

2013 FINAL ANNUAL REPORT



GHANA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (GHEITI)

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List of Abbreviations/Acronyms

ASM	Artisanal and Small Scale Mining
CSOs	Civil Society Organizations
EITI	Extractive Industries Transparency Initiative
GHEITI	Ghana Extractive Industries Transparency Initiative
GRA	Ghana Revenue Authority
GIZ	German Development Cooperation
IT	Information Technology
MoF	Ministry of Finance
MSG	Multi-Stakeholder Group
MMDCEs	Metropolitan, Municipal and District Chief Executives
NSC	National Steering Committee
PIAC	Public Interest and Accountability Committee
PRM	Petroleum Revenue Management

Foreword by the GHEITI Chairman (Chief Director of MoF)

I am pleased to present the 2013 Annual Report for the Ghana Extractive Industries Transparency Initiative (GHEITI). This report provides a summary of the many activities carried out by members of the National Steering Committee (NSC) and the GHEITI Secretariat for the period January – December 2013. It also provides a brief background on the Ghana EITI process, the significant successes chalked during the year, challenges and outlook for 2014.

The Extractive Industry Transparency initiative has become an important platform for change. As the global minimum standard for disclosure, it uniquely combines transparency in the form of EITI reporting with accountability through the multi-stakeholder group. It has been widely acknowledged that EITI objectives are best achieved when EITI is integrated into a process of broader sector reforms and national development objectives. The Ghana EITI process is built on a very strong national ownership. Ghana is using the EITI implementation as a platform for broader efforts to strengthen governance in the extractive sectors including greater transparency in monitoring how revenues from the sector are being managed by government.

This annual report reflects the scope, content and quality of the work of the Ghana EITI in 2013 and further shows how fostering understanding and partnership between government on one hand, Civil Society and Companies on the other, can produce good results. The trust is what has given the Ghana EITI the purpose and momentum over the years. The momentum will be sustained as we mark our journey to the year 2014 in order to inspire fresh advances for the future particularly as we prepare to extend the EITI to the forestry sector.

On this note, I thank all the NSC members and the GHEITI Secretariat for a wonderful job done for 2013 and we look forward to a brighter 2014.

Major (Rtd) Mahama S. Tara, Chief Director/Chairman, Ghana EITI

1.0 INTRODUCTION

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

Extractive resources offer the potential to generate significant financial benefits and help countries fuel their economic growth and development, employment, business opportunities, and incomes, ultimately leading to a better life for citizens of those countries through sustained poverty reduction and inclusive growth. Leveraging these extractive resources for such beneficial outcomes requires transparency and accountability in governance.

Realizing the importance of reducing poverty in the country through efficient collection and utilisation of revenues from the natural resources sector, Ghana signed-on to the EITI in 2013 to implement the initiative in the mining industry and later extended it to the oil and gas sector in 2010.

The Ghana version of the initiative is called the Ghana Extractive Industries Transparency Initiative (GHEITI). A twenty (20) member National Steering Committee (NSC) made up of representatives from government, mining, oil and gas companies, Civil Society Organizations exercise oversight responsibility over the activities of the initiative.

The specific objectives of the Ghana EITI are to:

- Enhance the demand-side of social accountability by providing public insight into revenues derived from the exploitation of the country's mineral and oil and gas resources;
- Create a platform for public debate on the spending efficiency of extractive sector revenues; identify gaps and weaknesses in resource revenue management and make recommendations to prevent revenue leakage;
- Enhance the communication efficiency of GHEITI and ensure that mineral revenue and expenditure information are provided in a timely manner, and in an accessible and comprehensible format;
- Guarantee the sustainability of Ghana's EITI by backing it with legislation

A set of activities are implemented each year towards the realization of EITI's objectives as set out in the GHEITI annual work plan.

2. GENERAL ASSESSMENT OF 2013 PERFORMANCE

Through the variety of activities undertaken per the 2013 work plan, the Ghana EITI has created and pursued more ambitious and productive programs and, consequently, engaged most of its key stakeholders such as the CSOs, companies, the media, members of Parliament and host community in the mining and oil and gas enclaves of the country more than ever before.

The activities undertaken in 2013 by the Ghana EITI Secretariat in collaboration with the National Steering Committee (NSC) included the following:

- 2013 New Year Retreat for GHEITI NSC members
- Workshop to validate the 2010/2011 GHEITI audit reports for the mining, oil and gas sectors;
- Launch of GHEITI 2010/2011 audit report for mining, oil and gas;
- GHEITI dissemination and sensitisation workshops for various stakeholders;
- GHEITI community forum;
- Engagement with the Exploration and Production (E&P) Forum (Ghana's oil and gas industry lobby);
- Stakeholder engagement on extending the scope of GHEITI to the forestry sector;
- GHEITI meetings with international delegations;
- Publication of GHEITI newsletters;
- Participation in the 6th EITI Global Conference in Sydney, Australia;
- Capacity building Programmes;
- Forum to provide update on the implementation of IT solution for EITI reporting;
- Forum to provide update on the implementation of the findings and recommendations of the 2010/2011 EITI Reports;
- Meeting to provide update on Public Interest and Accountability Committee (PIAC) issues.

Significantly, the year also saw the production and launch of the first EITI oil and gas report and the 8th and 9th reports covering the period 2010 and 2011. These achievements were chalked not without challenges; there were significant delays in the data collection. The data however, disclosed in the report has enabled stakeholders especially government to assess and reform the oil, gas and mining revenue management system.

The engagement with the various stakeholders and their constituents on EITI issues afforded the opportunity for dialoguing on their issues and concerns and for coming to some agreement on how to address them. At the sub-national level, the community fora organized by GHEITI built awareness of the need for transparency in the extractive sector between both district assembly and community members. "We now know we need to keep an eye on how the District Assembly uses the money that comes in, especially the royalties", said a community member. A

traditional ruler said “EITI shone light on the hidden points” of the revenue receipts and allocation process.

The periodic capacity building programmes organised for members of the Ghana EITI National Steering Committee, equipped them with knowledge and skills to deal with extractive sector issues and challenges. This has immensely contributed to the high level of successes recorded by GHEITI since Ghana signed on to the initiative in 2003.

2.1 KEY GHEITI ACTIVITIES

2.1.1 2013 New Year Retreat for GHEITI NSC members

The NSC of Ghana’s EITI began 2013 with a New Year retreat which was organised by the Secretariat from 11th – 13th January, 2013 at Hotel Cisneros, Sogakope. The purpose of the workshop was to take stock of GHEITI’s activities in 2012 and to develop strategies to minimize challenges in the implementation of the 2013 work plan. The NSC also finalized the oil and gas reporting templates and issues on the legislation of Ghana EITI just to mention a few.

2.1.2 The Production of the 2010/2011 GHEITI mining and oil/gas reports

In the year under review the Ghana EITI successfully produced and launched its 8th and 9th EITI reports for 2010 and 2011. The 2010/2011 reports did not only reconcile mining company payments with government receipts but also captured receipts and utilization of revenues at the sub-national level.

