

Extractive Industries Transparency Initiative (EITI)

Validation of Ghana

Report on initial data collection and stakeholder consultation by the EITI International Secretariat

15 December 2016

Abbreviations

ABFA	Annual Budget Funding Amount
AFROSAI	African Organisation of Supreme Audit Institutions
APR	Annual Progress Report
ASM	Artisanal and small scale mining
BOG	Bank of Ghana
CeSIS	Centre for Social Impact Studies
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
DARF	Director of Analysis, Research and Finance (at the Ghana Chamber of Mines)
EITI	Extractive Industries Transparency Initiative
E&P	Exploration & Production
EPA	Environmental Protection Agency
GAPVOD	Ghana Association of Private Voluntary Organisations in Development
GFS	Government Finance Statistics
GHEITI	Ghana Extractive Industries Transparency Initiative
GIS	Geographic Information System
GIZ	Gesellschaft für Internationale Zusammenarbeit
GNGC	Ghana National Gas Company
GNPC	Ghana National Petroleum Corporation
GRA	Ghana Revenue Authority
GSS	Ghana Statistical Service
IA	Independent Administrator
IMF	International Monetary Fund
INTOSAI	International Organisation of Supreme Audit Institutions
IOC	International Oil Company
ISODEC	Integrated Social Development Centre
LIEC	Lushann International Energy Corporation
MCAS	Mining Cadastre Administration System
MDFA	Mineral Development Fund Act

MMDA	Metropolitan, Municipal and District Assembly
MSG	Multi Stakeholder Group (Ghana's MSG called National Steering Committee)
MOF	Ministry of Finance
MOFEP	Ministry of Finance and Economic Planning
MLNR	Ministry of Lands and Natural Resources
MoU	Memorandum of Understanding
NGO	Nongovernmental Organisation
NRGI	Natural Resource Governance Institute
NOC	National Oil Company
NSC	National Steering Committee (Ghana's Multi Stakeholder Group)
NTRU	Nontax Revenue Unit (of the Ghana Revenue Authority)
OASL	Office of the Administrator of Stool Land
PAYE	Pay As You Earn
PIAC	Public Interest & Accountability Committee
PMMC	Precious Minerals Marketing Corporation
PRMA	Petroleum Revenue Management Act
PWYP	Publish What You Pay
SOE	State Owned Enterprise
TEN	Tweneboa-Enyenra-Ntomme (oil and gas field)
TOR	Terms of Reference
WACAM	Wassa Association of Communities Affected by Mining

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Executive Summary

The Government of Ghana committed to implementing the EITI in June 2003. In 2005, a multi-stakeholder group—the Ghana EITI (GHEITI) National Steering Committee (NSC)—was established, and Ghana was accepted as an EITI Candidate in February 2007. Following Validation in early 2010¹, the EITI Board designated Ghana Compliant with the EITI Rules, the second country in Africa to achieve this status, in October 2010. Ghana has published eleven EITI Reports covering 2004-2014, and is currently preparing their next report covering 2015.

On 1 June 2016, the EITI Board agreed that the Validation of Ghana should commence on 1 July 2016, with the International Secretariat carrying out initial data collection and stakeholder consultation. This report presents the International Secretariat's findings and initial assessment. The International Secretariat has applied the standard terms of reference for data gathering and stakeholder consultations. While the assessment has not yet been reviewed by the NSC or been quality assured, the International Secretariat's preliminary assessment is that Ghana has made meaningful progress in meeting requirements 2.3, 2.6, 3.2, 3.3., 4.1, 4.2, 4.5, and 6.2. The major areas of concern relate to state participation, license registers, production and export data, SOE transactions and SOE quasi-fiscal expenditures and comprehensiveness of the reconciliation. Corrective actions for each sub-requirement are suggested in the assessment tables for each requirement.

Overall conclusions

Ghana's implementation of the EITI over the years has been impressive and reflects a process owned by the stakeholders involved with the aim of improving the country's management of its natural resources. In light of Ghana's long tradition of mining and an oil sector in development, Ghana EITI has been a key in providing increasingly comprehensive information on the country's extractive industries. Ghana was the first country to cover the mining sector in EITI reporting, and once oil was discovered in 2009, GHEITI expanded its scope to cover revenue from the oil sector.

