conflicts and economic crowding-out effects."***
>
> ***- Mr. Franklin Ashiadey, National Coordinator of GHEITI***

He informed the meeting that the EITI reports are the cornerstone of EITI implementation. They are the output of the work of diverse stakeholders involved in the EITI process. It is expected that if EITI reports are produced accurately, comprehensively and accessibly, they will form the basis of informed and more participatory management of the extractive sector. The reports are therefore the main vehicle to provide wider audiences with information about the sector, which is often absent in the public domain.

He reiterated that, 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.

According to Mr. Ashiadey, it is the duty of the GHEITI Secretariat to share these reports with stakeholders involved adding that the responsibilities for taking forward the findings and recommendations of these reports must be a shared one. It is only when stakeholders take responsibility for the various aspects of these reports can we efficiently address and reform our institutions to respond to the needs of our times.

He concluded by saying that the EITI is making a number of direct and indirect contributions to good governance with respect to natural resource revenues. First it is establishing an emerging standard for reporting of natural resource revenues by both companies and governments. Second, for EITI implementing countries it is providing a model of multi-stakeholder dialogue on a critical issue of policy. Third at the international level, it is forging a network composed of civil servants, corporate executives, and representatives of global civil society organizations who share a commitment to revenue transparency in the hope of promoting economic development and poverty reduction.

JUBILEE FIELD PRODUCING AT RECORD LEVEL

The daily average production of crude oil from the Jubilee field has increased from year end level of 71,997 barrels to about 111,000 barrels over the past three months. The significant production growth has resulted from additional acid stimulation operations performed on some of the Phase 1 wells, as well as the start-up of the jubilee Phase 1A development plan. Two additional acid stimulation operations on the Jubilee Phase 1 production wells have been recently performed, at a gross cost of approximately $8million per well. In total, seven acid stimulation operations have been performed in 2012, with all treated wells showing substantial productivity increases.

It is significant to note that the highest daily production during the period was 125,000 barrels which occurred on March 24, 2013. The high production rate was as a result of a production performance/capacity test that was conducted on the FPSO facilities on 24th March, 2013. The objective of the test was to ascertain whether the FPSO facilities could handle crude oil production of up to 125,000 barrels per day. The test was successful. Production has since returned to the daily average of 110,000 barrels per day.

So far the Jubilee Field has produced over 50million barrels of crude oil from the field. The new production capacity demonstrates that not only has the Jubilee Partners solved the well productivity issues, but further confirms excellent reservoir performance. Ghana's crude oil production is expected to more than double to 250,000 barrels a day by 2021 as output rises at the Jubilee field and other sites start pumping.

Since inception of oil production to March 2013 the Ghana Group (GNPC/GOG) has made eleven (11) liftings totalling 10,856,974 barrels of crude oil translating into gross revenues of USD 1,206,146,746.36 million.

Oil displaced cocoa as Ghana's second-most valuable export in 2012, with shipments worth $3 billion, according to the Bank of Ghana sources. Gold remains the country's top foreign-currency earner.

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JUBILEE CRUDE OIL PRODUCTION (1ST JANUARY, 2013 - 30TH APRIL, 2013)

MONTH	DAILY AVERAGE PRODUCTION (BBLS)	PRODUCTION DAYS	QTY PRODUCED (BBLS)
Jan-2013	106,721	31	3,308,366
Feb-2013	103,795	28	2,906,270
Mar-2013	100,349	31	3,110,805
Apr-2013	106,458	30	3,193,753

SOURCE: GNPC

JUBILEE FIELD RECORD LEVEL PRODUCTION

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REVENUE FROM GHANA'S CRUDE OIL SO FAR

NO. OF LIFTING	DATE OF LIFTING	CRUDE QTY (BBLS)	PRICE/BBL (US$)	ROYALTY (US$)	PARTICIPATING INTEREST(US$)	AMOUNT RECEIVED (US$)
1st	09/03/2011	999,259	112.804	31,055,937.86	81,133,637.66	112,189,575.52
2nd	24/05/2011	994,691	116.276	31,994,218.81	83,584,896.63	115,579,115.44
3rd	04/08/2011	990,770	110.670	30,330,589.43	79,238,664.87	109,569,255.30
4th	15/10/2011	949,469	112.550	29,560,397.90	77,226,380.53	106,862,736.00
5th	04/01/2012	996,484	111.630	30,948,012.00	80,209,778.20	111,157,790.20
6th	03/04/2012	997,636	125.816	34,968,492.00	90,629,889.86	125,598,381.86
7th	27/06/2012	995,247	90.213	24,932,115.57	64,931,721.80	89,863,837.37
8th	12/09/2012	947,021	112.56	29,677,076.00	76,915,819.00	106,592,895.00
9th	12/11/2012	994,646	108.44	30,029,417.00	77,829,001.00	107,858,418.00
10th	04/01/2013	995,550	113.09	31,368,307.29	81,299,081.76	112,667,389.05
11th	01/03/2013	996,201	108.54	30,126,565.61	78,080,787.01	108,207,352.62
Total		**10,856,974**	**111.145**	**334,991,129.47**	**871,079,658.32**	**1,206,146,746.36**

Note: The percentage of the participating interest is 13.75 for the 1st, 2nd, 3rd and 4th liftings whiles it is 13.64 for the 5th, 6th and 7th liftings.

ALLOCATION OF 2012 PETROLUEM RECEIPTS

The main sources of petroleum receipts for 2012 are Royalties, Carried and Participating Interest, and Surface Rentals. In line with the Petroleum Revenue Management Act (PRMA), petroleum receipts were distributed to the National oil Company (NOC), the Annual Budget Funding Amount (ABFA), and the Ghana Petroleum Funds (GPFs) using approved proportions.

According to the Ministry of Finance 2012 Annual Report on Petroleum Funds, US$541.62 million (GH¢979.32 million) of the 2012 petroleum receipts, an amount of US$230.95 million (GH¢416.89 million) was transferred to Ghana National

Petroleum Corporation (GNPC) comprising Equity Financing Cost of US$124.63 million (GH¢224.21 million), and GNPC's 40 per cent share of net Carried and Participating Interest of US$106.32 million (GH¢192.68 million) in line with Section 7 of the Petroleum Revenue Management Act (PRMA). The transfer in respect of Equity Financing Cost represents 118 percent of the amount budgeted for equity finance. According to the Ministry of Finance 2012 Annual Report, the higher than projected Equity Finance Cost follows remedial and acidisation works done in the Jubilee Field to arrest the decline in production during the year 2012.

The remaining amount of US$310.67 million (GH¢562.43 million), representing the Benchmark Revenue was distributed to the Annual Budget Funding Amount (ABFA) and the Ghana Petroleum Funds (GPFs) as US$286.55 million (GH¢516.83 million) and US$24.12 million (GH¢45.60 million), respectively, in line with sections 11, 18, 19, and 23 of the PRMA. Consistent with Section 23(b) of the PRMA, the amount allocated to the GPFs was distributed to the Ghana Stabilization Fund (GSF) and the Ghana Heritage Fund (GHF) in the

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JUBILEE FIELD RECORD LEVEL PRODUCTION

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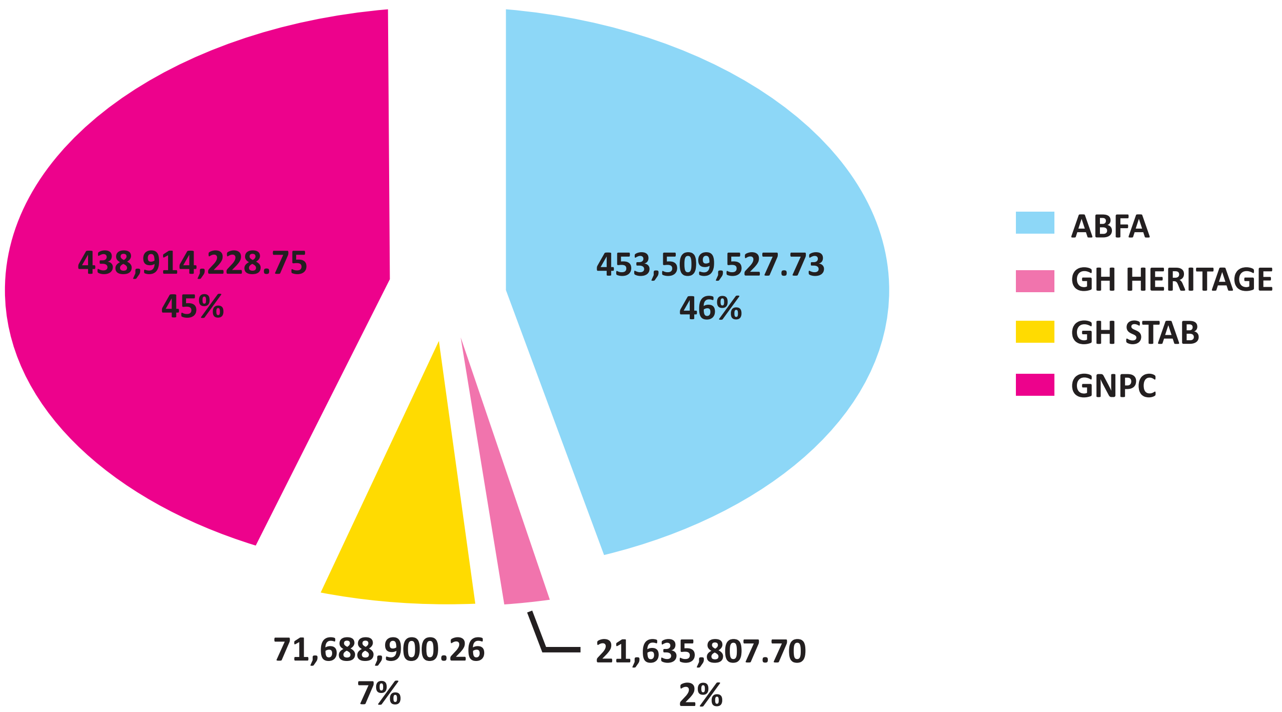
ratio of 70 per cent and 30 per cent, respectively, as US$16.88 million (GH¢31.92 million) for GSF and US$7.24 million (GH¢13.68 million) for the GHF. The breakdown of the distribution of total 2012 petroleum receipts on lifting basis is presented in the Table below. Total revenues for 5 five Ghana Group liftings (5th, 6th, 7th, 8th and 9th) in 2012 amounted to US$541,623,740.