Since Ghana started EITI reporting, it decided to include sub-national payments in the EITI reporting to ensure that mining communities receive the correct amounts from government and that the sub-national revenues are used for their intended purposes. Transparency and accountability in the transfers and use of mining revenues at the sub-national level has become a critical part of the Ghana EITI reporting as mining communities have grown increasingly wary of new mining investments and want to know how much companies are contributing to their development.

It must be mentioned that the production of the 2010/2011 EITI reports covering two years helped significantly close the reporting gap that earlier existed thereby effectively eliminating the two year lag between the reporting time and the reporting period.

The Ghana EITI reports play an important role in serving the general public’s interest in providing oversight of the extractive sector financial reporting. The reports have provided a wealth of information on the mining sector very little of which was previously available. For example the 2011 EITI Report revealed that in 2011, for the first time in many decades corporate tax receipts from mining companies exceeded their royalty payments. This was very significant as the evidence over the years pointed to non-payment of corporate tax by mining companies due to capital allowances granted to them by government.

2.1.3 Validation workshop of 2010/2011 EITI reports

The GHEITI Secretariat and the NSC organised stakeholders validation workshop on the 2010/2011 EITI reports on the 21st February, 2013 in Accra. The workshop brought together over sixty participants from government agencies, CSOs and mining, oil, and gas companies to discuss and make inputs into the final draft audit report.

At the end of the workshop the 2010/2011 Ghana EITI report was fully validated with inputs from all the reporting entities.

2.1.4 Launch of GHEITI 2010/2011 Audit reports for mining and oil/gas sectors

Following the validation of the reports, the GHEITI Secretariat on the 17th April, 2013 organised a session with all the relevant stakeholders especially the press, civil society organizations, government officials and extractive company representatives to officially launch the 2010 and 2011 mining , oil and gas reports. The event was attended by about ninety (90) participants.

The launch of EITI reports were followed by radio interviews and discussions on the findings and recommendations of the EITI reports. The event created the much needed awareness about the reports.

The event paved the way for subsequent dissemination of the reports to various stakeholders in mining, oil, and gas enclaves at national, regional and sub-national levels in the country.

Significantly, the EITI reports continue to inform policy and inspire reforms which are currently taking place in the mining, oil, and gas sectors.

2.2 GHEITI Dissemination/Sensitization Workshops

As part of GHEITI's Communication Strategy to keep its stakeholders adequately informed on the findings and recommendations in the EITI reports, series of workshops were organised by the GHEITI Secretariat and the National Steering Committee. The objective of these engagements was to sensitise and build the capacity of the stakeholders such as the Metropolitan, Municipal and District Assemblies (MMDAs), mining, oil and gas companies, Civil Society Organisations (CSOs) and the local communities to understand how to use the report and demand accountability from government, companies and local authorities on how the natural resources revenues are being exploited and managed.

The dissemination of the reports generated debate and empowered all stakeholders including civil society organizations to ask the right questions and demand

accountability from those in authority. Above all it raised awareness about policy issues in the mining, oil and gas sectors.

Apart from the dissemination workshops, television documentaries on the implementation of EITI in Ghana and its achievements were developed and played on several of Ghana's leading TV stations at prime time. All Ghana EITI events during the year under review including the launch of Ghana EITI reports were covered both in the print and electronic media.

About 10,000 copies the 2010/2011 EITI reports were printed and widely distributed to various stakeholders, including Government institutions, Parliament, Civil Society Organisations (CSOs), Traditional Authorities, Municipal/District Assemblies, Communities and Development Partners.

2.2.1 Dissemination Workshop for MMDCEs and Finance Officers in Western Region: A dissemination workshop was organised by the NSC and the GHEITI Secretariat at Akroma Plaza in Takoradi on 1st August, 2013. The purpose of the workshop was to sensitise major stakeholders in Takoradi and its environs on EITI activities and also disseminate the major findings of 2010 /2011 EITI audit reports for the mining and oil/gas sectors. The workshop was chaired by the Hon. Deputy Minister of Finance, Cassely Ato Forson and the keynote address was delivered by the Western Regional Minister, Hon. Ebenezer Kwadwo Teye Addo. The target groups of the workshop were stakeholders from the mining areas and also in attendance were a number of traditional rulers from Lower Axim and Nzema East traditional areas, DCEs and District Finance officers from the assemblies in the mining communities took part in the program. In all about hundred (100) participants attended the workshop.

2.2.2 Dissemination Workshop on 2010/2011 GHEITI reports in Ashanti region: The GHEITI Secretariat organised a dissemination workshop on the 2010/2011 EITI reports at the Royal Lamerta Hotel, Kumasi on 12th August, 2013. The workshop created a platform for participants namely Chief Executives of District Assemblies and their Finance Officers to learn and to respond to findings in the reports which affect their respective Assemblies. The workshop was attended by over ninety (90) participants, mainly traditional leaders, Assembly members, youth groups and civil society organizations. The keynote address was read by the Deputy Ashanti Regional Minister on behalf of the Regional Minister.

2.2.3 Dissemination Workshop on 2010/2011 EITI reports for Stakeholders in Brong Ahafo Region: Stakeholders in the Brong Ahafo region were sensitised on the activities of Ghana EITI and the major findings of the 2010/2011 EITI audit reports for the mining and oil and gas sectors on 22nd August, 2013 at EUSBETT Hotel in Sunyani. The participants who took part in the workshop included traditional rulers, DCEs and Finance officers from Metropolitan, Municipal and District Assemblies. About one hundred and fifty (150) participants participated in the workshop. They were taken through various presentations including concepts,

principles and criteria of EITI; the EITI standard, highlights of 2010/2011 mining, oil and gas reports etc.

2.2.4 Dissemination Workshop for stakeholders in Axim, Western Region

The Multi-Stakeholder Group of GHEITI on 5th September, 2013 organised yet another sensitisation workshop on EITI activities at the Axim Beach Hotel in Axim. This workshop targeted stakeholders mainly from oil and gas catchment areas to share with them the 2010/2011 oil/gas and mining reports. The event was chaired by the Omanhene of Lower Axim Traditional Area, Awulae Attribrukusu III who is also the President of the Western Region House of Chiefs. The program was attended by Hon. Alfred Ekow Gyan, Deputy Western Regional Minister who gave the keynote address. Other participants included DCEs and their respective Finance officers. In all about eighty (80) participants attended the workshop.

Members thanked GHEITI for the presentations particularly the one on the highlights of oil and gas which gave them a lot of insights on the management and utilization of oil revenue in 2010 and 2011. They therefore urged GHEITI to run more of such educative workshops in future for communities in the oil and gas enclaves.

2.2.5 Sensitisation and Dissemination workshop on 2010/2011 EITI Reports in Northern Region

The GHEITI Secretariat in collaboration with GIZ organized a workshop on EITI at the Modern City Hotel in Tamale, Northern Region. The workshop was held on 3rd October, 2013 and brought together stakeholders from Northern, Upper East and Upper West Regions to sensitize them on the progress of the EITI and to share with them highlights on the 2010 and 2011 mining, oil and gas reports. About ninety participants attended the workshop. The workshop was chaired by the Hon. Northern Regional Deputy Minister, Alhaji A.B.A. Fuseini. The Deputy Northern Regional Minister delivered the welcome address on behalf of the Regional Minister, Hon. Bede Zedine while the Ghana EITI Coordinator, Mr. Franklin Ashiadey gave the keynote address on behalf of the Deputy Minister of Finance, Hon. Kwaku Ricketts-Hagan.