The government's engagement in the EITI process has been strong during Ghana's implementation of the EITI. Wide representation by government agencies has facilitated inter-agency cooperation on EITI-related issues and ensured that findings and recommendations from EITI reporting have been followed up on. Company and civil society representatives appear to be actively engaged in the implementation of EITI in Ghana, and GHEITI has been credited with building trust in the extractive sector between stakeholders involved as well as between communities and companies at the local level.

EITI reporting in Ghana has highlighted certain gaps in the legal and fiscal framework related to the extractive sector and revenue management from oil, gas and mining resources. Stakeholders highlight in particular the implementation of recommendations relating to increased ground rents from mining, fixed mining royalty rates, capital gains taxation to cover license transfers, and introduction of ring fencing of costs as impacts resulting from GHEITI reporting. In particular, delays in mineral royalty disbursement to local government identified in the reports and the resulting monitoring of utilisation at the national and sub-national levels have been highlighted as important outcomes of the EITI process. Ghana EITI has also been a key actor building momentum for the beneficial ownership transparency agenda in the country by working together with stakeholders to identify the necessary amendments and harmonising conflicting legal issues.

¹ https://eiti.org/files/Ghana_Validation_Reports_ENG_0.pdf

While EITI Reports have provided new and relevant information on the extractive sectors, the initial assessment suggests that there are also gaps in the reporting under the EITI Standard and opportunities for improving the information disclosed. The most significant gaps relate to requirements on state participation in the sector (2.6), the sale of the state's share of production and other revenues collected in kind (4.2), and transactions between the state-owned enterprises and the government (4.5). There are many pieces of interesting information about GNPC in the GHEITI Reports, however, important elements of GNPC's operations (on own account and as conduit for government revenue) and its financial relationship with the government are not clear and there are limited direct references to further information which could help explain the data. GNPC's quasi-fiscal expenditures should also be clarified and indicated in the report.

Additionally, there are other gaps: information on licenses is comprehensive, but some information is missing on the licenses awarded; certain production and export data are missing; and there are some issues related to the comprehensiveness of the reconciliation as one significant payment was not included.

There are however several opportunities for addressing these issues, both in the long and medium term, in the forthcoming EITI Report or through other efforts within the NSC. Regarding disclosures related to GNPC, Ghana has committed to participate in the EITI targeted effort on transparency in commodity trading², and the NSC has already started developing a work programme for this work.³ This can help address the gaps in forthcoming EITI reporting or in a separate report. On the license information, the ongoing efforts to develop and establish license cadastres for each sector are likely to address the data gaps.

As Ghana's oil sector keeps growing, there are various discussions about the management of the sector and its contributions to the country. GHETI can continue to contribute to these debates and disseminate information about the sector to immediate stakeholders in government, companies and civil society, as well as communities and the wider public.

Recommendations

Based on the initial data gathering and stakeholder consultations, the International Secretariat makes the following overall recommendation for improving implementation in Ghana. Detailed recommendations are provided in the assessment tables throughout the report.

1. The NSC might wish to make a realistic timeline for finalising the GHEITI Bill. It is also recommended that the draft GHEITI Bill or any revised internal procedures of the NSC take the following issues raised by stakeholders into account: (a) although decisions are made by consensus, if they would at some point have to be made by voting, representatives from the same constituency might not agree to one vote (b) considering adequate representation of interested stakeholders without increasing NSC membership to the extent that it becomes inefficient, (c) an alternate system or a mechanism for representation, which can also help ensure that membership of the NSC does not become too unwieldy, (d) mechanisms allowing NSC representatives to consult with and reach out to their wider constituencies to allow for wider participation in the design and

² <https://eiti.org/node/8052>

³

http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&id=18:workplans&download=273:gheiti-work-programme-for-commodity-trading-&Itemid=&Itemid=&Itemid=&Itemid=&Itemid=54

implementation of GHEITI. The NSC may also wish to consider practices related to re-election of NSC members.