DISTRIBUTION OF 2012 PETROLEUM RECEIPTS

Srn	Item	1st Qtr	2nd Qtr		3rd Qtr	4th Qtr	Total
		5th Lifting	6th Lifting	7th Lifting	8th Lifting	9th Lifting	
1	Transfer to GNPC	51,334,258	53,516,379	42,499,839	41,683,633	41,915,817	230,949,926
1.1	o/w Equity Financing Cost	32,083,911	28,774,038	27,603,476	18,195,508	17,973,695	124,630,628
1.2	o/w Net Carried & Participating Interest	19,250,347	24,742,341	14,896,363	23,488,125	23,942,122	106,319,298
2	GOG Net Receipts for Distribution to ABFA and GPFs[1]	59,823,532	72,082,003	47,916,416	64,909,263	65,942,600	310,673,815
2.1	o/w ABFA	59,823,532	72,082,003	23,797,062	64,909,263	65,942,600	286,554,461
2.2	o/w GPFs	-	-	24,119,354	-	-	24,119,354
2.2.1	o/w Ghana Stabilization Fund	-	-	16,883,548	-	-	16,883,548
2.2.2	o/w Ghana Heritage Fund	-	-	7,235,806	-	-	7,235,806
3	Total Receipt	111,157,790	125,598,382	90,416,255	106,592,896	107,858,418	541,623,740

SOURCE: MOF

DISTRIBUTION OF 2012 PETROLEUM RECEIPTS



SOURCE: Bank of Ghana

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JUBILEE FIELD RECORD LEVEL PRODUCTION

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Total proceeds allocated from inception to the end of second half of 2012 amounted to US$985,196,018.38. GNPC received 45 per cent, ABFA received 46 per cent, the GSF and GHF received 7 per cent and 2 per cent respectively.

Two exploration wells have been drilled in the first quarter of 2013 by GNPC and its partners in Deepwater Tano Cape Three Point (CTP) Block. They are, Cob-1 well drilled in January, 2013 and Pecan North-1 (PN-1) well drilled in February 2012. Both exploratory activities resulted in oil, gas and condensate discoveries.

JUBILEE UNIT CRUDE OIL LIFTINGS BY JUBILEE PARTNERS (1ST JANUARY, 2013 - 30TH APRIL, 2013)

LIFTING DATE	JUBILEE PARTNER	QTY LIFTED (BBLS)
04-Jan-2013	Ghana Group-0010	995,550
13-Jan-2013	Anadarko & Sabre Oil and Gas Limited-0013	994,898
23-Jan-2013	Tullow Ghana Limited-0019	982,589
01-Feb-2013	Kosmos-0013	996,056
10-Feb-2013	Tullow Ghana Limited-0020	995,855
19-Feb-2013	Anadarko & Sabre Oil and Gas Limited-0014	996,141
01-Mar-2013	Ghana Group-0011	996,201
11-Mar-2013	Tullow Ghana Limited-0021	994,727
23-Mar-2013	Kosmos-0014	995,140
31-Mar-2013	Anadarko & Sabre Oil and Gas Limited-0015	994,366
10-Apr-2013	Tullow Ghana Limited	995,873
21-Apr-2013	Ghana Group	995,520
28-Apr-2013	Kosmos	945,755

SOURCE: GNPC

GHANA EITI STAKEHOLDERS CALL FOR MINERALS REVENUE MANAGEMENT LAW

Mr. Sulemanu Koney, Director of Finance and Research, Ghana Chamber of Mines addressing the workshop.

At the launch of the 2010/2011 Ghana EITI Reports on mining and oil & gas held on 17th April 2013 in Accra, EITI stakeholders called on Government to do for mining what has been done for oil and gas.

Addressing the workshop Mr. Sulemanu Koney, Director, Finance and Research of the Chamber of Mines expressed concern about how revenues from the mining sector go into consumption without a portion set aside for posterity. He added that, without a clear policy instrument analogous to the Petroleum Revenue Management Act (Act 815), mining industry revenues will continue to be treated as a source of funds for consumption.

Dr. Steve Manteaw, Convenor of PWYP and co-Chair of the Ghana EITI explaining a point to the media.

"Coming from a finite resource, we will surely wake up one day and ask ourselves; what happened to all the revenue from the mining industry?" he stated. The refrain will be that we did not get enough from the mining industry, he added. He further indicated the Chamber's concern about Ghana's inability to properly account for revenue from extractive industries to its citizens.

He concluded that, the Chamber is willing to partner with government to implement a revenue management law for the

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GHANA EITI STAKEHOLDERS CALL FOR MINERALS REVENUE MANAGEMENT LAW

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mining sector that caters adequately for key stakeholders particularly host communities and generations yet unborn.

The Convener of the Ghana chapter of Publish What You Pay (PWYP) and the Co-chair of the Ghana EITI, Dr. Steve Manteaw supported the Chamber of Mines' position by calling for transparency in the way mining revenues are used in the budget. He stated that, there is the need for the enactment of Mining Revenue Management law so that citizens can monitor the utilization of mining revenue.

He argued that Ghana has mined for over a century but has nothing to show for it whilst mining communities continue to lack basic -necessities of life such as good drinking water, electricity, health, education, jobs etc. He noted that a Mining Revenue Management Law just like the Petroleum Revenue Management Act will ensure that the revenues from mining do not only benefit the present generation but also future generations. Furthermore, the Law will ensure that Ghana secures the full economic and social benefits that mining development promises, in an environmentally and socially responsible manner.

Currently what the mining sector has is the Mineral Development Fund (MDF) which is not backed by any legislative instrument; the MDF was established in 1992, by an administrative arrangement, to provide financial resources for the direct benefit of mining communities to address some harmful effects of mining on affected communities and persons.

The fund was also meant to promote local economic development projects for alternative livelihoods in communities; to fund research, training and special projects aimed at promoting the mining industry and where necessary to supplement the operating budget of the Sector Ministry and allied institutions.

Participants at the Workshop

When the Fund was set up, the Government funded it with 20% of mineral royalties and was administered by the Minerals Commission under the supervision of the Minister in charge of Mines.

However, in 1999 the Government decided to relieve the Minerals Commission of its duties of administering funds to mining communities, in favour of the Office of the Administrator of Stool Lands (OASL) because the OASL has considerable expertise and resources to administer the funds, as it was already concerned with administering stool land revenue, and disbursing the funds according to a formula that was prescribed by the Constitution. The decision to use the OASL in this regard was solely for administrative reasons because the disbursement under the MDF, though conventional in practice at the time, was not backed by any legislation.

The OASL keeps ten percent (10%) of the amount it receives to cover its administrative expenses, and disburses the remaining 90% as follows:

- 25% to Stools
- 20% to Traditional Authorities, and
- 55% to District Assemblies

However, an MDF Bill has been approved by Cabinet but is yet to be placed before Parliament. The Bill only seeks to regularize the existing administrative arrangement.

When subsequently passed by Parliament, the MDF law will contribute to the effective management of part of the revenues generated by the mining sector which is ploughed back to mine fringe communities. In addition it would provide resources to the host communities under the Mining Community Development Scheme to help reduce the negative impacts of mining on such communities.

HIGHLIGHTS OF THE 2010/2011 MINING REPORT

As part of the EITI implementation in Ghana, the country is expected to produce annual reports reconciling extractive sector (Mining and Oil/Gas) payments made by companies and government receipts. In line with this requirement Messrs Boas & Associates was engaged by the Ministry of Finance and the Ghana EITI National Steering Committee to reconcile the payments by the extractive sector companies to receipts by the government of Ghana. The assignment covers the period of 2010 and 2011.

The final draft report was shared with all relevant stakeholders at a Validation workshop in Accra at the Coconut Grove Hotel on the 21st February 2013 and subsequently finalized.

The selection of mining companies for the assignment was based on the payment of royalty, hence all companies engaged in mineral production, which together contributed up to 99% of royalty payment for the years under consideration were considered for this exercise.

Approach and Methodology

Twelve mining companies were selected based on their contribution to royalty receipts. Payments reported on included; Mineral Right License; Mineral Royalty; Ground Rent; Property Tax; Corporate Tax and Dividend.

All mining companies had their royalty payments thoroughly scrutinized. Gold mining companies had their refining certificates checked against production and revenues declared.

Various operating cost components of all the participating mining entities were scrutinized and checked against declared operating costs.

Final returns for the years 2010 - 2011 and self-assessments for 2010 - 2011 were scrutinized to determine the correctness of corporate tax payments for the years under consideration by the mining entities.

Financial statements and annual reports for the years 2010 - 2011 were examined to identify dividends declared for these years by the mining companies. The dividend payments of these companies were verified against dividends received by the oversight government institution.

Ground rent payable for 2010 - 2011 was determined from mining concessions and applicable rates obtained from the Minerals Commission. Documentations on Minerals Development Fund (MDF) were collected from Minerals Commission and the Ministry of Lands and Natural Resources. Royalties ceded and withdrawals into and out of the Minerals Development Fund account were vigorously analyzed.

Disbursements of mineral royalties by GRA to Office of the Administrator of Stool Lands (OASL) were analyzed and checked for correctness.

Channels in downstream disbursements of royalties initiated from OASL head office through its regional offices to the district levels were scrutinized.

Independent computations of these disbursements were made to assess the correctness of disbursements along the disbursement chain.

Finally documentations, processes and procedures for utilization of mining benefits at the district levels were also reviewed to assess efficiency of utilization.

Key challenges were still encountered with the provision of data especially from companies. A typical case was the reluctance of companies to provide data on their operating cost.

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2010/2011 MINING REPORT

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SELECTED COMPANIES FOR 2010/2011 AGGREGATED/RECONCILED REPORTS

MINE/COMPANY	LOCATION	MINERAL MINED
Anglo gold Ashanti Ltd	Obuasi, Ashanti Region	Gold
Anglo gold Ashanti Ltd	Iduaprim,Western Region	Gold
Abosso Goldfields Ltd	Damang, Western Region	Gold
Adamus Resources Ltd	Nkroful, Western Region	Gold
Chirano Gold Ghana mines	Chirano, Western Region	Gold
Gold Fields (Ghana)Ltd	Tarkwa, Western Region	Gold
Abosso Goldfields Ltd	Damang, Western Region	Gold
Golden Star Wassa Ltd	Akyempim,Western Region	Gold
Golden Star Bogoso Prestea) Ltd	Prestea/Bogosu,Western Region	Gold
Newmont (Ghana) Ltd	Kenyasi,Brong Ahafo Region	Gold
Ghana Manganese Ltd	Nsuta, Western Region	Manganese
Ghana Bauxite Company Ltd.	Awaso, Western Region	Bauxite

GOLD PRODUCTION IN 2010/2011

MINE	2011	2010	% CHANGE
Anglogold Ashanti Obuasi	312,595	380,490	(17.84)
Anglogold Ashanti Iduapriem	195,650	190,442	2.73
Gold Fields Tarkwa	718,617	664,515	8.14
Abosso Goldfields	217,718	202,505	7.51
Golden Star Resources Bogosu/Prestea	139,533	189,055	(26.19)
Golden Star Resources Wassa	160,616	219,138	(26.71)
Newmont Ghana Gold Ltd	566,285	532,595	6.33
Chirano Gold Mines Ltd	261,903	177,816	47.29
Adamus Resources	90,026	-	-

The revenue streams reconciled are Mineral Right License Fees, Ground Rent, Property rate, Mineral Royalty, Corporate tax and Dividend. The tables below show payments made by companies and government receipts.