Making a statement on behalf of GIZ, the Extractive Sector Advisor at the GIZ, Mr. Allan Lassey stated that GHEITI and the GIZ felt there was the urgent need to let citizens in the north also know how the country's natural resources revenues were being managed. It was also to afford the participants the opportunity to follow the progress of Ghana EITI after ten (10) years of implementation.

During discussions participants, enquired about measures being taken by government to address concerns over mining in forest reserves? To this, the assurance was given that the issue of protecting the forest, water bodies, and for that matter the environment in general is of primary concern to government. Government through the relevant agencies (Ministry of Lands and Natural Resources, Minerals Commission and the Forestry Commission) have developed guidelines on how to ensure that environmental and all other concerns are not overlooked.

On the issue of illegal mining and the destruction of the environment and water bodies, participants enquired about what was being done to stop or minimise it. Participants were informed that the issue of illegal mining or 'galamsey' is a serious challenge that threatens national security because large numbers of foreigners are also involved. In the light of this, various strategies have been adopted by the relevant agencies to deal with the menace. Some of these measures include: the establishment of a Ministerial Task Force to deal with the issue, the creation of awareness of its dangers by engaging the host communities and those involved in it, initiation of alternative livelihood programmes, and the use of security forces to discourage people from undertaking 'galamsey' operations etc.

Participants were also concerned that the EITI reports seemed to dwell more on revenues thereby reducing benefits to only cash. They argued that, there are serious environmental and social concerns which should be addressed in the reports. In view of this, it was suggested by a section of the participants to consider the need to do a complete balance sheet of mining in Ghana by undertaking a cost – benefit analysis of mining activities in the country.

2.2.6 Sensitisation and Dissemination workshop on 2010/2011 EITI Reports for Members of Parliament at Elmina in Central Region

The GHEITI Secretariat in collaboration with the GIZ engaged members of the Select Committees of Mines and Energy, Public Accounts and Finance to discuss the 2010/2011 GHEITI reports. About sixty (60) members of the Select Committees attended the workshop. The event was organised at Elmina Beach Resort in the Central Region on 9th November, 2013.

The objective of the workshop was to sensitise members of Parliament on the Extractive Industries Transparency Initiative, its objects, achievements and challenges since its inception in the country. It was also to provide opportunity for discussing the role Parliament could play in achieving the objective of transparent and accountable management of Ghana's natural resources.

The workshop was jointly chaired by the Chair of the Parliamentary Select Committee on Mines and Energy, Hon. Kwabena Donkor and the Chair of the Select Committee on Public Accounts, Hon. Kwaku Agyemang-Manu.

During discussions MPs bemoaned the situation where agreements brought before the house are poorly scrutinised which makes it possible for the country to be deprived of commensurate benefits for the social and environmental risks associated with resource extraction. They called for a much closer collaboration between GHEITI, PIAC and the three Parliamentary Select Committees as this in their view is important to enhancing the exercise of the oversight mandate of Parliament.

Members of Parliament in their conclusion indicated that given the usefulness of the issues captured in the GHEITI reports, it is time to consider whether the reports should be brought before the house for discussion and debate.

2.2.7 GHEITI Community Forum

The National Steering Committee of Ghana EITI in collaboration with Newmont Ghana Gold Ltd and the Ghana Chamber of Mines organised the second GHEITI community forum on August 8, 2013 at Kenyasi in the Asutifi North district of the Brong Ahafo Region. The forum was moderated by the District Finance Officer, Mr. Bassua and chaired by the District Chief Executive, Mr. Eric Addae.

The forum was attended by over one hundred and fifty (150) participants within the catchment areas of Newmont Ghana Gold in Kenyasi and its environs. Those who took part in the event included chiefs, opinion leaders, Assembly members, CSOs and students. Also in attendance were the National Steering Committee of Ghana EITI and the Community Relations Manager of Newmont.

The main objective of the forum was to interact with members of the Kenyasi community and its adjoining areas within the catchment of Newmont's operations to explain to them in the local language the findings, recommendations and other critical issues contained in the 2010/2011 GHEITI mining reports.

The Community members in the catchment area of the mining company were also trained to understand and appreciate the EITI reports. District Assemblies were also trained in the provision of data for the EITI Reports.

The following comments were made by the participants:

- The need to consider looking critically at how Government and Traditional Councils also utilise their share of the royalties instead focusing the draft guidelines on only District Assemblies;
- What role can EITI play in dealing with the numerous environmental issues associated with mining activities in the mining areas, such as cyanide spillages and the prevalence of diseases? In other words, is there any room to expand the scope of EITI to deal with environmental challenges such as diseases, pollution of water bodies, etc. caused by mining?
- Participants were of the view that there is the need for proper clarification as to whether the royalties paid to the chiefs are for development of the communities or are for the chiefs and their families;
- A participant argued that the benefits from cocoa farms which were cleared to make way for mining were far in excess of the reported benefits of mining. Cocoa he said provided them with secured livelihood which transcended generations, scholarships were provided by COCOBOD to children of Cocoa farmers enabled the farmers to see their children through school. He therefore called for a proper cost-benefit analysis before allocating such farmlands for mining;
- The District Assembly complained that it is difficult to identify the right CSOs to engage with during consultations on the issues of mining because of lack of database on them. It was recommended that all CSOs should register with the District Assembly indicating their contact addresses for future engagements with the Assembly or any other institution.

- The Ghana EITI, going forward, should capture issues of compensation and resettlements of local communities in the GHEITI reports.

Responding to the comments, members of the NSC explained that for now, the EITI's focus is on the District Assemblies and not the Traditional Councils or Government in terms of utilisation of royalties. However, as per the EITI Standard the focus is being expanded and made more ambitious to include issues which were earlier not captured in the terms of reference for the EITI report. Future EITI reports are therefore likely to contain information on central government's spending of mineral royalties and other receipts.

On how the District's share of royalties was spent, the District Chief Executive responded by outlining a number of projects financed by the District's share of the royalties and was very happy to point to the just completed Assembly Hall as one of the projects financed from the royalties. He agreed with the forum that the communities need to know the development projects for which royalties have been used.

The participants were however unenthusiastic about the financial disclosures, arguing that in their estimation, the negative fallouts from Newmont's operations in the district outweigh the financial benefits being reported.

Responding to the concerns about the negative environmental impacts of mining and diseases, the National Steering Committee members of the Ghana EITI were not surprised that the communities' concerns weigh more on the side of the social and environmental aspects of mining. It was however explained to the forum that the EITI in its current form is an incomplete balance sheet, pointing out that while citizens get to know about all the revenues accruing from the mining and oil extraction they are kept in the dark about the cost incurred in generating such revenues. That, even though the social and environmental cost of mining remain outside the remit of the EITI other extractive industry governance initiatives such as the Natural Resources and Environmental Governance Programme (NREG) and EPA's environmental performance assessment tool, the AKOBEN, could provide opportunities to address these concerns.