2. While the NSC has developed a work plan with objectives that reflect the key concerns of stakeholders with regards to the management of the country's extractive resources, it is recommended that the NSC review the objectives for the next work plan to ensure that it fully encompasses the reality of the scope of GHEITI's work, which goes beyond the scope of the current work plan. This would help ensure that the activities and related costs are accurately reflected and could be useful when raising funds.
3. It is recommended that civil society undertake a capacity building needs assessment and that actions to address civil society capacity constraints be implemented. This could help ensure that there are feedback mechanisms in place for civil society representatives not on the NSC. The NSC may also wish to consider ways in which the NSC and GHEITI Secretariat can provide support for civil society activities.
4. The NSC should ensure that the oil/gas sector's multiple fiscal regimes are coherently displayed and their rationale explained in forthcoming GHEITI Reports
5. Pending launch of the online licence registers/cadastres, the NSC should provide for the disclosure of all elements required and encouraged by Provision #2.3 in forthcoming GHEITI Reports
6. The NSC may wish to ask the government for a more affirmative policy statement and timeline on contract disclosure.
7. The NSC should describe in greater detail the transactions between GNPC and the government. The NSC should also seek to explain more clearly in future oil/gas reports the actual sequence of steps that GNPC follows in its own petroleum operations (lifting and marketing) as well as those it follows as conduit of in-kind payments from companies to the government. The resulting narratives should be supported by disclosure and reconciliation of relevant volume, price, and value figures. The NSC and stakeholders such as GNPC may wish to use the targeted efforts on commodity trading transparency to ensure that this information is made public in a way that is consistent and streamlined with other GNPC reporting.
8. The NSC may wish to discuss explicitly the availability of information on production and export volumes and values; and state explicitly any assumptions about equality between production and exports. The NSC should ensure that this data is included in forthcoming GHEITI Reports.
9. The Terms of Reference for the Independent Administrator should be aligned with the Standard Terms of Reference for Independent Administrators, in accordance with the EITI Standard, as endorsed by the EITI Board.
10. The MSG may wish to ensure that forthcoming reports provides information on the status of implementation of the WCGIDP.
11. Once production in new oil fields is initiated, the NSC may wish to consider whether the government receives material revenues from the transportation of gas.
12. Information on the distribution of revenues and expenditures would benefit from being put in a wider budgetary context.
13. The NSC may want to be more alert to the incidence of quasi-fiscal expenditures by SOEs.

14. While already being active with regards to outreach, the NSC and the GHEITI Secretariat are encouraged to work more closely with the media and local civil society organisations in their dissemination activities, and may wish to consider the recommendations made by media representatives on how to make GHEITI Reports more accessible and engaging for media and the broader public.
15. The NSC is encouraged to maintain the open data portal and update it with the latest EITI data (2014), and to continue its work on making GHEITI Reports more accessible and machine readable.
16. The NSC should consider the outstanding recommendations from past GHEITI Reports and agree relevant and specific follow-up and implementation. If this has already been agreed, the NSC is encouraged to clearly document next steps, timelines for action points and responsible parties to strengthen follow-up by relevant stakeholders.
17. Future Annual Progress Reports could better reflect the progress made by GHEITI with regards to improved transparency and accountability in the extractive sector by making clearer links between the activities with key priorities and challenges from the sector. The NSC may also wish to consider consulting with wider stakeholders to include their views on GHEITI's progress.
18. The NSC might wish to organise outreach and dissemination activities such as a roundtable or workshop to discuss the impact of GHEITI, key challenges and areas of improvement, in light of the Scanteam impact assessment.

Figure 1 – assessment card

EITI Requirements		LEVEL OF PROGRESS				
		No	Inadequate	Meaningful	Satisfactory	Beyond
Categories	Requirements					
MSG oversight	Government engagement (#1.1)					
	Industry engagement (#1.2)					
	Civil society engagement (#1.3)					
	MSG governance (#1.4)					
	Workplan (#1.5)					
Licenses and contracts	Legal framework (#2.1)					
	License allocations (#2.2)					
	License register (#2.3)					
	Policy on contract disclosure (#2.4)					
	Beneficial ownership (#2.5)					
	State participation (#2.6)					
Monitoring production	Exploration data (#3.1)					
	Production data (#3.2)					
	Export data (#3.3)					