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RESULTS OF RECONCILIATION:

Reconciliation of Mining Companies' payments and Government Receipts-2010

MINING BENEFIT	Mining Companies Payments (GH¢)-A	Government Aggregated Receipts (GH¢)-B	Deviation(A-B)
Mineral Royalty	147,848,789	150,453,905	(2,605,116)
Property Rate	608,311	830,051	(221,740)
Corporate Tax	118,821,551	125,249,733	(6,428,182)
Dividends	3,746,830	22,440,212	
Ground Rent	0	0	0
Mineral Right Licence	0	0	0
TOTAL	**271,025,481**	**298,973,901**	**-27,948,420**

Reconciliation of Mining Companies' payments and Government Receipts-2011

Benefit/Payments/ Receipts	Company Payments(GH¢)-A	Government Receipts(GH¢)-B	DeviationA-B
Mineral Right Licence	0	0	0
Property Rate	674,523	482,092	192,431
Ground Rent	134,290	0	134,290
Mineral Royalty	211,708,024	218,151,362	(6,443,337)
Corporate Tax	425,833,002	499,825,765	(73,992,763)
Dividends	55,291,126	44,012,871.74	11,278,254
Total	**693,640,965**	**762,472,091**	**-68,831,125**

Source: Companies and Government Agencies templates/submissions

The following findings were reported;

I. **Mineral Rights Licenses:** No payments were made for Mineral Rights Licenses for the period 2010 and 2011.

II. **Ground Rent:** No payment was made by companies in 2010 for ground rent. However in 2011 a total ¢134,290 was paid by companies. Receipt of this amount could not be ascertained from GoG (OASL).

III. **Property Rates:** In 2010, GoG (District Assemblies) reported having received a total of (¢221, 740) in excess of what companies declared to have paid, and in 2011 companies reported ¢192,431.00 more than government (District Assemblies) receipts.

IV. **Mineral Royalties:** In 2010 and 2011 GoG (GRA) reported having received

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2010/2011 MINING REPORT

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a total of ¢2,605,116.00 and ¢-6,443,337.00 respectively in excess of what companies declared to have paid for the period

V. **Corporate Tax:** in 2010 and 2011 GoG (GRA) reported having received a total of ¢6,428,182.00 and ¢73,992,763.00 respectively in excess of what companies declared to have paid for the period.

VI. **Dividend:** In 2010 whereas GoG (Non-Tax Division of MoFEP) reported having received a total of ¢18,693,382.00 in payments made by companies, companies reported having paid an excess of ¢11,278,254.00 in comparism to what GoG declared to have received in 2011.

KEY OBSERVATIONS/ RECOMMENDATION ON MINING

Mineral Royalty:
By practice mining companies have paid Mineral Royalty (which is a production based tax) quarterly. However in years 2010 and 2011, some companies such as Gold Fields Ghana Ltd, Abosso Goldfields Ltd and Newmont Ghana Gold Ltd, paid royalties more than four times, and in 2011 Newmont Ghana Gold Limited paid royalty on eight separate occasions.

The consequence of such erratic payments is that it was difficult ascertaining if the correct amounts have been made in any particular year. This is because royalty payment is based on production. Without indicating the specific periods for which payments had been made, matching production against royalty proved challenging.

It is recommended that the frequency for payment of royalty be established. The regulations on royalty payment that sought to introduce monthly royalty payments should be implemented. This will ensure transparency.

Hedged Prices.
The issue of payment of royalties based on hedged gold sales appears to be persisting. An example is the case of Adamus Resources which posted consistently reduced mineral revenues resulting from hedge prices from July to Dec 2011.

It is recommended that the GRA be requested to review Adamus's royalty payments and also ensure that royalty payments by all companies are based on the spot price.

Additional Royalty from By-Products of Gold
It was established that some mining companies derive sliver as a by-Product from gold processing. It is therefore recommended that silver revenue should be included in the computation of royalty.

Time lag/omission in Royalty disbursement to District Assemblies.
It was discovered that some significant time lag occurs between when royalty payments are made by companies and the disbursement of a portion to recipients, including District Assemblies. For example royalties paid from August-October 2010 was transferred in March 2011 and royalties paid in January – February 2011 was transferred in September 2011. Thus payments for November and December 2010 were omitted. Meanwhile several companies including Ghana Bauxite Ltd, Golden Star Wassa Ltd, Golden Star Bogoso Prestea and Ghana Manganese Ltd made royalty payments in November 2011. Thus District Assemblies that receive royalties from these companies were denied funds from that transfer.

It was recommended that when disbursing royalties, it is important to include the portion that applies to all the months. This should be irrespective of whether it is the end of the quarter or not. This will ensure that payments made by companies outside the designated months are captured. The GRA should ensure that companies do not pay

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royalties outside the stipulated months by applying the necessary sanctions. The GRA indicated during discussions that it had already taken notice of the anomaly and was working on it.

Transfers in Tranches

Some regional offices of the OASL did not transfer the amounts due to District Assemblies in full. For example the Brong-Ahafo regional OASL office received a transfer of royalty from the head office on 15th February 2010. However it paid the Asutifi District Assembly in two tranches of GHC263, 394.48 and GHC278, 926.85 on 2nd March 2010 and 1st April 2010 respectively.

Recommendation:

Regional Offices of the OASL should pay District Assemblies in full immediately they receive funds from the head office of the OASL. In other words amounts due District Assemblies should not be paid in tranches.

CONCLUSION

The reconciliation report for 2010 and 2011 produced some discrepancies that should be investigated further. Absolute discrepancies for 2010 and 2011 were GHC 47,460,012 and GHC 202,828,263 respectively. Unresolved discrepancies amounted to GHS 5,080,964 and GHS 9,113,673 in 2010 and 2011 respectively.

Corporate tax payments exceeded mineral royalty in 2011. This is very significant as it may mean the end of the initial investment recovery periods for major producers such as Newmont Ghana Gold Ltd. The implementation of the Internal Revenue (Amendment) Act,2012 (Act 839), which abolishes the 80% first year capital allowance and also deals with ring fencing matters may further increase the amount of corporate tax the mining companies pay.

In addition government needs to enact regulations on the payment of mineral royalty.

On the implementation of the EITI process, stakeholders should discuss in detail how to get companies and government agencies to provide data for reconciliation without delay and expeditiously.

SUMMARY OF FINDINGS AND RECOMMENDATIONS EITI 2010/2011 OIL/GAS REPORT

Approach and Methodology: The assignment was categorized into three phases. These were: inception, reconciliation and validation and feedback phases.

At the inception phase, the Reconciler interacted with participants. The main objectives for these meetings were to gain a better understanding of stakeholders' operations and to conduct a situational analysis to help put the assignment in the best perspective. Activities undertaken during the reconciliation phase included data collection and analysis. Data already requested from government departments and agencies, producing oil and gas companies were collated and analysed. The following activities were undertaken during the analysis stage:

- Analysis of all relevant documentations on Oil and Gas produced and compared with details in the plan of development.
- Analysis of documentation on Oil and Gas lifted by the National Oil Companies (NOCs) and the International Oil Companies (IOC's).
- Review of costs of exploration, development and production.
- Analysis of the

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FINDINGS AND RECOMMENDATIONS ON 2010/2011 OIL AND GAS EITI REPORT

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appropriateness of payments made by the IOCs

- Verifying the basis for the determination of the Petroleum Benchmark Revenue
- Checking the Annual Budget Funding Amount and confirming whether it is in accordance with the provisions of the Petroleum Revenue Management Act (PRMA), (Act 815, 2011).

Checking and reporting on disbursements from the Petroleum Holding Fund to the Annual Budget Funding Amount, the Heritage and Stabilization Funds, other exceptional payments provided and confirm if they are in conformity with the provisions of Act 815.

Data Aggregation/ Reconciliation

i) Comparing consolidated Oil and Gas company templates with Government template.
ii) Detailing all discrepancies including those that have been resolved and any unresolved discrepancies.

The exercise covered all international and national oil companies with stakes in the Jubilee Field, Saltpond Oil/ Gas Field Ltd and Ministries, Departments and Agencies (MDAs) relevant to the EITI reporting process. The benefit streams considered in the 2010 and 2011 reconciliation exercise include Royalty, Profit Tax (Corporate tax), Surface Rental, Dividends, Initial (Carried) Interest, Additional Participating Interest (See Table A below)

Participants in the 2010/2011 reconciliation process.

OIL & GAS COMPANIES	GOVERNMENT AGENCIES
Tullow (Ghana) Limited	Ghana Revenue Authority(Domestic Tax and Customs Divisions)
Kosmos Energy Ghana HC	Ghana National Petroleum Corporation(GNPC)
Ghana National Petroleum Corporation (GNPC)	Ministry of Finance and Economic Planning (MOFEP)
Saltpond Oil Fields Ltd (SOPCL)	Petroleum Commission
Anadarko (Ghana) Limited	Ministry of Energy
Sabre Oil and Gas Holdings Ltd	Bank of Ghana
E.O. Group Ltd.	