The forum was informed that, there are clear processes, guidelines, and monitoring arrangements which are followed before mining permits are issued to ensure that mining companies comply with relevant legislations enshrined in the environmental regulations and the Minerals and Mining Act, (Act 703).

The National Coordinator of the Ghana EITI informed the forum that the Minerals Commission will soon undertake a cost/benefit analysis of the mining sector in Ghana under the Ghana Natural Resources and Environmental Governance Programme (NREG) supported by the World Bank. The study will also develop the appropriate tools to ensure proper social and environmental accounting and compliance by companies. He advised mining companies wherever they operate to

devise mechanisms for responding to the social and environmental concerns of communities.

The objective of the community engagement was achieved as the awareness of the communities was raised about the importance of the accountable use of mining revenues at the subnational level. It is hoped that the awareness will translate into attitudinal change, strong community voice, broad public participation, and robust institutional development in resource revenue governance and management.

2.3 Publication of GHEITI Newsletters

As part of the communication strategy of the Ghana EITI, the Secretariat and the National Steering Committee are required to produce newsletters to inform the public of its activities.

The GHEITI Secretariat in May, 2013 published the Sixth edition (vol. 6) of the GHEITI Newsletters. Some of the key issues captured in the publication were information on 2010/2011 GHEITI reports on mining and oil and gas, Jubilee field record level production, Ghana EITI stakeholders' call for the introduction of a Mineral Revenue Management Law, Participation of Ghana EITI in the 6th EITI Global Conference and Exhibition in Sydney, Australia, Environment and Natural Resources Governance 5th Annual Summit, Sunyani in the Brong Ahafo Region etc.

About 1000 copies of the newsletters were produced and distributed across the country.

2.4 Extending the Scope of GHEITI

(a) Extension of EITI to the forestry sector:

Given the significant amount of revenues flowing into the forestry sector and the perceived lack of transparency in the sector there is the need to ensure transparency in the flow of such revenues. As a result the Ghana EITI multi-stakeholder group decided to extend the EITI to the forestry sector. As a first step, a scoping study was undertaken on the extension of the EITI to the forestry sector.

The GHEITI Secretariat in consultation with the National Steering Committee organized a stakeholders' workshop in Kumasi to discuss the report on the extension of the initiative to the forestry sector. The workshop was to sensitize and share with key stakeholders within the Forestry sector findings and recommendations from the GHEITI forestry scoping report. It was also to afford the GHEITI Secretariat an opportunity to dialogue with the Forestry sector players on ways of extending EITI to the sector.

The workshop was opened with a brief overview about the EITI by Dr. Gad Akwensivie of the OASL and moderated by Mr. Oppon Sasu of the Forestry Commission.

The Deputy Minister of Ministry of Lands and Natural Resources (MLNR), Hon. Babara Serwaa Asamoah in her keynote address indicated that she considered the issues to be discussed very important, since it offered stakeholders an opportunity to deliberate on the formative stage of the process.

The Consultant, Dr.-Joe-Asamoah made a presentation on the findings and recommendations of the scoping report to participants and proposed a road map for the extension of the EITI to the forestry sector for 2012 -2014 as follows:

Step 1: Validation of the forestry scoping report by stakeholders.

Step 2: Dissemination of the scoping report to stakeholders in the Districts and communities.

Step 3: Development of templates for forestry sector revenue reporting.

Step 4: Consultations on the templates.

Step 5: Seek Cabinet approval of the extension process.

Step 6: Expansion of the Multi-Stakeholder Group (MSG) to include the forestry sector players.

Step 7: Launch and inauguration of the expanded MSG.

(b)Artisanal and Small Scale Mining (ASM) Scoping Study: As part of several calls from various stakeholders to include the activities of the ASM in GHEITI reporting, the National Steering Committee initiated the process to extend the initiative to cover the ASM sector. In this regard, an Expression of Interest (EOI) was advertised in the National Dailies for interested firms to submit proposals for consideration to undertake the ASM scoping study which will inform further processes towards the ultimate extension of the EITI to the ASM sector.

3.0 OTHER GHEITI ACTIVITIES

3.1 GHEITI Participation in the 6th EITI Global Conference held in Sydney, Australia

Ghana participated in the sixth Extractive Industries Transparency Initiative (EITI) Global Conference held in Sydney, Australia from 23rd – 25th May, 2013.

Ghana's delegation to the conference led by the Hon. Deputy Minister of Finance, Hon. Cassiel Ato Forson was drawn from Government, private sector and civil society.

3.2. Oil and Gas Exploration and Production (E&P) Forum Engages with the GHANA EITI

The newly established Oil and Gas Exploration and Production (E&P) Forum met with the Ghana EITI National Steering Committee and the Secretariat on July 19, 2013 to interact and exchange ideas on the role of the oil and gas companies in the implementation of the EITI. The objective of the meeting was also to agree on the Terms of Reference for the 2012/2013 EITI reporting and beyond and how to collaborate more effectively to improve the GHEITI reporting process. The meeting was attended by representatives of Tullow Oil plc, Kosmos Energy, Hess and Vitol in addition to other GHEITI Stakeholders.

The meeting was chaired by Mr. George Sarpong, Corporate Affairs Manager of Kosmos Energy. Introducing the E&P forum to participants he disclosed that the Forum is a not-for-profit association of private sector upstream oil & gas companies operating in Ghana. Its aim, he said, is to promote the long term sustainability of the oil & gas industry in Ghana. He noted that the Forum represents the interest of members, by advocating through formal and informal dialogue with government and civil society organizations particularly in areas relating to regulations affecting the industry.

During the session, the group discussed and resolved several issues from the most recent reporting cycle. Certainly the interaction created the enabling environment for the stakeholders to progress towards a more productive reporting 2014.

3.3 Hosting of GHEITI stakeholders' meetings with International EITI Board Mission

The Ghana EITI Secretariat hosted a stakeholders' meetings with an International EITI Board Mission led by a Board member, Mr. Olivier Bovet from 13th – 15th October, 2013. The object of the Mission was to acquaint itself with Ghana's implementation of the EITI. The delegation met with Ghanaian EITI Stakeholders to discuss the challenges and opportunities of managing Ghana's extractive sector and the country's preparedness to meet the EITI standard adopted in May, 2013 at the EITI Global Conference in Sydney.

3.4 Visit of International Delegations

- The GHEITI Secretariat in August 2013 hosted members of the European Parliament who visited the country to discuss issues of EITI implementation in Ghana and other matters of mutual interest.
- A delegation from Burkina Faso EITI also visited Ghana EITI in August 2013 as part of its study tour to the country. The meeting afforded the EITI

Steering Committee members of the two sister countries to discuss and share experiences about the successes and challenges of EITI implementation in Ghana and Burkina Faso. The delegation also visited and interacted with staff of the GHEITI Secretariat, Minerals Commission, Ghana Revenue Authority, ISODEC and the Ghana Chamber of Mines as part of its study tour.