Revenue collection	Comprehensiveness (#4.1)								
	In-kind revenues (#4.2)								
	Barter agreements (#4.3)								
	Transportation revenues (#4.4)								
	SOE transactions (#4.5)								
	Direct subnational payments (#4.6)								
	Disaggregation (#4.7)								
	Data timeliness (#4.8)								
	Data quality (#4.9)								
Revenue allocation	Revenue management and expenditures (#5.1)								
	Subnational transfers (#5.2)								
	Distribution of revenues (#5.3)								
Socio-economic contribution	Mandatory social expenditures (#6.1.a)								
	Discretionary social expenditures (#6.1.b)								
	SOE quasi-fiscal expenditures (#6.2)								
	Economic contribution (#6.3)								
Outcomes and impact	Public debate (#7.1)								
	Data accessibility (#7.2)								
	Follow up on recommendations (#7.3)								
	Outcomes and impact of implementation (#7.4)								

Introduction

Sign-up phase

The Government of Ghana committed to implementing the EITI in June 2003. In 2005, a multi-stakeholder group—the Ghana EITI (GHEITI) National Steering Committee (NSC)—was established, and Ghana was accepted as an EITI Candidate in February 2007. Following Validation in early 2010⁴, the EITI Board designated Ghana Compliant with the EITI Rules, the second country in Africa to achieve this status, in October 2010.

Objectives for implementation and overall progress in implementing the work plan

The broad objectives of GHEITI⁵ are:

- To enhance the demand-side of social accountability by providing public insight into revenues derived from the exploitation of the country's mineral resources;
- To create the 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,
- To enhance the communication efficiency of GHEITI and ensure that mineral revenue and

⁴ https://eiti.org/files/Ghana_Validation_Reports_ENG_0.pdf

⁵ From the GHEITI Rules of Procedure (p. 3) and the GHEITI website http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=83&Itemid=60

expenditure information is provided in a timely manner, and in an accessible and comprehensible format;

- To guarantee the sustainability of Ghana's EITI by backing it with legislation.

The latest GHEITI work plans reflect these objectives, with a particular focus on report dissemination, revenue management, establishing a GHEITI Bill and building capacity among NSC members. GHEITI's activities also go beyond the work plan objectives, such as addressing sector challenges related to artisanal and small-scale mining, commodity trading and transfer pricing. According to the latest Annual Activity Reports⁶ and the reports from the NSC annual retreat, there has been overall progress in achieving the broader objectives, while some activities related to communication and training of NSC members have remained outstanding due to limited capacity. The 2015 Annual Activity Report highlights the impact of GHEITI activities on the fiscal regime—enactment of a new Income Tax Act, partly in response to a GHEITI recommendation—and the development of guidelines for the utilization of mineral royalties at the national and subnational levels, again in response to a GHEITI recommendation.⁷

History of EITI Reporting

Ghana has published eleven EITI Reports covering 2004-2014. Ghana was the first EITI country to cover mining, and the 2004-2009 reports focus solely on the mining sector. The 2010-2014 reports cover oil/gas and mining. GHEITI is currently working on preparations for the 2015 report. The GHEITI reporting process has highlighted issues beyond those required by the EITI Standard by disclosing details on sub-national transfers and expenditure, local content provision, and the artisanal and small-scale mining sector. The report has also provided recommendations focusing on the country's legal and fiscal regimes, licensing systems, contract transparency and revenue management.

Summary of engagement by government, civil society and industry

Ghana has two EITI Champions in the government: Minister of Finance Seth Terkper and Secretary to Cabinet Roger Angsomwine. A multi-stakeholder group, the National Steering Committee (NSC), was established by ministerial decree in 2005 and currently operates under the Rules of Procedure (2010)⁸. An EITI Secretariat was formed in the Ministry of Finance and Economic Planning to support the NSC. A GHEITI Bill aimed at enforcing the reporting requirements and institutionalising the Ghana EITI process has been drafted⁹, with the aim of submitting it for consideration by Parliament in 2016.