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Reconciliation of GNPC oil sales (proceeds) and receipts by Government

Date of GNPC/GOG Liftings	GNPC Lifting Proceeds ($)	Government Receipts ($)	Discrepancy
9th Mar 11	112,189,575.52	112,189,575.52	0
26th Jun 11	115,579,115.44	115,579,115.44	0
3rd Aug 11	109,569,254.30	109,569,254.30	0
15th Oct 11	106,786,778.43	106,786,778.43	0
TOTAL	444,124,723.69	444,124,723.69	0

Source: GNPC/MoFEP

Reconciliation (by revenue stream) of GNPC Payments and Government Receipts in 2011

Revenue Stream	GNPC Payment		Government Receipts		Discrepancy	
	BbIBL(A)	US$$(B)	BbIBL(C)	US$(D)	BbIBL(A-C)	US$(B-D)
Royalty	1,087,943.13	122,941,190.00	1,087,943.13	122,941,143.90	-	46.10
Carried Interest	2,067,087.91	233,587,963.67	2,067,087.91	233,588,058.03	-	-94.36
Additional Participating Interest	775,158.70	87,595,570.02	775,158.70	87,595,521.76	-	48.26
Total	**3,930,189.74**	**444,124,723.69**	**3,930,189.74**	**444,124,723.69**	**-**	**0**

Source: GNPC/MoFEP

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FINDINGS AND RECOMMENDATIONS ON 2010/2011 OIL AND GAS EITI REPORT

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Reconciliation of SOPCL Payments and Government Receipts in 2010/2011

Revenue Stream		SOPCL Payments (US$)	Government Receipts	Discrepancy (US$)
Royalty	- 2010 - 2011	314,755.73 132,982.40	314,755.73 132,982.40	- -
Surface Rental	- 2010 - 2011	907.50 -	605.00	302.50
Total	**- 2010 - 2011**	**315,663.23 132,982.40**	**315,360.73 132,982.40**	**302.50 -**

Source: SOPCL/MoFEP/GNPC

Surface Rental Payments - 2010/2011

Company		Surface Rentals (US$) Company Reported payments-A	Surface Rentals (US$) Government Reported Receipts-B	Discrepancy (A-B)
Tullow Ghana	- 2010 - 2011	63,866.95 63,886.95	58,140.50 63,421.32	5,726.45 465.63
Kosmos Energy	- 2010 - 2011	48,751.00 29,427.00	48,751.00 29,427.00	0 0
Saltpond Oil Fields	- 2010	907.50	605.00	302.50
Total	**- 2010 - 2011**	**113,525.45 93,313.95**	**107,496.50 92,848.32**	**6,028.95 465.63**

Source: GNPC/Company Reporting template

RESULTS OF RECONCILIATION

The reconciliation recorded net discrepancies of US$6,028.95 and US$465.63 in 2010 and 2011 respectively. The discrepancy in 2010 resulted from differences between surface rental payments made by Tullow Ghana Ltd. and Saltpond Offshore Producing Company (SOPCL) Ltd. and reported receipts by the GNPC.

In 2011 the difference between the reported payment by Tullow Ghana Ltd. and the reported receipt by the GNPC produced the discrepancy of US$465.63. There were also discrepancies between GNPC payments and Government receipts.

In 2010 Saltpond Offshore Producing Company paid US$314,755.73 as royalty and US$907.50 as surface rental. In 2011, SOPCL paid an amount US$132,982.40 as royalty to the state.

GNPC paid an amount of US$ 444,124,723.69 to the Government of Ghana in 2011. This amount represented payment for carried interest of US$233,587,963.67; additional

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FINDINGS AND RECOMMENDATIONS ON 2010/2011 OIL AND GAS EITI REPORT

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paid interest of US$87,595,570.02 and Royalty of US$122,941,190.00.

As at the end of 2011, GNPC owed its Jubilee partners an amount of US$33,308,728. This amount does not include GNPC's share of the purchase cost of the FPSO.

KEY OBSERVATIONS AND RECOMMENDATIONS

I. Allocations to ABFA, Stabilization and Heritage Funds

The projected Annual Budget Funding Amount (ABFA) was GHC646,412,601 whereas the actual realized amount as at the end of December 2011 stood at GHC250,432,600.30, representing 71.4% of the net revenue of GHS350, 796,387.51. According to the report, allocations of GHC 250,432,600 to the ABFA as at the end of December 2011 represented 71.4% of net revenue, which is slightly higher than the stipulated 70% in the PRMA 815.

It was observed that the allocation to the Stabilization and Heritage Funds, which together constitute the Petroleum Funds, were inconsistent with the requirement of Act 815, Section 23(b) "A minimum of thirty percent of the excess revenue determined in subsection (1) (a) shall be transferred into the Ghana Heritage Fund and the balance shall be transferred into the Ghana Stabilization Fund each quarter''. That is, the allocation to the Ghana Heritage Fund shall not be less than 30% of the excess revenues over the Annual Budget Funding Amount. **The allocation of 18.3% of the excess revenues to the Ghana Heritage Fund and 81.7% to the Ghana Stabilization Fund are therefore not consistent with Act 815.**

II. Capital Gains Tax

Tullow Oil Plc. acquired the in EO Group Limited in 2011. The Aggregator did not come across the payment of any capital gains tax on the transaction. GRA has issued a ruling that the transaction is subject to tax but issues have been raised. The Petroleum Revenue Management Act, 2011 (Act 815) section 6(e) indicates that capital gains tax derived from the sale of ownership of exploration, development and production rights should be channeled into the petroleum holding fund.

It is recommended that GRA pursues the issue of capital gains tax on the acquisition of the E.O Group's 1.75% equity and other such acquisitions to its logical conclusion. It may also be prudent for the necessary legislation on capital gains to be streamlined as the acquisition of the E.O Group's equity may only be the beginning of such transactions.

III. Thin Capitalization

Interest expense is generally deductible in determining the chargeable income for corporate tax purposes. There is however no provision in the Petroleum Income Tax Law (PITL) that relates to excessive interest charges. There is the risk that taxpayers may use unlimited interest payments to strip profits, resulting in lower corporate tax payments. However, Section 41 of the PITL, 1987 provides that without the express exemption of a contractor from taxation, the general law or provisions thereof relating to taxation may apply. This provision according to the GRA, ensures that provisions on limitations in interest deductions in Act592 (2000), the Internal Revenue Act is applicable in the petroleum sector.

It is recommended that the relevant provisions in the PITL and the Internal Revenue Act(2000), Act 592 are harmonised.

IV. Losses carried forward

Tax losses under the PITL are carried forward indefinitely. Under Act 592, the Losses are carried forward for only five years for mining operations. The practice under the Income Tax law however is that capital allowances do not create losses and are carried forward indefinitely.

It is recommended that tax losses are carried forward for five years in the petroleum industry as pertains in the mining industry. The practice of carrying forward capital

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FINDINGS AND RECOMMENDATIONS ON 2010/2011 OIL AND GAS EITI REPORT

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allowances indefinitely in the mining sector may also be extended to the petroleum industry.

V. Ring fencing

Ring fencing refers to the limitation on consolidation of income and deductions for tax purposes by the same taxpayer, for different projects or different activities. Ring fencing legislation has been passed, under the Internal Revenue (Amendment) Act, 2012, Act 839, to disallow the deduction of expenses exclusively incurred in a mining area against revenue derived from another mining area belonging to the same taxpayer or in which the taxpayer has an interest in the determination of chargeable income.

Currently the petroleum industries apply ring fencing to contracts. However a contractor may set off expenses that are exclusive to a production area against income from another production area. This may delay the receipt of corporate tax revenues to government.

It is recommended that Legislation similar to the ring fencing provisions in the mining sector, should be introduced in the petroleum industry. Limitation to production areas should be considered. As many fields commence production, ring fencing legislation is needed to ensure early corporate tax receipts. This, however, should be viewed against the need to encourage exploration companies to make investment to obtain more geological data from green fields.

As many fields commence production, ring fencing legislation is needed to ensure early corporate tax receipts.

VI. Information on payments

Saltpond Offshore Producing Company Ltd (SOPCL) made payments for royalty in 2010 and 2011 into the Non Tax Revenue /Government of Ghana Account. The Non Tax Revenue Division of the Ministry of Finance and Economic Planning, operator of the account was not alerted of the payment. SOPCL did not obtain receipts for the payment it made.

Since, PRMA became operational, petroleum payments are to be made into the Petroleum Holding Fund. To avoid situations as indicated above, the Bank of Ghana should regularly update the GRA on all payments made by license holders. This will ensure that receipts are properly provided to these companies. With that reconciliations of amounts paid into the Petroleum Holding Fund would be made easier.

CHALLENGES

The main challenges faced in the process of producing this first EITI Report on the Oil/Gas Sector were the reluctance of both Government Agencies and Companies to provide the required data. For example, the Bank of Ghana declined to provide details of the petroleum Holding Fund Account, International Oil Companies (IOC's) were not willing to provide information beyond payments made to the government.

Even though the terms of reference for the assignment required the consultants to analyze and comment on some details, including operating cost, capital allowance computation, prices and liftings by GNPC and the IOC'S.

CONCLUSIONS

The report provides details of the first Oil and Gas EITI reconciliation exercise. Corporate tax receipts will be enhanced if, thin capitalization, losses carry forward and ring fencing rules are amended. Legislation on capital gains tax should be put in place as early as practicable. Also, costs should be scrutinised to reduce profit stripping.

Disbursements to the Ghana Petroleum funds should be made in compliance with the provisions of the Petroleum Revenue Management Act, 2011 (Act 815).

The Steering Committee of the Ghana EITI should engage all stakeholders in the petroleum sector to ensure that the EITI reporting process stays on course. This may include deliberations on the scope of the assignment and reporting templates.

NEW YEAR RETREAT FOR MEMBERS OF THE GHANA EITI NATIONAL STEERING COMMITTEE

Group photograph of NSC members at the retreat

Members of the Ghana EITI National Steering Committee (NSC) in conjunction with the Ghana EITI Secretariat organized its 2013 New Year retreat from 11th-13th January, 2013 at the Cisneros Hotel in Sogakope.

The purpose of the retreat was to take stock of key achievements and challenges of the Ghana EITI as per the 2012 work plan. It was also meant to discuss the following issues among others:

- 2013 GHEITI Draft Work Plan;
- Way forward on the Draft GHEITI Bill;
- Preparation for the 2013 EITI Global Conference and Exhibition in Sydney, Australia and
- Matters arising from the Publication of 2010/2011 EITI Audit Reports for mining and oil/gas.

In his welcome address the Chief Director of Ministry of Finance, Mr. Enoch H. Cobbinah welcomed all participants to the retreat. He mentioned that, the forum will serve as a good platform to make plans and forecasts for the months ahead and also create opportunity for both Civil Society and Companies to come out with their views on issues which will help support GHEITI in the future.

He commended the National Steering Committee (NSC) for their hard work and dedication which ensured that GHEITI's 2012 activities were successful. He expressed his gratitude to participants for their usual commitment and dedication towards ensuring that, the initiative remains transparent and accountable in the management of natural resource.

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NEW YEAR RETREAT FOR GHEITI NSC MEMBERS

Cross section of NSC members at the retreat

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He acknowledged the good achievements of the initiative and encouraged the NSC to work more with institutions to ensure the implementation of some of the very important recommendations GHEITI has made since the inaugural report on 2004.

Mr. Cobbinah advised the NSC to continue to work hard to ensure the initiative remains relevant to the extractive sector as members take on board the 2013 workload. He added that, it must be done without duplicating the work of other bodies. He then called on members to ensure that, the EITI process adds value to the dialogue on issues of oil/gas and forestry. He acknowledged the challenges faced in collating the first data from the oil/gas sector and assured all oil companies of his availability and commitment should they have any concerns.