3.5 Capacity Building

The Ghana EITI Secretariat with the support of its partners undertook several capacity building activities to equip members of the Ghana EITI Steering Committee with relevant and adequate capacity to understand and appreciate the issues relating to the new oil and gas sector as well as the mining sector. Ten (10) Steering Members benefited from training in comparing oil and gas contracts in Africa, arbitration in oil and gas conflicts, monitoring and regulation of the oil and gas upstream sector; and Ghanaian involvement in the petroleum sector. The capacity of the members of the Steering Committee are now enhanced

(a) The GHEITI Secretariat with the support of its partners (World Bank, the GIZ, RWI and the International EITI Secretariat) facilitated the participation of three staff of the GHEITI Secretariat in local and international training programs as part of efforts to build their capacities in the following areas:

- Project appraisal and analysis
- Project management

(b) The German International Development (GIZ) in 2013 sponsored Seven (7) members of the National Steering Committee to participate in oil and gas training organized by the University of Dundee. The program took place in Accra from 9th to 27th September, 2013.

(c) Additionally, GHEITI Secretariat with the support of GIZ organized a capacity building workshop for twenty-three(23) members of the National Steering Committee, Secretariat and fifteen (15) other Ghana EITI Stakeholders at the Forest hotel in Dodowa from 2nd – 3rd December, 2013. The objective of the workshops among others was to:

- Deepen members' understanding of the recently adopted EITI standards.
- Explore the linkages between GHEITI and other accountability and transparency initiatives in Ghana. These include activities undertaken by the Ghana Integrity Initiative (GII), the Open Government Partnership (OGP) and the Public Interest and Accountability Committee (PIAC) etc.; and
- Create a platform to analyse the gaps and discuss as well as develop the 2014 GHEITI work plan in line with EITI standards.

The impact of all these capacity building programmes is an enhanced ability of the Steering Committee members to be able to implement the EITI work programme.

3.6 Update on the Implementation of IT Solution for EITI Reporting

As part of the implementation of the Information Technology (IT) for EITI reporting in Ghana the GHEITI Secretariat visited various stakeholders in the following regions from 4th -25th August, 2013.

- Ashanti region
- Western region
- Brong Ahafo region

The purpose of the visits was to train and set-up the system for the new-users as some of the officers who were previously trained had been transferred and others left those institutions. It was also aimed at monitoring and evaluating the implementation progress of the system to identify and address problems facing the GHEITI stakeholder institutions. About sixty (60) officers were trained to enable them use the IT Solution.

3.6 Update on Public Interest and Accountability (PIAC) Issues

The Ghana EITI continues to participate actively in the activities of the PIAC. The Committee successfully launched its second annual report covering 2012 in November 2013 in accordance with the Petroleum Revenue Management Act, 2011 (Act 815). The event was attended by a cross section of the members of the Ghana EITI | Steering Committee. The Committee also organized a public forum in Ho, Volta Region to disseminate the report. The Committee has so far held three public fora in Takoradi, Kumasi and Ho. This is in fulfillment of its mandate under section 52 (b) of Act 815 to provide space and platform for the public to debate whether spending prospects, management and use of oil, and gas revenues conform to development priorities.

The Committee through its reports has made a number of recommendations which are under consideration by Government.

4.0 IMPLEMENTATION STATUS OF THE RECOMMENDATIONS OF THE GHEITI REPORTS

As part of efforts to ensure the implementation of recommendations emanating from the 2010/2011 Ghana EITI reports, the Ministry of Finance wrote to the affected institutions to furnish the GHEITI Secretariat and the Ministry on the status of the implementation. The responses of the key institutions involved are attached as Appendix 1.

However, the implementation of some of the recommendations made in the earlier reports remains outstanding. Significant amongst them are:

- **Minerals Development Fund (MDF)**

Reconciliation of Mineral Development Fund account with regards to royalty payments and lodgments into the account as well as outflows and purpose of the payouts is outstanding.

Additionally, the recommendation that the Minerals Development Fund must be backed by law has not been implemented. The MDF requires guidelines for payments into and out of it, as well as utilization of the funds.

- **Ground Rent**

The concession rent was revised via the fees and charges amendment legislation LI 2191. The instrument was made on the 15th August 2012. Though there was a significant increase in the concession rent from GHC0.50 per square kilometer to GHC9, 016.00 its implementation has been suspended because the mining companies claim they are unable to pay because the increase of about 1.8 million% was extremely high and furthermore there was no consultation before the increment was effected.

- **Windfall Profit Tax**

The Windfall profit tax of 10% was among a number of fiscal reforms introduced in the mining sector in 2012, but its implementation has been put on hold due to the opposition from the mining companies on the grounds of declining international gold prices.

5.0 OUTSTANDING ACTIVITIES

Though a lot was achieved during the year under review, we recognise that the 2013 work plan was very ambitious with too many activities all of which could not be implemented in twelve months. This was compounded by the delay in the release of funds from government to the Ghana EITI Secretariat. As a result effective implementation of the 2013 work plan did not start till end of June, 2013. The GHEITI Secretariat and the Steering Committee therefore decided to prioritise the work plan activities implementing the urgent ones and rolling over the ones that have a medium term outlook. Activities such as the finalisation of the draft EITI Legislation, establishment of District GHEITI information centers and the operationalisation of the royalty utilisation guidelines which have a medium term outlook have been rolled over to 2014.

The establishment of the District GHEITI information centers also required a lot more planning, time and financial resources than available to the Ghana EITI in 2013 and therefore has to be put on hold for future consideration. The Ghana EITI in collaboration Minerals Commission and the World Bank under the Natural Resources and the Environmental Governance Programme are helping to support the establishment of the GHEITI district information centers.

Further work is also required in finalising the draft GHEITI Bill. This is being addressed with the support of the German Development Cooperation (GIZ) which is recruiting a legal Consultant to assist the GHEITI with the finalisation of the bill.

6.0 FUNDING

Funding remains the main challenge for EITI implementation in Ghana. The total budget required for the implementation of the 2013 work plan was GHC2, 501,347.00 while only GHC1, 450,238.00 was made available to the Ghana EITI from Government, GIZ and the World Bank Multi-Donor Trust Fund (MDTF). The GIZ together with World Bank MDTF provided 30% of the amount while Ghana Government provided 70% (refer to the table status of implementation of the 2013 plan for details of sources of work plan funding) .

The funding gap of GHC1, 051,109.00 was to be provided by government but this was not released before the end of the year. No doubt, this affected the implementation of some of the activities in the work plan. The timeliness of the release of funds has been an issue with budget allocations especially when there is a severe budget constraint.

7.0 OUTLOOK FOR 2014

The outlook for 2014 as per our work plan for the year is as follows:

- Engage an Independent Administrator to undertake the production of 2012/2013 GHEITI Audit reports for mining, oil, and gas sectors;
- Stakeholders technical round table to discuss the operationalisation of the royalty utilisation guidelines;
- A study tour of some members of the Ghana EITI National Steering Committee to an EITI implementing country;
- Engagement of a legal Consultant to review and update the GHEITI draft Bill in line with the New EITI Standard adopted in Sydney, Australia in 2013;
- EITI sensitization workshop for the three Northern Regions ;
- Engagement of a Consultant to undertake an independent impact assessment of the EITI implementation in Ghana;
- Launch of the 2012/2013 Audit reports;
- Undertake periodic production of GHEITI Newsletters;
- Field visit to oil and gas companies and communities;
- Undertake continuous capacity development programs (local and external) for members of the MSG/Secretariat;
- Carry out a scoping study to include Artisanal and Small Scale Mining (ASM) into Ghana's EITI.