⁶ GHEITI Annual Activity Report 2015 https://eiti.org/sites/default/files/documents/2015_annual_activity_report_-_final_1_0.pdf, GHEITI Annual Activity Report 2014 https://eiti.org/sites/default/files/documents/2014_ghana_annual_activity_report.pdf

⁷ GHEITI Annual Activity Report 2015 https://eiti.org/sites/default/files/documents/2015_annual_activity_report_-_final_1_0.pdf, p. 17

⁸ http://www.gheti.gov.gh/site/index.php?option=com_content&view=article&id=222&Itemid=66

⁹ http://www.gheti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=125:highlights-of-the-revised-draft-bill&id=15:implementation-reports&Itemid=54

Key features of the extractive industry

Ghana has a long tradition of gold mining and is the second largest producer in Africa after South Africa,¹⁰ accounting for 4.5% of global gold production in 2014. Other minerals produced in Ghana include diamonds, magnesium, bauxite, and limestone. According to the Ghana EITI 2014 Mining Report,¹¹ the mining sector contributed eight percent to GDP in 2014, and revenue from the mining sector accounted for over 16 percent of domestic revenue collected by the Ghana Revenue Authority (GRA).

Artisanal and small scale mining (ASM) plays an important role in terms of both production and employment. ASM production accounted for 34% of gold production in 2014, and the ASM sector exported gold and diamonds worth about USD 2 billion. It is estimated that the mining sector employs about 2.1 percent of the country's total labour force of 12.3 million people. Mining employment is concentrated in the Ashanti, Western and Eastern regions.¹²

The Minerals Commission is responsible for issuing mining licenses, which are awarded on a first-come-first-served basis. Under current law, holders of large-scale mining licenses are subject to corporate tax (35%); capital gains tax (15%); withholding tax for foreign residents (15%); and royalty tax (5%). The main legislation governing the mining sector is the Mining and Minerals Act, 2006.¹³

Oil production began in late 2010, and as of 2013 oil revenues surpassed mining receipts. The 2014 Ghana EITI Oil and Gas Report showed that 75% of total extractive sector revenue (USD 1.3 billion) came from oil and gas.¹⁴ According to the Petroleum Revenue Management Act, 2011¹⁵, the Ghana Revenue Authority is responsible for the collection of all petroleum revenues, including income tax, royalties, corporate income taxes and dividends. An Exploration and Production Bill was recently passed in Parliament (August 2016) to improve management of the sector.

There are two off-shore oil producing fields: Jubilee and Saltpond. Discovered in 2007, Jubilee is the larger of the two, accounting for 99% of production. The field was discovered in 2007 by the Mahogany-1 (M-1) and Hyedua-1 (H-1) exploration wells. The operator is Tullow Oil Ghana (with 35.48% ownership) with partners Kosmos Energy (24.08%), Anadarko Petroleum (24.08%), Petro SA (2.73%) and the Ghana National Petroleum Corporation (13.64%).¹⁶ The Jubilee Oil Field is estimated to hold between 600 million and 1.5 billion barrels of reserves. In 2012 and 2013, Jubilee produced 26,430,964 and 36,048,260 barrels, respectively.¹⁷

¹⁰ <http://www.gold.org/gold-mining>

¹¹ https://eiti.org/sites/default/files/documents/gheiti_2014_mining_sector_report_0.pdf

¹² <http://www.statsghana.gov.gh/nada/index.php/catalog/72/study-description>

¹³

<http://www.resourcegovernance.org/sites/default/files/Minerals%20and%20Mining%20Act%20703%20Ghana.pdf>

¹⁴ https://eiti.org/sites/default/files/documents/gheiti_2014_oil_gas_report.pdf

¹⁵ http://www.mofep.gov.gh/sites/default/files/reports/Petroleum_Revenue_Management_Act_2011.PDF

¹⁶ <http://www.tulloil.com/operations/west-africa/ghana/jubilee-field>

¹⁷ <https://eiti.org/files/2012-2013%20Ghana%20EITI%20Oil%20and%20Gas%20Sector%20Report.pdf>