Mr. Enoch Hermans Cobbinah

He added that, he was hopeful that the EITI Bill will be passed into law in 2013 and assured members of the opportunities that will be created to make further inputs into the Bill as the process moves forward.

He concluded by thanking the participants for the good work done and urged them to keep up the good work.

The highlights of the 2013 GHEITI Work Plan include:

- The launch of the 2010/2011 oil& gas and mining EITI Reports;
- Communicating Ghana EITI by disseminating the EITI reports;
- Ghana's participation in the 6th EITI Global Conference and Exhibition;
- Engagement of the Forestry Sector stakeholders on the EITI;
- The legislation of the Ghana EITI;
- Initiation of the production of 2012/2013 EITI Reports; and
- Capacity building and institutional strengthening

SUMMARY AND CONCLUSIONS OF THE GHANA EITI REGIONAL CONFERENCE HELD IN ACCRA FROM 27-28 SEPTEMBER, 2012

Nananom at the opening session of the conference.

The Ghana EITI Secretariat and the National Steering Committee organized the first regional conference at La Palm Royal Beach Hotel, Accra from 27-28 September, 2012. The conference was held on the 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 work of 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 implementing countries of the initiative in and outside Africa including a representative from the International EITI Secretariat.

The conference allowed for sharing experiences on the conduct of EITI processes, the gains, the challenges, the innovations, the maximization of opportunities and the prospects for the way forward.

The conference re-affirmed the principles associated with EITI including the need to leverage the considerable resources that mining and extractive industries provide for achieving sustainable and equitable development.

It also confirmed that citizens' participation is critical in ensuring transparency and improving accountability to bring about the desired development. That the desired transparency and sustainability can only be achieved with extensive disclosure of information disaggregated reporting and auditing the entire value chain.

The achievements of the EITI process for various countries are evident including wider information dissemination, legislative review or passage of relevant laws and citizens' effective participation in public decision-making and budgeting.

There are indications of the increasing recognition and importance of EITI in various countries and internationally.

Countries are doing more than the EITI requirements and have found innovative ways of promoting

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GHANA EITI REGIONAL CONFERENCE HELD IN ACCRA

Naa Prof. John Nabila, President of National House of Chiefs (Ghana) delivering his opening address to participants

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information dissemination on who is operating where, details of contracts, proceeds and payments;

The conference noted that the capacity to monitor funds flows by different stakeholders must be built for effective engagement.

It was observed that it is also not enough to just produce EITI reports but also to focus on the uptake of the recommendations.

Participants were exposed to various practices that had worked in various countries including:

- Sustained advocacy to stimulate strong political support including mainstreaming in national development agenda.
- Creative use of electronic communication and information technology to disseminate information widely.
- Establishment of disaggregated "portals" to analyze transparency in budgets, procurement, contracting and development assistance.
- Adaptation of information for different users including the visually impaired e.g. provision in Braille.

However, there were indications that a progressive strategy for moving forward after almost a decade of implementation of EITI was required. The considerations were as follows:

- There is the need for participating countries to consider the good practices from other countries for incorporation into their own practices.
- A more holistic approach to reporting on the entire extractive industries chain should be considered. For instance, requirements for project by project reporting; contract transparency and full disclosure of licence-holders and company directorships and ownership should be aimed at.
- Consistent efforts should be made towards promoting similar levels of transparency in contracting, operations and payments for all mining related and extractive industry activities to create value

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Mr. Franklin Ashiadey in a tete-a-tete with Mr. Enoch Cobbinah, Chair of the Ghana EITI

GHANA EITI REGIONAL CONFERENCE HELD IN ACCRA

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chains should be made by participating countries.

- New developments in donor countries and international markets such as in the European Union and the United States of America indicate that clearer and more disaggregated reportage is being required from firms listed in those countries' bourses. It is important that African and other developing countries are not overtaken by events and that they take advantage of this trend as well as the initiative to improve on data requirements and reporting in their own countries.
- Disclosure of budgetary information on how funds are used is useful at the sub-national level as well. Therefore, the use of natural resource fund flows in districts and municipalities requires attention. Follow-up to ensure that such funds are actually used as indicated and the desire for these to impact positively on the lives of the people should be planned and provided for.

❖ There is an urgent need for public advocacy for adequate resources to support EITI in participating countries. The messages that can strongly support this include the gains derived from EITI and the prospects for eliminating waste, corruption and inefficiencies. Development partners at the meeting indicated their willingness to assist in supporting initiatives that prove to foster transparency meaningfully and improve investment climates.

❖ Other advocacy issues are that EITI is mainstreamed into national development planning and budgeting efforts to strengthen the link between transparency, accountability and overall development. Indeed, legislative support for EITI to ensure that relevant information can be quickly accessed and logistical support for the process is assured should be a key advocacy objective.

(L-R) Dr. Manteaw, Co-chair of Ghana EITI, Dr. Maria Telkuelve, Head of Coorperation, Mr. Enoch Cobbinah, Chair of GHEITI, Hon. Alhassan Azong, Min. of State for Public Sector Reform, Naa Prof. Nabila, President of the National House of Chiefs, Dr. Francis Paris, International EITI Secretariat, Hon. Kwadwo Owusu-Agyemang, Deputy Minister of Lands & Natural Resources.

From this stage, there is the need to move on, not rest on our oars. Therefore the agenda for the way forward in the short term can include:

❖ The need to develop mechanisms to examine carefully the impact on the environment, livelihood, abuses and conflicts.

❖ Efforts to improve timely as well as comprehensive and disaggregated reporting.

❖ The involvement of more CSO actors in the Multi-Stakeholder Group (MSG) including more meaningful and adequate representation of traditional authorities, in particular and other identifiable representatives of the people.

❖ Resolving the tension between standardization in the kinds of information, assessment and analysis on the entire range of issues involved in mining and extractive industry investments and payments; versus maintaining sufficient flexibility to accommodate the different circumstances of countries and different players within them.

❖ The need for partnership between candidate and compliant countries to share experiences and collaborate on promoting transparency in extractive industries in the sub-region

❖ Addressing challenges with funding: apart from the advocacy intervention identified earlier, alternative ways of funding EITI process should be explored. Among

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GHANA EITI REGIONAL CONFERENCE HELD IN ACCRA

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others, increased assistance from the International Secretariat as well as from national government budgets and from the private sector should be vigorously pursued.

"Establishing a Regional Mechanism for Collaboration: Moving from Our Individual Efforts to a Regional Voice" was a major focus of the Conference. It emerged that:

- There is certainly the need to pull together individual country experiences around some agreed pillars for the way forward.
- As a basis for moving towards integration, the African Mining Vision 2050 of the African Union and the United Nations Economic Commission for Africa and the ECOWAS Mining Policy can be considered.
- The regional integration mechanism should provide an opportunity for the different participating countries to share what they have for the region's collective benefit.

(L-R) Mrs. Gifty Biyira Mahama, Director of Administration, Min. of Lands & Natural Resources and Mr. Bruce Banoeng Yakubu, Chief Director, Ministry of Lands & Natural Resources

- The Mechanism must take advantage of emerging information dissemination facilities particularly, electronic information-sharing as a starting point for strengthening collaboration.
- The reflections for the way forward arising from the different presentations shall provide an agenda for initial work on and by the Regional Mechanism for collaboration.
- The proposals made in the Conference Paper for a rapid start up should be explored further and adopted as a starting point by one or more countries.

The Conference concluded by reiterating that there is the need to pull together and optimises 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 value chain should be considered, including contract transparency and full disclosure of license-holders and company directorships and ownership.

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

GHEITI

GHANA'S SOLID MINERALS

Gold

Manganese

Limestone

Bauxite

Silver

Diamond

SUMMARY OF FINDINGS AND RECOMMENDATIONS OF THE SEMI-ANNUAL REPORT OF THE PUBLIC INTEREST AND ACCOUNTABILITY COMMITTEE (PIAC) JANUARY – JUNE, 2012

The Public Interest and Accountability Committee (PIAC), an additional public oversight in the management of Ghana's petroleum revenues released its maiden report in May 2012. The report covered the 2011 financial year, and followed with its second report, covering 2012 in January 2013. The reports were in fulfillment of the Committee's statutory obligations to publish semi-annual and annual reports by September 15 and March 15 each year. The purpose of the reports is to give an independent assessment of the management and use of petroleum revenues.

Key Findings

i. Monthly production declined from 2.11 million barrels in January to 1.77 million barrels in June. The average daily production during the period was 62,985 barrels of oil per day (bopd). This falls short of the 90,000 bopd used in the estimation of the Benchmark Revenue for the 2012 financial year.

ii. The share of crude oil production lifted by the Ghana Group from the Jubilee field was consistent with the sharing ratio of the fiscal regime governing the Jubilee field's operations. The proportion of crude oil lifted in the first half of 2012 was equivalent to 25.45% of production. This is about 7.5% higher than Ghana's share of petroleum produced during the period because it includes the shortfall of 649, 138 barrels from 2011 that spilled over into the liftings for 2012. *(See Key Finding iii of PIAC Annual Report for 2011).*

iii. In the first half of 2012 a total quantity of 2,989,367 barrels was exported by the Ghana Group with a net value of US$326,620,009.43.

iv. The total amount of US$327,172,427.15 reported by the Government as petroleum receipts in the first half of the year reflects the true state of affairs. This includes revenues from Jubilee operations, Saltpond operations and surface rentals.

v. The petroleum revenues received so far in the first half of the year indicate that expectations in respect of royalties and carried and participating interests have been reasonably met relative to their original forecasts. A little over 60% of the revenue targets have already been collected. It is quite likely that the revenue targets in respect of royalties and carried and participating interests will therefore be met at the current level of oil production. However, it is not likely that the year-end target of GH¢1,239.82 million will be met if corporate income taxes are not received during the period.

vi. Corporate taxes were not paid in the first half of the year in spite of the projected tax revenues expected from the oil companies.

vii. The selection of the priority sectors for spending the ABFA was guided by the Ghana Shared Growth and Development Agenda, a medium term development framework which puts greater emphasis on road infrastructure and agricultural modernization. The Minister therefore complied with sections 18(2) and 21(2) (d) of Act 815. However, this is still not aligned to a long-term national development plan, as stipulated by Act 815. This is due to the absence of such a plan.

viii. The provisions of Act 815 on the allocation of petroleum revenues have not been strictly followed. An amount of GH¢57,536,827 being excess petroleum revenue collected over the ABFA in the first half of the year and which should have been transferred to the Ghana Petroleum Funds in line with Section 23(1)(a) of Act 815 was not transferred. The excess revenues were allocated to the budget as part of the Annual Budget Funding Amount. This defers the investment incomes the funds could have generated for the Ghana Petroleum Funds if the transfers had been made in line with the law.

ix. In the first half of the year, the reported expenditure from petroleum revenues allocated for budget support was 29%. In spite

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PIAC SEMI-ANNUAL REPORT ON MANAGEMENT OF PETROLEUM REVENUES JANUARY – JUNE, 2012

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of this, funds that should have been transferred to the Ghana Petroleum Funds were allocated to support the budget instead.

x. The Investment Advisory Committee is in the final stage of the process to propose a set of investment guidelines and policies to the Minister for Finance and Economic Planning. The Committee engaged the services of a consultant with extensive experience to review their initial proposal to ensure that it conforms to international best practices. The Minister of Finance and Economic Planning (MoFEP) has been briefed by the same consultant and it is expected that the final document will be ready for adoption by 11th November, 2012.

xi. Not all the companies engaged in exploration and production of petroleum was reported to have paid Surface Rentals for the period. The Committee did not find evidence that the following companies had paid surface rental into the Petroleum Holding Fund: ENI Ghana, Oranto Petroleum International Limited, and Afren Energy Ghana Ltd.