8.0 IMPACT OF THE GHEITI ACTIVITIES

The activities of the Ghana EITI continue to empower the general Ghanaian public to ask the right questions about extractive sector revenues and demand accountability from those in authority. It also continues to raise awareness about policy issues in both the mining sector and oil and gas sectors with increasing public demand for reforms in the sectors.

The publication of the first oil and gas report revealed the loopholes in the oil and gas fiscal regime, issues such as the non-payment of capital gains tax by companies, lack of ring fencing of oil and gas projects and the fact that tax losses can be carried forward indefinitely under the Petroleum Income Tax Law etc. These issues are currently being addressed through legislation. Plugging the loopholes through legislation would make more revenues available to government to spend on projects to enhance economic well-being and reduce poverty.

As a result of the work of the Ghana EITI, Parliament has begun to wake up to its responsibilities to the Ghanaian people. At the last sensitization meeting with the Parliamentary Select Committees, the MPs bemoaned the situation where mining and oil and gas agreements brought before the house are poorly scrutinised and therefore makes it possible for the country to be deprived of commensurate benefits for the social and environmental risks associated with resource extraction. They called for a much closer collaboration between GHEITI, the oil and gas Public Interest and Accountability Committee and the three relevant Parliamentary Select Committees as this in their view is important to enhancing the exercise of the oversight mandate of Parliament.

With their heightened anxiety that greeted the production of the first oil & gas report the oil and gas companies have begun to warm up to activities of the Ghana EITI as a result of the engagement of the Ghana EITI with the companies and the intensity of the activities of the Ghana EITI. In 2013 the Ghana exploration and production Forum, an industry association engaged the Ghana EITI on how to collaborate effectively to improve the GHEITI reporting process.

To demonstrate their commitment to transparency both Tullow Oil Ghana limited and Kosmos Energy have made public their Petroleum Agreements and provided links to them on their websites. The two companies have published their payments to the Ghana Government, disaggregated by type of payment.

Ghana EITI continues to make a lot of impact at the subnational level. As a result of the recommendations from the Ghana EITI reports, government in collaboration with EITI stakeholders are working assiduously to ensure that the extractive sector revenues are prudently managed and utilised for the benefit of the people of Ghana, especially those immediately and adversely impacted by the activities of extractive

sector companies. Government through its sector agencies has for instance developed guidelines for the utilisation of mineral royalties at the sub-national level. This is to avert the potential misuse of the districts' share of royalties, and to ensure that projects financed by royalty transfer from central government to mining districts are those that are consistent with the development priorities established by the people in these communities. As result of the recommendations of the EITI reports guidelines for the implementation of corporate social responsibility (CSR) programmes have also been developed. The purpose is to align CSR programmes with the development aspirations of beneficiary communities thereby making them meaningful within the local development context.

9.0 CONCLUSION

The GHEITI Secretariat and the National Steering Committee in 2013 achieved quite a number of successes as manifested in the number of activities successfully undertaken in 2013. The production of the first GHEITI reports covering 2010/2011 for the oil/gas sector is worth mentioning. The GHEITI's reports and recommendations fed into many of the reforms undertaken in the mining sector such as the revision of the various fiscal regimes.

In spite of the above, there is still more work to be done in the years ahead particularly as we plan to extend the initiative to the forestry sector alongside reporting based on the EITI standards.

Going forward it is critical for the NSC/Secretariat to explore other ways for sustainable funding of the EITI as the scope of the EITI widens.

ASSESSMENT OF PERFORMANCE AGAINST TARGETS AND ACTIVITIES SET OUT IN THE 2013 WORK PLAN

ACTIVITY	ACTUAL COST GHC	BUDGET	FUNDING SOURCE	IMPLEMENTATION STATUS	OUTCOME
Objective 1 : Provide public insight into revenues derived from the exploitation of the country's mineral resources					
Production of the 2010/2011 Ghana EITI mining Report	310,000	300,000	MDTF - Grant	completed	2010/2011 Ghana EITI mining Report produced
Production of the 2010/2011 Ghana EITI oil & gas Report	200,000	200,000	Oil & Gas Cap. Building World Bank TA	Completed	2010/2011 Ghana EITI oil & gas Report produced
Validation of 2010/2011 Ghana EITI Reports	40,000	60,000	MDTF – Grant GOG	Completed	2010/2011 Ghana EITI Reports validated

Launch of the 2010/2011 Ghana EITI Reports	39,647.00	60,000	MDTF – Grant GOG	Completed	Awareness on the 2010/2011 EITI Reports created
Publication of the 2010/2011 Ghana EITI Reports in the Daily Newspapers	7,000	10,000	MDTF Grant	Completed	EITI Reports disseminated
Audit of the GHEITI post compliance Grant	10,000	15,000	MDTF Grant	Completed	Audit Report
Scoping study to include ASM in the GHEITI undertaken	161,000	200,000	GOG	Procurement process at an advanced stage	Report of the scoping study
Sensitization workshop for the Select Committees of Parliament on the 2010/2011 EITI Reports	45,600 41,440	65,000 35,840	GOG GIZ	completed	Parliament educated on the 2010/2011 GHEITI Reports
Printing of 2010/2011 Ghana EITI Reports, Newsletters and Regional Conference Reports	55,000 16,000	100,000 20,000	MDTF – Grant GOG GIZ	completed	Over 5000 copies of Reports and Newsletters printed and distributed to stakeholders
Regional Dissemination of the EITI Reports, Western (Takoradi and Axim), Ashanti (Kumasi), Brong Ahafo (Sunyani), Northern Regions (Tamale)	198,000 20,000	250,000 20,000	GOG GIZ	Completed	2010/2011 EITI Reports disseminated
Workshop Engagement of the Forestry sector on the extension of the EITI to the sector	45,000	65,000	GOG	completed	Forestry Sector stakeholders sensitized on the extension of EITI to forestry sector
Organize a technical round table on draft royalty utilization guidelines and corporate social responsibility		50,000	GOG	Not done	It is expected to promote transparent use of natural resource revenues at the MMDA
GHEITI information			GOG		Expected to make

Centre established in Tarkwa and Obuasi		360,000	MC	Not yet initiated	information available at the local community level
Objective 2; Guarantee the sustainability of Ghana's EITI by backing it with legislation /instutionalisation of the Ghana EITI					
Revise the draft GHEITI Bill to incorporate additional comments from stakeholders		20,000	GOG/GIZ	In progress	Consensus achieved on the Bill
Organize a technical round table discussion with the AG's drafting Department on the GHEITI draft Bill		40,00	GOG	Not done	GHEITI Bill drafted into law
Sensitization of parliament on the draft GHEITI Bill		30,000	GOG/GIZ	On going	Parliament to be well informed ahead of the laying of the Bill in Parliament
Engage key stakeholders ie Companies, Government Agencies and CSOs on the Final Draft GHEITI Bill		80,000	GOG/GIZ	ongoing	Relevant stakeholders consulted
Objective 3: Enhancing the capacity of the Ghana EITI stakeholders					
Capacity Building of some NSC members in oil & gas (Fiscals and Contract Analysis)	28,000 3,500.00	26,700	GIZ GOG	Completed	Capacity of Committee members enhanced
EITI International Board Mission Meeting	15,000	15,000	GOG	Completed	Successful Mission challenges and prospects for the New EITI standard were discussed and the credibility of the Ghana EITI enhanced

