Presentation by GHEITI

Webinar on EITI and Energy transition

Thursday, 1st December 2022
OUTLINE OF PRESENTATION

01 Planning: Early MSG discussions about the Energy transition and inclusion in Workplans, why and how?

02 Pilot report: What role did the MSG play in terms of oversight. What was the objective, main findings and recommendations from the report?

03 Stakeholder engagement: What were the main highlights and outcomes from the national dialogue on the report?

04 Next steps: What are GHEITI’s plans to engage further on ET

05 How does this project relate to other ongoing work by GHEITI to support subnational entities?
Planning: Early MSG discussions about the Energy transition and inclusion in Workplans, why and how?

- Incorporating energy transition (ET) considerations into EITI reporting and dialogue
  
  Erica Westenberg  
  Ghana EITI Energy Transition Seminar

- Energy transition, revenue resilience and investment strategies in new producer countries

  Patrick Heller  
  Ghana EITI National Energy Transition Training  
  November 18, 2020

- ENERGY TRANSITION & IMPLICATION FOR GHANA’S OIL INDUSTRY

  Nafi Chinery & Denis Gyeyir  
  Energy Transition Dialogue for Civil Society and Media  
  25th May 2021
Planning: Early MSG discussions about the Energy transition and inclusion in Workplans, why and how?

Introduction – Three Key Messages By NRGI Ghana

• 1. Ghana hardly contributed to climate change, but climate change and the energy transition will affect Ghanaians in any case.
• 2. The energy transition is a substantial risk for Ghana (and a benefit), but actions by the government could make it worse.
• 3. There is still time to position Ghana to emerge from the energy transition more prosperous than before.
Introduction

Continued

Planning: Early MSG discussions about the Energy transition and inclusion in Workplans, why and how?

EITI, energy transition and opportunities for Ghana—MSG workshop

Energy Transition

- Global energy sector’s shift from fossil-based systems of energy production (e.g. oil and coal) and consumption — including— to renewable energy sources.
- The world’s energy future is being shaped by the dual challenge of climate change and growing demand for energy.
- Covid-19 and other factors resulted in depressed demand for oil with prices reaching record lows.
- IEA estimated that key oil producing countries, including Iraq, Nigeria and Angola, would likely see a drop in their net income for 2020 of 50%-85% compared with 2019.
- Impact on revenues, timing of projects and investments among others.
- New and current producers may need to consider implications of the energy transition on their extractive sectors.
Energy transition and inclusion in the GHEITI workplans, why and how?

- GHEITI included ET activities in 2022 workplan
- To position GHEITI to contribute to the national policy debates and discussions on ET issues in Ghana as part of Ghana’s transition to green economy.
- Specific activities included:
  - Study on Energy Transition and Critical Minerals (ET&CM) in Ghana: Diversification Opportunities and Governance Challenges
  - Energy Transition and Local Engagement.
Role of the MSG, objectives, main findings and recommendations from the pilot report on ET & CM

**MSG Role**

- Supported the consultant in terms of facilitating data collection, technical reviews and providing feedback and engagements with stakeholders to discuss the findings and recommendations of the report.

**Objective of the Study**

This report maps the critical (transition) minerals in Ghana and the associated socio-economic opportunities and governance challenges. The objective of the report is to assist policymakers and stakeholders in understanding the risks and opportunities associated with the energy transition and access the information required to navigate them.

**Main Findings**

- Scope of proven critical minerals in Ghana, including the volumes identified

- Review of the existing legal and regulatory regime guiding the mining sub-sector with particular emphasis on critical minerals is critical

- Potential fiscal, social and environmental risks and opportunities based on the resource mapping assessment.
Role of the MSG, objectives, main findings and recommendations from the pilot report on ET & CM

Way forward and recommendations

• GHEITI, together with other stakeholders, must advocate for the preparation of a national energy transition strategy that recognises the role of critical minerals in Ghana and costed action-based plans to allow the country to participate in capturing more of the global value chains fully.

• The Minerals and Mining Act, which is currently under review, offers opportunities to ensure alignment with the country’s energy and climate goals.

• The central government, EPA, Minerals Commission, GHEITI and other stakeholders must ensure that the environmental governance risks with new mines and refineries are fully considered.

• There is a need for the central government to consider upgrading the Minerals Commission to a Minerals Authority to give it a bigger operational mandate.

• There is a strong imperative for more institutional collaboration, especially among GIISDEC, GIADEC, Minerals Commission, GSA and MIIF in critical minerals and alignment of industrial policy and industrial sector support programme (ISSP) to developing and optimising value chains — synergies between mining and industrial policies.
Role of the MSG, objectives, main findings and recommendations from the pilot report on ET & CM

Way forward and recommendations

- Ghana must review the underlying fiscal regime for critical minerals as several elements of the prevailing mineral fiscal regime are inflexible and could hinder capturing enough value for the state. In this regard, Ghana could consider the following:
  - Consider whether the level of government equity at 10% is adequate in capturing potential value in the sector and balancing this with attractive investment.
  - Review role of MIIF in the mining value chain:
  - Consider whether tax and other incentives would be appropriate to attract investment:
  - GHEITI and other stakeholders must advocate for adequate financial resources to fund and revamp the country’s geological potential, especially concerning critical minerals.
  - GHEITI could own the gap in the policy brokerage space on energy transition and critical minerals in Ghana and provide the thought leadership required on these issues.
  - The Minerals Commission and other State institutions should consider broadening their transparency and accountability efforts, including disclosing contracts, beneficial ownership, and resource-backed loans for new contracts involving critical minerals.
Main highlights and outcomes from the national dialogue on the report

- It was agreed that, there is a new race towards acquisition of renewable energy technology.
- That Ghana should not be left behind in this new race.
- The race is likely to lead to the intensification of mining.
- There’s therefore the need to ensure that that, adequate environmental safeguards are in place, during the new onslaught.
- The need for Ghana to adopt policies that encourage beneficiation of its green minerals was acknowledged;
- GIADEC and GIISDEC were seen as great steps in that direction, however questions were raised about the continued export of manganese, since it would be needed for the country’s proposed steel industry.
- The abundance of silica sand in the country’s Western Region provide opportunities for solar panel production and off-grid solar power solutions, especially for rural communities.
Next Steps: GHEITI’s plans to engage further on ET

- Following the launch of the report of the ET & CM report, GHEITI intends to engage further the various stakeholders, Government, industry and civil society to seek practical ways on how Government can implement the policy recommendations in the report.

- Again, GHEITI is planning to collaborate with the International Secretariat to do further work on ET and Local Community Engagement in the Oil and Gas enclave in the Western Region of Ghana.

- These engagements are scheduled for 5th to 8th December, 2022. The outcome of these engagements will feed into future GHEITI reporting processes.
How Does the Project Relate to Other Ongoing Work by GHEITI to Support Subnational Entities?

- The relationship between the ET & CM report and the ongoing work by GHEITI to support subnational entities is that the former focused on ET and national Entities or institutions and global perspectives and how the country and industry can position themselves to take advantage of the opportunities and risks of critical minerals in the wake of energy transition.

- The other project seeks to build the capacity of local communities and key stakeholders on energy transition and its impact on the said communities and their livelihoods especially current and future opportunities and risks.
Conclusion

- ET despite varied views among different stakeholders around the globe as to when it will eventually happen, it is real. Countries will therefore need to put in appropriate strategies or policies to deal with the phenomena. GHEITI will on its part continue to contribute its quota towards advocacy and engagements on this subject matter through appropriate platforms and its reporting process.
THANK YOU