Main Recommendations

i. The PIAC reiterated its recommendation in the Annual report published in May, 2012 regarding the methodology for determining the Benchmark Revenue. It is quite obvious that once again the inclusion of corporate taxes in the revenue for 2012, has led to an over estimation and a distortion in the amount of the petroleum funds available for appropriation.

ii. The Ministry of Finance and Economic Planning should ensure that all oil companies operating under license are made to pay their relevant surface rental charges into the Petroleum Holding Funds without further delay.

iii. The format of reporting on the petroleum receipts should apply to all petroleum transactions including the Saltpond oilfield.

Saltpond Offshore Producing Company Limited has provided this information to PIAC but in future reporting on petroleum receipts, Government must publish it in the same way as it does for the Jubilee oil field.

iv. As a result of the collateralization of the ABFA, Government must develop a plan for servicing its oil revenue-backed loans to ensure the security of the ABFA. It is important for value for money audit to be conducted on the projects funded from the ABFA-collateralized loans to ensure that the value of upfront petroleum revenues is not lost.

v. Investment guidelines for managing the Petroleum Funds as required by law should be adopted to provide limits on risk exposure and benchmark returns. This is important to ensure prudent investment of the Ghana Petroleum Funds. Parliament must decide on the Committee that should consider and lay the PIAC report of 2011 and subsequent reports for debate and adoption. This will ensure accountability of institutions that have mandates under the law.

vi. The Ministry of Finance and Economic Planning must consider utilising a dedicated account to receive the Annual Budget Funding Amount from the Bank of Ghana. This will ensure that allocations from this account can be tracked to give meaning to transparency and accountability.

PIAC was created by the Petroleum Revenue Management Act 2011 (Act 815) with a mandate to perform the following specific functions in the management of Ghana's petroleum revenues:

a. Monitoring and evaluating compliance with Act 815 by the Government and other relevant institutions in the management and use of petroleum revenues.
b. Providing a platform for public debate on spending prospects of petroleum revenues in line with development priorities.
c. Providing an independent assessment on the management and use of revenues.

GHANA EITI TO PARTICIPATE IN THE 6TH EITI GLOBAL CONFERENCE AND EXHIBITION IN SYDNEY, AUSTRALIA, 23-25TH MAY, 2013

The next biennial is expected to adopt an improved EITI Standard. This will be a significant moment in the: it will bring the EITI many steps further towards realizing the aspirations that werefirst laid down in the EITI Principles.

Over the past years, EITI stakeholders have worked on a revised EITI standard. There is now an agreement on the changes that will ensure higher quality, simpler implementation and use of the EITI as a platform for wider reforms. Although there are some issues that have not been resolved, the EITI Board has come close to an agreement in principle on a wide range of proposals. The Conference will therefore focus on strengthening the impact of the EITI, including revising the standard.

The Conference will be another milestone in the evolution of the EITI. With 36 countries now implementing the initiative, and the United States and several others preparing to do so, the EITI is making strides in establishing itself as a global standard. For the second time the Conference will feature a national Exhibition where representatives from implementing countries are invited to present and share stories of EITI implementation, unique to their respective countries. Ghana will for the second time mount a stand to show case the many successes chalked since the inception of the EITI.

The Conference will be another milestone in the evolution of EITI. With 36 countries now implementing the initiative, and the United States and several others preparing to do so, the EITI is making strides in establishing itself as a global standard.

The aim of the exhibition is to highlight the fact that although the EITI is a global standard, the way it is implemented varies considerably in each of the 36 EITI implementing countries. It is therefore to reflect that it is the stakeholders in each implementing country who determine their EITI methodology. At the Conference, stakeholders from across the world will have an opportunity to experience the initiative through 36 different lenses and gain a better understanding of the flexibility of the EITI methodology in terms of adaptation to local context and circumstances.

At the exhibition, implementing countries will mount their respective stands during the two day conference at which they are encouraged to display key features of the EITI process in their countries. This could include but not limited to: EITI reports, key features of EITI dissemination campaigns: Ads, broadcasts (radio/TV), interviews, photos, print media, published articles and road shows. Countries are encouraged to showcase National Logos and any promotional items that have been produced, relevant maps and statistics, case studies of particular EITI events in the country. For example specific stories, an overview and explanation of the governance structure and the Multi-stakeholder Group.

The year 2014 will mark ten years since the first EITI Conference, where the EITI principles were agreed upon. These principles state that wealth from a country's natural resources should benefit all its citizens and that this will require high standards of transparency and accountability. Together we are taking steps towards ensuring that natural resource wealth leads to development."

ENVIRONMENT AND NATURAL RESOURCES GOVERNANCE PROGRAMME FIFTH ANNUAL ENVIRONMENT AND NATURAL RESOURCES SUMMIT, SUNYANI, GHANA 4TH OCTOBER 2012

STATEMENTS AND CONCLUSIONS

The 5th annual summit of the Environment & Natural Resources (ENR) sector took place at the Eusbett Hotel, Sunyani , Brong Ahafo Region, from 30th September to 4th October 2012. The summit, which was instituted five years ago, was the last within the first phase of NREG I. The overall goal of the summit was to provide a platform to improve the harmonization, formulation and implementation of ENR policies. It also afforded the ENR sectors and its stakeholders the opportunity to take stock of, and review strategies and achievements of the different sub-sectors and give an outlook for the coming year. The theme for the 2012 ENR summit was ***'Illegal Mining and Our Environment'***.

Hon. Mike Allen Hamah, Minister of Lands and Natural Resources delivering his statement.

The summit received a high-level statement from H.E the President of the Republic of Ghana which was read by Hon. Sherry Ayittey, Minister of Environment, Science and Technology,. In his statement, the President alluded to the burgeoning investment opportunities that existed within the ENR sectors and urged all to take advantage of it. He however cautioned that investments in the ENR sectors must promote sustainable development rather than contribute to maintaining the status quo. He stated that without ensuring environmental integrity in investments in the sector, the cost of environmental degradation is likely to accentuate from the current provisional estimates of 3.7% for the year 2010. He however, commended the strides made by the ENR sectors since the inception of the NREG programme 5 years ago in areas such as capacity building, review of Minerals and Mining Act and the passage of its subsidiary legislations, performing Strategic Environmental Assessment (SEA) on mining activities, ecotourism investments and urged that the lessons learnt should guide the designing of NREG 2.

In his statement by Hon. Mike Allen Hamah, Minister of Lands and Natural Resources, expressed concerns about the lack of enforcement in curbing the activities of illegal mining. He particularly intimated the inability of the police to successfully prosecute illegal mining cases before the courts as one of the weakest links in combating activities of illegal mining in Ghana. He challenged participants to take a critical look at the legal framework and make practical recommendations on the way forward. He made reference to the nuances of the application of section

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ENR SUMMIT 2012

Hon. Mike Hammah, Hon. Acquinas Quansah and Hon. Sherry Ayitey at the forum.

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145 of the criminal offences procedure (1960) Act 30 which vests the power of restitution of confiscated assets into the judges. On forestry, the Minister made mention of steps being carried out to curb illegal forestry activities like the Voluntary Partnership Agreement (VPA). He spoke of the revised Forest and Wildlife Policy, which focuses on promoting non-consumptive value of the forest like ecotourism, biodiversity conservation and watershed management. He expressed confidence and hope that the 2012 summit will thoroughly discuss the critical issues of natural resource depletion and environmental degradation particularly. He added that the issue of illegal mining also known as "galamsey" which has gained so much prominence as a result of the influx of some foreigners in the illicit vocation and hence a major source of worry to all Ghanaians will not be an exception. He implored the media to assist in creating awareness about the impact on the environment, especially by the menace of illegal mining.

His Excellency, the Ambassador of the Royal Dutch Embassy delivered a statement on the progress of NREG since its inception five years ago for which the Royal Dutch Embassy was the sector lead. He further called upon the Government of Ghana to improve upon its coordinating role in the NREG process in order to ensure that the right mix of programmes in the ENR is realised rather yielding a disjointed outcome. He wished the EU success in its new role as the lead sector under NREG 2. He reemphasized that the investments in the NREG initiative must produce more concrete results and that would be the surest way to demonstrate success. He indicated that the achievements of NREG over the past four years leave much to be desired and therefore encouraged actors to take a cue from this in designing NREG 2. Concluding, he noted that the EU had contributed 180M Euro of towards the provision of urban water supply in Accra and other areas. He further remarked that the protection of the Atiwa Range which is a major watershed is important towards the realization of this goal and hoped that the summit would arrive at a decision on the practical approach to adopt in dealing with illegal mining.

In a speech read on his behalf by Mr. Bart Missinne, Mr. Claude Maerten who is the head of delegation of the expressed concern about the inability of Ghana to take advantage of its impressive legal framework to effectively combat environmental degradation. Nonetheless, he congratulated the various institutions for their efforts to help address various

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ENR SUMMIT 2012

(L-R) Mr. Bart Missinne and Mr. Franklin Ashiadey, National Coordinator, GHEITI

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environmental and natural resources problems in Ghana amidst myriad challenges. He also expressed his disappointment in what he described as little results to show for the enormous support developing partners (DPs) have provided to ENR activities. He explained that the situation has discouraged DPs from providing further support; leaving the EU and the World Bank as the only DPs supporting ENR activities. Another concern he raised was the diverse priorities of the various DPs. He called on government to outline its priorities first and call on the DPs to align their programmes with the set priorities.

The Brong Ahafo Regional Minister, who hosted the summit, had his welcome statement read on his behalf by the Deputy Regional Coordinating Director. In his statement he bemoaned the growing menace of illegal mining in the region and its consequences thereof to the environment and economic development. He particularly mentioned the resultant level of pollution in River Tano and called for stringent enforcement of the country's laws. With regard to the issue of illegal mining in the region, he indicated that the Assembly was collaborating with the security agencies to help deal with the situation. He was however hopeful that new ideas will emanate from the summit which will help deal with the galamsey threat.