Saltpond Offshore was the first producing oil field in Ghana with a recoverable reserve of 2-3 million barrels of oil as well as substantial natural gas reserves. In January 2000, Lushann International Energy Corporation (LIEC) of Houston entered into a Joint Venture agreement with GNPC. The Agreement provides LIEC with a 55% working interest in the Saltpond Field and related infrastructure in exchange for LIEC providing 100% of redevelopment costs. In addition to the working interest right, LIEC was also granted the right to develop up to 400 MW of power generation infrastructure to commercialize the Saltpond field natural gas resources.¹⁸

In the early 1980s, the government of Ghana established a statutory and legal framework for petroleum exploration as well as institutional capacity in order to accelerate the country's exploration and production efforts.¹⁹ The Ghana National Petroleum Corporation (GNPC) was created in 1983 as a statutory corporation with commercial functions to handle the country's exploration and production activities.²⁰ GNPC represents the country's interest in the oil sector by engaging in exploration, development, production and disposal of hydrocarbon resources on behalf of the state.

The Ghana National Gas Company, incorporated in 2011, is a government owned company set up to develop the processing and transporting of natural gas to market within and outside Ghana. A storage and gas processing facility is currently under construction.

The continued importance of mining and the rapid expansion of oil and gas exploration and production have put into evidence several challenges in the management of the extractive sector. Thus, an online mining cadastre is not yet fully operational, contributing to uncertainty in the licensing process, which still relies on first-come-first-served negotiated deals. Contract transparency is also not yet the norm, and the transparency of SOE transactions in the oil/gas sector leaves gaps.

[Explanation of the validation process \(objectives, timeline, ToR, etc.\)](#)

The EITI International Board agreed at its 33rd Board meeting in Oslo, Norway, that fifteen countries, including Ghana will undergo Validations starting 1 July 2016.

1. Validation is an essential feature of the EITI process. It is intended to provide all stakeholders with an impartial assessment of whether EITI implementation in a country is consistent with the provisions of the EITI Standard. The Validation report will, in addition, address the impact of the EITI in the country being validated, the implementation of activities encouraged by the EITI Standard, lessons learnt in EITI implementation, as well as any concerns stakeholders have expressed and recommendations for future implementation of the EITI.

The Validation process is outlined in chapter 4 of the EITI Standard²¹, Overview of Validation.

2. Validation procedure. In February 2016 the EITI Board approved a revised Validation system. The new system has three phases:

¹⁸ <http://www.saltpondoffshore.com/about.html>

¹⁹ Ghana National Petroleum Corporation Act, 1983

[http://www.petrocom.gov.gh/assets/ghana_national_petroleum_corporation_law_1983\(1\).pdf](http://www.petrocom.gov.gh/assets/ghana_national_petroleum_corporation_law_1983(1).pdf)

²⁰ <http://www.gnpcghana.com/>

²¹ See also <https://eiti.org/validation>

1. Data collection undertaken by the International Secretariat
2. Independent quality assurance by an independent Validator who reports directly the EITI Board
3. Board review.

In May 2016, the Board agreed the [Validation Guide](#), which provides detailed guidance on assessing EITI Requirements. The Board also established detailed [Validation procedures](#), including a standardised procedure for data collection and stakeholder consultation by the EITI International Secretariat and standardised terms of reference for the Validator. As previously, there are extensive opportunities for stakeholder participation, as set out below.

The Validation Guide includes a provision that: “Where the MSG wishes that Validation pays particular attention to assessing certain objectives or activities in accordance with the MSG workplan, these should be outlined upon the request of the MSG”. The NSC did not request any issues for particular consideration.

3. Data collection by the International Secretariat. In accordance with the [Validation procedures](#), International Secretariat’s work was conducted in three phases:

1. Desk Review. In the period 21 June-20 August 2016, the Secretariat conducted a detailed desk review of the available documentation relating to the country’s compliance with the EITI Standard, including:

- The EITI work plan and other planning documents such as budgets and communication plans;
- The multi-stakeholder group’s Terms of Reference, and minutes from multi-stakeholder group meetings;
- EITI Reports, and supplementary information such as summary reports and scoping studies;
- Communication materials;
- Annual progress reports; and
- Other information of relevance to EITI implementation and Validation.