Capacity Building for the GHEITI Secretariat on Project Management	46,651.00	60,000	MDTF	Completed	Capacity of the Secretariat Strengthened
Ghana's participation in the EITI Global Conference	31,200	60,000	MDTF – Grant	Completed	Participated in the Conference and the capacity of the participants enhanced.
	11,200	12,000	GOG		
Monitoring of SAP IT Solution Software and training of the stakeholders District Assemblies, companies and government revenue agencies	42,000	115,000	GOG	Completed	District Assemblies trained in the SAP software
Build capacity of the GHEITI Communication Sub-Committee		60,000	GOG	Partially done	One person trained in Bon by the International Secretariat
Capacity Building on the New EITI Standard	25,000	40,000	GOG	Completed	Capacity of Committee members enhanced on the New EITI Standard
	28,000	36,807	GIZ		
Field Trip to oil and gas companies and communities		60,000	GOG/E&P Forum	Not undertaken yet	It is expected that this activity will increase the appreciation of the Steering Committee on oil and gas issues
A set of meetings held to define the Role of oil and gas companies in the GHEITI process held			E&P Forum	Completed	Consensus between GHEITI and the oil and gas companies reached
GHEITI Annual Retreat to take stock of 2012 and agree on the 2013 work plan	31,000	35,000	GOG	completed	2013 Work plan agreed
TOTAL	1,450,238	2,501,347			

ASSESSMENT OF PERFORMANCE AGAINST EITI REQUIREMENT

Requirements	Progress
Standard 1: The EITI requires effective oversight by the MSG	<p>A very proactive twenty (20) member National Steering Committee (NSC) made up of representatives from government, mining and oil and gas companies, Civil Society organizations have oversight responsibility over the activities of the initiative.</p> <p>The Committee is chaired by a Government representative and co-chaired by a Civil Society representative and meets regularly once every quarter to discuss progress of implementation of activities and address challenges.</p> <p>The committee is responsible for formulation of policies, programmes and strategies for the effective implementation of the objectives of the EITI. It also monitors and ensures that key findings/recommendations from the Ghana EITI reports are implemented within one year after issuance of the reports.</p> <p>The Committee members have the right to express themselves freely at meetings and decisions are made at meetings by consensus.</p>
Standard 2: The EITI Requires timely publication	Ghana EITI continues to work very hard to produce EITI reports on time so as to be relevant to policy making. The production of the 2010/2011 report delayed due to a long drawn out procurement process. The production of another two years report 2012/2013 by December 2014 will effectively eliminate the two years reporting lag.
Standard 3: The EITI requires Reports that include contextual information about the extractive industries.	This is a new EITI Requirement. However Ghana EITI reports always include some form of contextual information to make them meaningful. The subsequent reports will be fully compliant with this new requirement.
Standard 4: The EITI requires a comprehensive EITI Reports EITI reports that include full government disclosure of extractive industry revenues and disclosure of all material payments to government by oil , gas and mining companies	Ghana EITI is comprehensive and captures all revenue streams including subnational payments and transfers. The 2012/2013 will also be fully compliant.
Standard 5: The EITI requires a credible assurance process	The Ghana EITI process adhere strictly to all the EITI process to ensure that the process is credible ie the Ghana

applying international standards	EITI Reports are based on audited accounts of government and company reporting entities and entities are required by law to comply with International Financial Reporting Standards. The procurement of the reconciler /administrator for the Ghana EITI is transparent and done through international competitive bidding.
Standard 6: The EITI requires EITI Reports that are comprehensible, actively promoted, publicly accessible, and contribute to public debate	<p>Ghana EITI Reports are publicly available and posted on the GHEITI website. Summary easy to read versions are also produced and made available to the public. The reports are widely disseminated and publicized.</p> <p>The Ghana EITI reports continue to play an important role in serving the general public interest on providing oversight of the extractive sector financial reporting. It is significant to note that the reports have.</p> <p>Significantly, the EITI reports continue to inform policy and inspire reforms which are currently taking place in the mining and oil and gas sectors.</p> <p>The Ghana EITI work plan is designed to proactively and continuously engage, disseminate EITI information and sensitize the Ghanaian people on the EITI and on what companies pay and what government receives.</p>
Standard 7: The EITI requires the multi-stakeholder group to take steps to act on lessons learnt and review the outcomes and impact of EITI implementation	<p>The Ghana EITI Secretariat and the MSG follow-up on the recommendations made in the EITI reports and makes sure that they are implemented.</p> <p>The report on the implementation of the recommendation in the 2012/2013 EITI report is attached as Appendix 1</p>

APPENDIX 1

THE IMPLEMENTATION STATUS OF THE FINDINGS AND RECOMMENDATIONS OF THE 2010 /2011

GHANA EITI MINING SECTOR REPORTS

NO	FINDINGS	RECOMMENDATIONS	RESPONSIBILITY	COMMENTS/IMPLEMENTATION STATUS
1.	Reporting Currency in Reconciliation Exercise: The GRA has requested mining companies to pay royalties and corporate taxes in	1).To avoid discrepancies created by translations, the companies should provide figures in cedis as found on	GRA	According to the GRA even though receipts are issued in cedis, the dollar translation is also stated on the receipt . GRA