In their statement the CSOs acknowledged some achievements and progress being made in the NRE sector and called for further policy actions to address a number of specific issues relating to mining, forestry, oil & gas, water, fisheries, land, environment and climate change. They also called for a road map and action plan for the participatory design of the next phase of the NREG Programme and that the NREG 2 should include a dedicated support mechanism for CSOs' coordinated engagements in the NRE sector. The statement also indicated that CSOs have institutionalized their own annual review of the NRE sector as a coordinated input to the Government-led Annual ENR Summits. A communiqué on the outcome of CSOs' annual NRE sector review forum was also presented to the Minister of Lands and Natural Resources; Minister of Environment, Science and Technology, and the Development Partners.

2011 ENR Key Achievements

The summit reviewed the progress reports and achievements in 2012 as presented by the ENR sectors as well as the outlook for 2013. The following were reported as key achievements from the sector:

Forestry

❖ In 2012, the Forestry Sector in pursuance of the GSGDA (2010-2013) Policy Objectives reported of various major achievements as follows:

- In order to curb the illegal logging and mining problem, the sector established the Rapid Response Unit for law enforcement and deployed three out of eight trained teams to take care of the rampant illegal activities in the Sefwi Wiawso District of the Western Region. Also, preparations to roll-out the Legality Assurance System under the FLEGT/VPA program continued with the passage of the Timber Resources (Legality Licensing) Regulations, 2012-LI 2184 which came into force on 24th July, 2012; negotiations were also advanced for the setting up of the Wood Tracking System (WTS) to track legality

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ENR SUMMIT 2012

Cross section of participants contributing at the workshop summit

of wood products.

- Draft Public Wood Procurement and Domestic Wood Supply Policies developed.
- Notwithstanding the erratic early rains and irregular release of funds the National Plantation Development Programme was reported to have planted 3,698 ha as at August 2012 out of the yearly target of 10,000 ha.
- Draft Plantation Strategy spanning 2040 was prepared.
- In order to close the domestic wood demand-supply gap, the Government of Ghana through the Ministry of Lands and Natural Resources (MLNR) is in active engagement with their counterparts from Cameroon for the supply of logs to the industry. Modalities for the log importation are under discussion.
- The sector continued to engage the private sector towards maintaining and enhancing the protected area system through the development of ecotourism facilities. As a result discussions on concession agreements were finalized and signed for the development of tourists' facilities including ecolodges, tented camps, zip lines, water rafting, etc within Mole, Kakum, Ankasa and Shai Hills Conservation Areas. Similar discussions on the Sakumono Ramsar Site are also ongoing.
- Under the climate change mitigation initiatives; the sector organized implementation modalities for the take-off of REDD+ pilots to learn lessons for scaling up under the upcoming Forest Investment Program (FIP). Two GIS and photogrammetry laboratories funded under the Forest Preservation Program have been set up in Kumasi and Accra. These laboratories will serve to analyse already gathered aerial and field data towards establishing a Monitoring, Reporting and Verification (MRV) system and to set up the reference scenario required for accessing carbon funds.

Mines

Achievements under the mining sub-sector were outlined under key strategies as follows:

- Facilitated the passage of five minerals and mining regulations under the Minerals and Mining Act, (2006) Act 703.
- Accelerated the formulation and finalization of the Draft National Minerals and Mining Policy. It was also reported that climate change had been included in the policy and that the policy has being subjected to Strategic Environmental Assessment (SEA) with the help of the EPA.
- Ensured inter-agency collaboration on issues involving environmental management in the mining industry. This includes the development of an environmental and mining matrix based on the Mining Sector Support Programme (MSSP) SEA/EIA report.
- Strengthened stakeholder collaboration in the management of mineral resources specifically, the holding of the maiden national mining forum. A strategic meeting has been held and an action plan for identified challenges is being drawn up.
- Improvement of support to Small-Scale Mining (SSM) to help address the illegal mining challenge. It was reported that over 77 mining sites have been designated to SSM. Geological exploration on 7 of these areas to prove their viability for SSM is ongoing. The development of a Strategic Framework to improve upon SSM activities through the promotion and establishment of alternative livelihood projects as well as education and awareness creation

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ENR SUMMIT 2012

Hon. Sherry Ayitey (left) explaining a point to Dr. Nicholas Iddi of the Ministry of Environment, Science and Technology

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is in progress. Other achievements include the establishment of two new Mining District Offices in Wa and Konongo to bring technical services closer to SSMs, establishment of task force in 5 Regions: Eastern, Greater Accra, Ashanti, Western and Central Regions. The formation of 2 district mining committees and formation of SSM associations.

- Comprehensive subsidiary legislation on local content provisions in Act 703 has been passed. Training and recruitment of Ghanaian staff in mining companies and the procurement of local goods and services to the maximum extent possible are critical aspects of the legislation. A comprehensive database on goods and services required by the mining companies is at an advanced stage of compilation.
- Developed multi-agency approach to enhance resource management and the environment. Under this, a multi-agency mineral revenue task force has been formed.
- Reduced dependency on traditional minerals through diversification. Under this, there has been the provision of enormous geo-scientific data from recent airborne geophysical and geological surveys. This has led to the discovery of new mineral occurrences such as Copper, Zinc and Chrome in the country.
- Baseline data on social conflicts in mining communities has been established and conflict-monitoring tools have been designed to track social conflicts and also provide early warning signals for social conflicts. Sensitizing mining companies on guidelines for CSR programmes in mining communities is ongoing.
- Monitored exploration and mining activities to ensure compliance with agreements and permits. Achievements include intensified monitoring visits to mining sites.
- Promoted investment into mining and allied sectors. Achievements include preparation of packaged information for investment promotion.

Environment

The sub-sector informed the summit about the following achievements:

- Built capacity of the 170 District Assemblies (Das) to enable them mainstream the environment into their Medium Term Development Plans.
- Organised training programmes for key sectors in the oil &gas industry, training on land use planning for Northern Sector beneficiaries of the Strategic Land Management and key stakeholders in EIA, SEA, Chemicals and Pesticides Control Management and Environmental Management Plans.
- Calculated the cost of environmental degradation (CoED) in Ghana under three indicators - CoED in Ghana Cedis, CoED as a percentage of GDP and CoED in constant prices - has been conducted and submitted to Ghana Statistical Services (GSS) for validation.
- Conducted massive nationwide environmental education on noise, air quality, chemical use, climate change, waste management particularly plastic waste, E-waste and Telecommunication Masts. Ninety three (93) schools have also been educated on various environmental issues leading to the establishment of environmental clubs in the schools.
- Developed online system for submitting applications and

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ENR SUMMIT 2012

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checking status of environmental assessment and audit.

- Implemented sustainable action plan and has inaugurated Cleaner Production centre at the Accra East Regional Office Tema.
- Developed and implementing sustainable public procurement in collaboration with the Public Procurement Authority.
- The focus of EPA's strategic plan is on environmental governance and management in Ghana, and will support the implementation of the National Environmental Policy.
- Extended the "Akoben" Public Disclosure to cover manufacturing industries to ensure improvement in environmental reporting and compliance.

Outlook for 2013 ENR Actions

A number of ENR sector activities, which were earmarked for the year 2013 have been provided below.

Forestry

- The Forestry Sub-sector outlined the following priority activities for the year 2013:
- Initiate implementation of the approved Forest and Wildlife Policy.
- Deploy the remaining five teams of the Rapid Response Unit (RRU) to other hot spots and provide adequate logistics to enable them to operate effectively.
- Implement VPA/Legality Assurance System (LAS) to operationalize the Wood Tracking System.
- Implement the Public Wood Procurement Policy.
- Implement the Domestic Wood Supply Policy options.
- Retool industry and promote value addition.
- Conduct stakeholder consultations on proposed Plantation Strategy and seek Government's approval for its implementation.
- Under the National Plantation Development Program, plant 10,000 ha; maintain 68,000 ha old stands; coppice-manage 2,800ha of harvested area; carry out enrichment planting of 500ha of degraded areas and complete validation of check-survey of 2011/12 plantation sites.
- Facilitate implementation of signed ecotourism concession agreements.
- Under Climate Change Mitigation, facilitate formulation of National REDD+ Strategy; implement REDD+ pilots; design and Implement MRV; determine Reference Scenario and facilitate approval and implementation of the Forest Investment Program (FIP)
- Facilitate the adoption of a framework for tree-on-farm tenure and carbon rights.

His Excellency, the Ambassador of the Royal Dutch Embassy, addressing the summit

Mines

The actions points for the sub-sector are presented as follows:

- Continue to promote the sustainable management of Ghana's mineral resources through effective collaboration with all stakeholders:
- Develop and finalise an ASM strategic framework through incorporation of recommendations from the Poverty and Social Impact Analysis (PSIA) and ?the implementation of a comprehensive framework to improve small-scale mining.
- Accelerate Formulation & Approval of the Draft National Minerals & Mining Policy.
- Ensure passage of the Mineral Development Bill, to address concerns of stakeholders.
- Continue implementation of Action Plan of Multi-Agency

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ENR SUMMIT 2012

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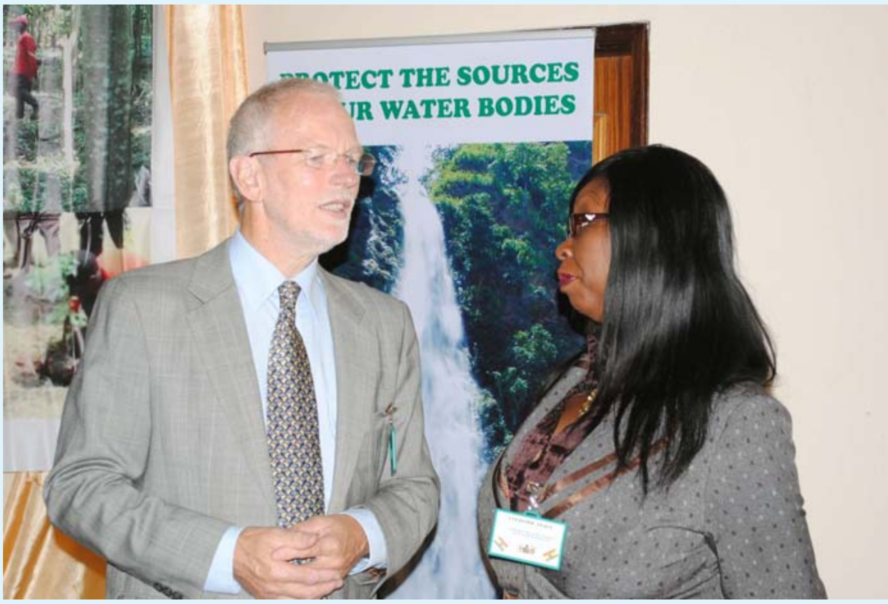
Mining Revenue Taskforce to improve mining sector contribution to Government revenue.