This work included initial consultations with stakeholders, who were invited to submit any documentation they considered relevant. In accordance with the [Validation procedures](#), the Secretariat did not take into account any actions undertaken after the commencement of Validation on 1 July 2016.

2. Country visit. The country visit took place from 22-26 August 2016. All meetings took place in Accra. The secretariat met with the multi-stakeholder group and its members, the Independent Administrator and other key stakeholders, including stakeholder groups that are represented on, but not directly participating in, the multi-stakeholder group.

In addition to meeting with the MSG as a group, the Secretariat met with its constituent members (government, companies and civil society) either individually or in constituency groups, with appropriate protocols to ensure that stakeholders were able to freely express their views. Requests for confidentiality have been respected.

The list of stakeholders consulted was prepared by Abdul Razak (National Coordinator, GHEITI Secretariat), with inputs and suggestions from the national and the International Secretariat. The

International Secretariat's view is that the report covers views of the key stakeholders engaged in the EITI process.

3. Reporting on progress against requirements. Based on these consultations, the International Secretariat has prepared this report - making an initial evaluation of progress against requirements in accordance with the Validation Guide. In accordance with the [Validation procedures](#) the report does not include an overall assessment of compliance. The report will be made available to the NSC for comment prior to quality assurance by the Independent Validator.

The International Secretariat's team comprised: Jürgen Reitmaier (Senior Advisor) and Ines Schjolberg Marques (Country Officer).

4. Independent Validation. In accordance with the EITI Standard, the EITI Board will appoint a Validator²², who will report to the Board via the Validation Committee. The Validator will assess whether the Secretariat's initial data gathering has been carried out in accordance with the Validation Guide. This will include: a detailed desk review of the relevant documentation for each requirement and the Secretariat's initial evaluation for each requirement, and a risk-based approach for spot checks, and further consultations with stakeholders. The Board may request that the Validator undertake spot checks on specific requirements. The Validator will amend or comment on the Secretariat's report as needed. The Validator then prepares a short summary (the Validation Report) for submission to the Board. This will include the Validator's assessment of compliance with each provision, but not an overall assessment of compliance. The multi-stakeholder group will be invited to comment on the Validation Report.

5. Board Review and decision. The final stage in the process is the review by the EITI Board. The Validation Committee will review the Validator's assessment and any feedback from the multi-stakeholder group. The Validation Committee will then make a recommendation to the EITI Board on the country's compliance with the EITI Requirements. The EITI Board will make the final determination of whether the requirements are met or unmet, and on the country's overall compliance in accordance with provision 8.3.a.ii of the EITI Standard. There is an appeal process, as per requirement 8.8.

Part I – MSG Oversight

1. Oversight by the MSG

1.1 Overview

This section relates to government oversight of the EITI process, stakeholder engagement and the environment for implementation of EITI in country, the governance and functioning of the multi-stakeholder group (MSG), and the EITI work plan.

1.2 Assessment

Government oversight of the EITI process (#1.1)

Documentation of progress

Ghana was the second country in Africa to join the EITI, and the government has since provided good

²² At the time of writing, the procurement process was ongoing, see <https://eiti.org/node/7118>

support to the implementation process. The President of Ghana, HE John Kufuor, publically announced the country's commitment to implement the EITI at the EITI Global Conference in London on 17 June 2003. The Government has since referred to the EITI in many of its public statements, such as statements by the current President, HE John Mahama, at the International Anti-Corruption Summit in London on 12 May 2016²³ and at the High Level Conference on the National Anti-Corruption Action Plan on 8 December 2014.²⁴

GHEITI currently has two "EITI Champions" - the Minister of Finance and Economic Planning, Seth Terkper, and the Secretary to the Cabinet²⁵, Roger Angsomwine. The Chief Director of the Ministry of Finance (MOF), Patrick Nomo, is the Chair of Ghana EITI. This position was until recently held by Major Mahama Tara, outgoing Chief Director at the MOF. The Deputy Minister of Finance, Mona Quartey, is also a political champion of GHEITI and has represented GHEITI at conferences such as the EITI Global Conference 2016. Other government agencies represented on Ghana's NSC are the Office of the President, Office of the Vice President, Ministry of Lands and Natural Resources, Ministry of Petroleum, Petroleum Commission, Minerals Commission, Ghana Revenue Authority, GNPC and the Office of the Administrator of Stool Lands. One of the district assemblies from the Western Region of Ghana, Jomoro District Assembly, is also represented.