	US dollars while the GRA provides receipts for these in payments in Ghana cedis. This creates discrepancies and delay in reconciliation exercise	the receipts provided by the GRA. Also the GRA should keep records of all US dollar payments by companies		keeps records of all dollar payments in a Forex Register.
2.	Mineral Royalty: It was a problem establishing the frequency of royalty payments based on production in 2010 and 2011 because without specific periods of payments indicated by companies, matching production against royalties proved difficult.	It is important to establish the frequency of royalty payments and that the regulations on royalty payment that sought to introduce monthly royalty payments should be implemented to ensure more transparency.	GRA	The proposal for monthly royalty payment was made in the 2011 and 2012 budgets. No regulation was made to back the proposal. GRA implements proposals back by law, so cannot implement monthly royalty payment. Responsibility for legislation should come from MOFEP/MLNR
3.	Hedged Prices: the issue of payment of royalties on hedged gold sales appears to be persisting as Adamus resources has consistently posted reduced incomes resulting from hedge prices from July to December 2011, The company did not also indicate any royalty payment for silver by-product associated with gold production in 2011	The GRA should review the Adamus royalty payments and also ensure that royalty payments by all companies take the spot price into consideration Silver revenues should also be included in the computation of royalty.	GRA	The GRA has audited Adamus Resources for the 2011 and 2012 years of assessment. All recommendations have been implemented.
4.	Corporate Tax Payable: in computing corporate tax Adamus resources separated its pre-production costs into losses carried forward and plant and machinery costs that qualified them for capital allowance which is against section 28 of the minerals and mining act. Such a practice will result in prolonging payment time of corporate	Companies commencing exploitation of minerals should be made to capitalize all exploration and development costs and amortize over five years i.e. 20% per annum.	GRA.	Well noted and that has been the practice. GRA has audited Adamus Resources and reversed the treatment by the company.
5	Payment of royalties to District Assemblies: some Regional Offices of the OASL did not transfer in full amounts due to District Assemblies. For example the Brong-Ahafo regional OASL office received a transfer of royalty from Head Office on 15/2/2010. However, Asutifi District Assembly was paid in two tranches of GHS 263,394.48 and GHS 278,926.85 on the 2/3/201 and 1/4/2010 respectively”.	District Assemblies should be paid in full and immediately by the Regional Offices when funds are received from Accra and that amounts due to District Assemblies should not be paid in tranches.	OASL	According to the OASL the finding was discussed at length at its 2013 Mid-Year conference of Regional Officers and Regional Accountants held from 22nd to 26th July 2013 in Tamale, Northern Region and it was decided and agreed that the practice be stopped. It is therefore expected that, the anomaly will not be reported in subsequent EITI reports.

6	Utilization of Mineral Royalties: MMDAs spend their royalties on recurrent expenditure especially on waste management, even the Assemblies which have dedicated bank accounts and budgets for the utilization of mineral royalty receipts, waste management still takes a significant portion of royalty utilization.	It is important to develop guidelines for the utilization of mineral royalties by District Assemblies and other beneficiaries.	MLNR, MC,OASL, MLGRD	Accordingly, the Minerals Commission through a broad stakeholder consultations, developed guidelines in February 2011 for the utilization of mineral royalties by MMDAs. The report was subsequently validated at a workshop in Accra where representatives from MLGRD, MMDAs and Ghana Chamber of Mines attended. The guideline is still yet to be adopted the MLGRD for the MMDAs.

IMPLEMENTATION STATUS OF THE FINDINGS AND RECOMMENDATIONS OF

THE 2010/2011 GHANA EITI OIL/GAS REPORTS

No.	FINDINGS	RECOMMENDATIONS	RESPONSIBILITY	IMPLEMENTATION STATUS
1.	Capital Gains Tax: Tullow Oil Plc. acquired the EO Group Limited in 2011 but did not pay capital gain tax in the transaction as stated in section 6(e) of the Petroleum Revenue Management Act, Act 815	GRA should pursue the issue of capital gain tax on the E.O Group's 1.7% acquired equity and order such acquisitions to its logical conclusion. It may also be prudent for necessary legislation on capital gains to be streamlined as the E.O. Group acquisitions may only be the beginning of such transactions.	GRA	According to GRA, due to lack of clarity in the Petroleum Income Tax Law, 1987 (PNDC Law 188), EO Group was not assessed to Capital Gains Tax. The Internal Revenue Amendment Act (No. 2) 2013, Act 871 has amended the provisions of the Internal Revenue Act to tax such gains from the upstream petroleum sector.
2.	Thin Capitalization: There is no provision in the Petroleum Income Tax Law (PITL) that relates to excessive interest charges on chargeable income for corporate	There is the need to harmonize provisions in the PITL and the Internal	GRA	The Income Tax Bill which is to replace the Internal Revenue Act has provided for a debt equity ratio of 3:1 for all

	tax purposes, however interest expense is deductible in determining the chargeable income for corporate. This could result in taxpayers using unlimited payments to strip profits resulting in lower corporate tax payments.	Revenue Act, Act 2000.		persons liable to tax. This will address the thin capitalization issue. Once the law is passed it will apply to the upstream petroleum companies.
	FINDING	RECOMMENDATION	RESPONSIBILITY	STATUS
3.	Losses carried forward: Tax losses under the PITL are carried forward indefinitely, however, the IRA, ACT 2000 indicates that, the losses should be carried forward for only five years for mining operations.	Tax losses should be carried forward for five years in the petroleum industry as pertains in the mining industry. Also, the practice of carrying forward capital allowances indefinitely in the mining sector may be extended to the petroleum industry.	GRA MoF -TPU MoEn GNPC	The Income Tax Bill which is to replace the Internal Revenue Act has provided for loss carry forward of 5 years which will be applicable to the upstream petroleum companies.

4.	Ring fencing: The Petroleum industry currently does not apply ring fencing law to contracts as done in the mining sector, however a contractor may set off expenses that are exclusive to production area against income from another production area which may delay corporate tax revenues.	Legislation similar to amendments on ring fencing in the mining sector should be introduced in the petroleum industry to production areas so as to ensure early corporate tax receipts	GRA	According to the GRA, in the current law the contract area of a petroleum agreement constitutes the ring fence. The income tax bill which is to replace the Internal Revenue Act has a provision to ring fence each production area within a contract area.
5.	Staff Members and Capacity Building: Oil and gas is an emerging industry in Ghana with only few members of staff engaged in the petroleum sector at the GRA, MoF and Bank of Ghana.	Staff members of agencies involved (GRA, MoF, BoG) should be increased and their capacities should be built speedily to enable them carry out their functions efficiently and effectively.	MoF, GRA, BoG	GRA and MOF has a programme to train staff of the petroleum units.
6.	Information on payments: Royalty payments made by Saltpond Offshore Producing Company Ltd (SOPCL) in 2010 and 2011 into the Non Tax Revenue/GoG account was not made known to the Non Tax Revenue Division of the Ministry of Finance and the operators of the accounts. However, SOPCL	The PRMA requires that all petroleum payments should be made into the Petroleum Holding Fund. The Bank of Ghana should regularly update the GRA on all payments made by licence holders so as to ensure that receipts are properly provided to these	MoF, GRA, BoG	According to the GRA, Saltpond Offshore Producing Company Ltd. now pays royalty into the Petroleum Holding Fund and receipts are issued by the GRA.

did not obtain receipts for the payments they made.	companies.		
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GHEITI STEERING COMMITTEE MEMBERS

Major. M.S TARA (Rtd)	-	Chairman, Ministry of Finance
Dr. Steve Manteaw	-	Co-chair, Publish What You Pay-Ghana
Mr. Franklin Ashiadey	-	Coordinator, Ministry of Finance
Mr. Roger Angsomwine	-	Office of the Vice President
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Mr. Simon Attebiya	-	Ministry of Lands and Natural Resources
Mr. Frank Turkson	-	Ghana Manganese Company
Mr. Dela Klubi	-	Ghana Revenue Authority
Mrs. Hannah Owusu Koranteng	-	WACAM
Mr. Chris Afedo	-	Ghana Revenue Authority
Mr. Kennedy Noono	-	Tullow Oil Ghana Limited
Mr. George Sarpong	-	Kosmos Energy
Ms. Victoria Benson	-	Ministry of Finance
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THE REPORT HAS BEEN APPROVED BY THE GHANA EITI STEERING COMMITTEE