- Implement Alternative Livelihood Projects in mining communities.
- Conduct geological investigation to prove areas for small-scale mining.
- Create and ensure functional District Mining Committees to assist in the local management of small-scale mining issues in accordance with provisions of the Minerals and Mining Act, 2006, Act 703.
- Continue countrywide sensitization programmes on the new Minerals and Mining Regulations.
- Strengthen the sensitization drive on illegal mining with the active involvement of the National Association of Small-Scale Miners, Traditional Authorities and Security Agencies, among others.
- Promote of investment into production of salt and base metals to increase diversification of the mineral production base.
- Improve local content in the mining industry as well as ensuring the implementation of Corporate Social Responsibility (CSR) guidelines to prevent lopsided development in mining communities.
- Enforce the compliance of industry operators with Policies, Laws and Legislations.

Environment

The outlook for 2013 and beyond for the environment sectors are outlined as follows:

- Sustainable development action plan - continue strengthening the Cleaner Production Center and waste management.
- Complete strategic Environmental Assessment for the mining sector, the renewable energy policy, AIDs policy and SEA legislation by 2013.
- Conduct performance rating of the medium term development plans on mainstreaming of the environment for the District Assemblies.
- Fully implement the online registration of Environmental Impact Assessment (EIA) by 2013.
- Develop a comprehensive guideline for oil & gas inspectors as well as comprehensive monitoring regime (Including operationalization of the hydrocarbon laboratory in Sekondi and develop regional oil spill response plans.
- Establish national road map for the implementation of the System of Integrated Environmental and Economic Accounting framework (SEEA) under National Natural Capital Accounting by the end of 2013.
- Establish a development-relevant monitoring and disclosure system (DMDS) for all climate change initiatives.
- Develop national framework for implementation of Nationally Appropriate Mitigation Actions (NAMAs) by the close of 2013.
- Continue with the Third National Communication under the UNFCCC which is the main international report mechanism on climate change.
- Undertake finalization and presentation of the National Climate Change Policy to cabinet for approval and prepare sector strategies for 2013 and beyond.
- Estimate the 2012 cost of environmental degradation by end of 2013. For 2013 and beyond, the estimation of the provisional estimation of the cost of environmental degradation for the year 2011 will be validated.
- Create awareness and public education on environmental pollution including noise



(L-R) Dr. Ton Vander Zon, NREG DP Sector Lead and Christina Asare, DPA

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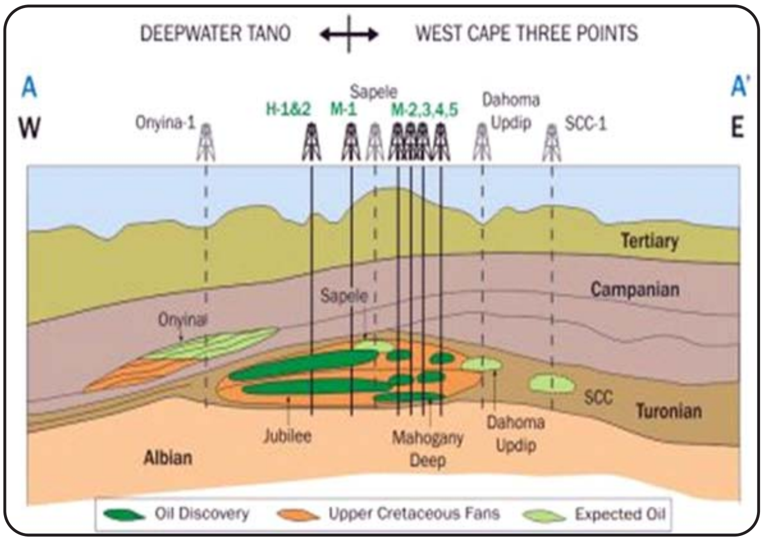
minimization as well as waste management and sanitation.

- Review the national biodiversity strategy and action plan, complete stakeholder consultation and make the plan available for cabinet approval by the end of 2013.
- The sector will establish a division to prosecute offenders under its compliance and enforcement actions by the end of 2013. Prosecutors will be trained at the national, regional and district level for the year 2013 and beyond.

Dr. Ton Vander Zon, addressing the summit

Conclusions

The summit was well attended and was able to elicit specific actions that are sufficient for combating the activities of illegal mining as well as addressing various activities which have been earmarked by the ENR sector groups for implementation in the coming year. The summit encouraged the ENR sector institutions to implement their various activities that have been identified to the extent possible, and report on their progress in the coming years. The importance of widening stakeholder participation in the overall natural resource governance framework was reiterated by the summit. It was recommended that the three ENR sectors see to the active involvement of CSOs in their respective activities. The CSOs acknowledged the commitments the EU has made to continue with the NREG phase 2 and urged other DPs to come on board since the NREG process has facilitated greater natural resource governance and service delivery over the last 5 years as regards the transparency in decision making, efficiency, revenue mobilization, improved public participation etc. The summit encouraged that the roadmap for developing the NREG phase 2 be participatory to include the engagement of civil society.


DEEPWATER TANO
WEST CAPE THREE POINTS
A
W
A'
E
Onyina-1
H-1&2
M-1
Sapele
M-2,3,4,5
Dahoma Updip
SCC-1
Tertiary
Campanian
Sapele
Onyina
SCC
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Jubilee
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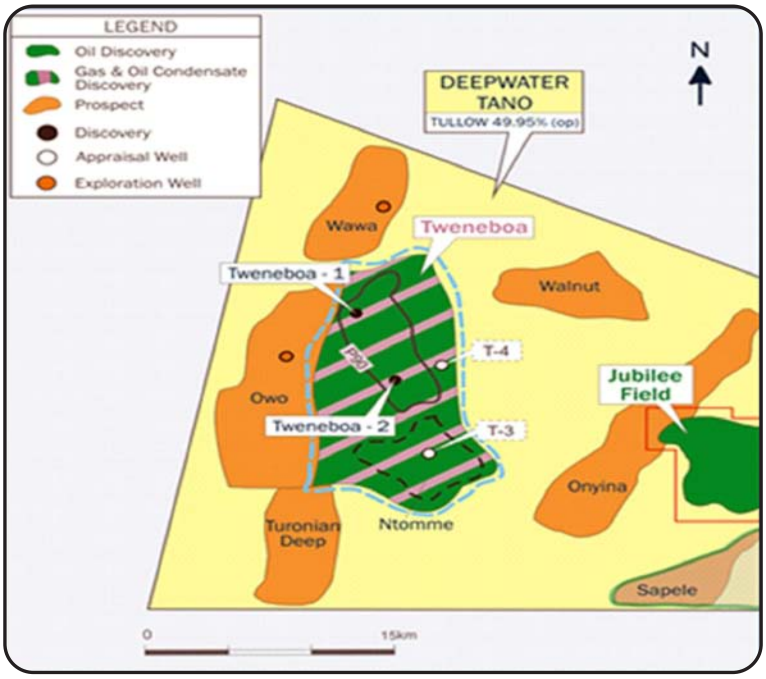
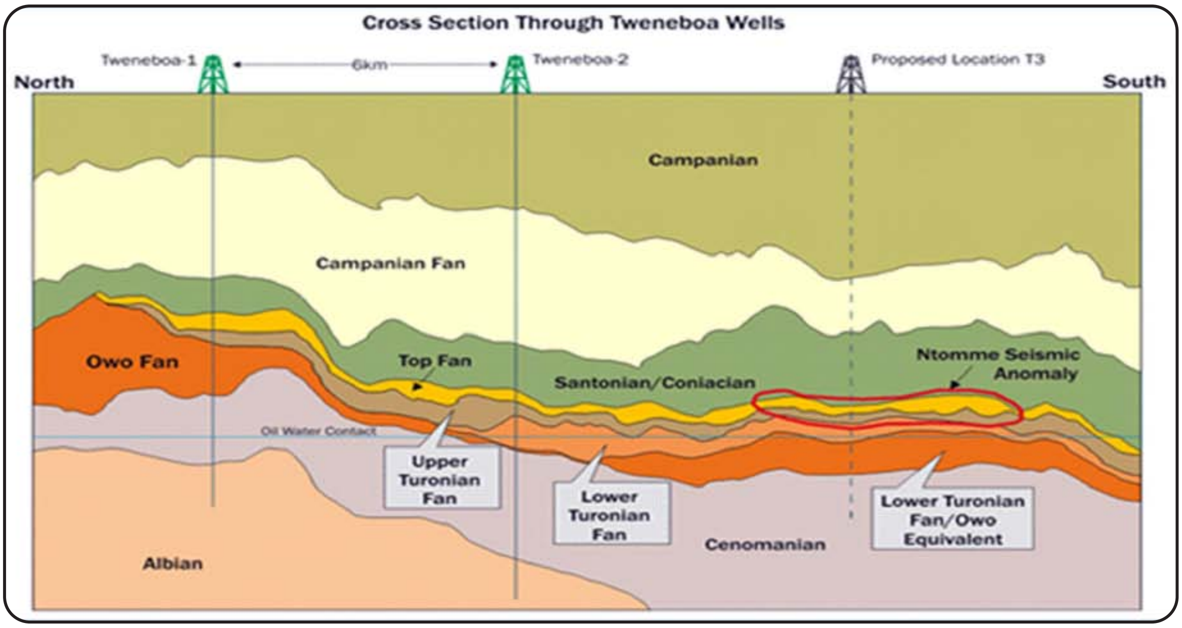
Albian
Oil Discovery
Upper Cretaceous Fans
Expected Oil


LEGEND
Oil Discovery
Gas & Oil Condensate Discovery
Prospect
Discovery
Appraisal Well
Exploration Well
N
DEEPWATER TANO
TULLOW 49.95% (op)
Wawa
Tweneboa
Tweneboa - 1
Walnut
T-4
Owo
Jubilee Field
Tweneboa - 2
T-3
Onyina
Turonian Deep
Ntomme
Sapele
0
15km


Cross Section Through Tweneboa Wells
Tweneboa-1
6km
Tweneboa-2
Proposed Location T3
North
South
Campanian
Campanian Fan
Owo Fan
Top Fan
Santonian/Coniacian
Ntomme Seismic Anomaly
Oil Water Contact
Upper Turonian Fan
Lower Turonian Fan
Lower Turonian Fan/Owo Equivalent
Cenomanian
Albian

GHEITI Newsletter VOL. 6 - MAY, 2013

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