High-level government officials have also regularly attended the launch events for Ghana EITI Reports ; at the launch of the 2014 reports, the Minister of Lands and Natural Resources, Nii Osah Mills²⁶, the Minister of Petroleum, Emmanuel Kofi Buah,²⁷ and the Deputy Minister of Finance²⁸ made statements in support of the EITI Standard 2016, and of GHEITI's achievements. The launch of the 2012-13 reports on 10 February 2015 was attended by the Minister of Finance, Seth Terkper, the Minister of Lands and Natural Resources, Nii Osah Mills, and the Minister of Petroleum, Emmanuel Kofi Buah, with the latter affirming the support of the Ministry to the process.²⁹ Senior-level officials also regularly attend report dissemination events throughout the year. For example, the Minister of Lands and Natural Resources, Nii Osah Mills, and the

²³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/522707/Ghana.pdf

²⁴ <http://www.presidency.gov.gh/node/750>

²⁵ Responsible for coordination of the work of the Cabinet and ensuring the effectiveness of the Cabinet process.

²⁶ http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=227:remarks-by-ministry-of-lands-and-natural-resources-at-the-launch-of-the-2014-ghana-extractive-industries-transparency-initiative-gheiti-report-a-the-open-data-dashboard-for-mining-and-oilgas-sectors-mensvic-hotel-accra-march-30th-2016&catid=1:latest-news&Itemid=29

²⁷ http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=229:statement-by-the-minister-for-petroleum-hon-emmanuel-armah-kofi-buah-mp-at-the-launch-of-the-2014-eiti-report-for-mining-and-the-oil-gas-sectors-at-mensvic-hotel-accra&catid=1:latest-news&Itemid=29

²⁸ http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=228:keynote-address-by-hon-mona-quarteymrs-deputy-minister-for-finance-at-the-launch-of-2014-gheiti-reports-mensvic-hotel-accra&catid=1:latest-news&Itemid=29

²⁹ http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=213:statement-by-the-minister-for-petroleum-hon-emmanuel-armah-kofi-buah-mp-at-the-launch-of-the-2012-2013-ghana-extractive-industries-transparency-initiative--gheiti-reports-for-mining-and-oil-and-gas-sectors&catid=1:latest-news&Itemid=29

Deputy Minister of Finance, Mona Quartey, attended a GHEITI 2012/13 Report dissemination workshop in Koforidua on 13 August 2015.³⁰

GHEITI was initially housed in the Minerals Commission (under the Ministry of Lands, Forestry and Mines) when only the mining sector was included in the GHEITI scope, and was later moved to the Ministry of Finance once oil and gas was also covered. The GHEITI Secretariat is currently a unit within the Ministry of Finance, and the National Coordinator, Abdul Razak, is a Senior Economics Officer at the Ministry.

In September 2010 the NSC adopted the Rules of Procedure (available from GHEITI's website³¹) to guide its operations. These Rules outline the functions and responsibilities, composition, appointment of members, decision making, and the role of the National Coordinator. A GHEITI Bill aimed at enforcing the reporting requirements and institutionalising the Ghana EITI process has been drafted by the NSC with the support of a consultant, and GHEITI is working with a consultant on the bill with the aim to have it considered by Parliament in 2016.

The government's engagement in the design, implementation, monitoring and evaluation of the EITI process has been strong during Ghana's implementation of the EITI. Government representatives have been actively engaged in NSC activities including development of the annual work plans, annual activity reports, EITI reporting templates and EITI Reports, and dissemination activities. The government has 15 members on the NSC. Minutes from Ghana NSC meetings confirm that government representatives have regularly participated in outreach and dissemination events in the country as well as in national and international capacity building events, conferences and outreach to other EITI countries in the region. The various government entities represented on the NSC provide updates on their progress with implementing recommendations from the reports prior to the preparations of the Annual Progress Report and during the annual retreat of the NSC.³² Attendance of the Chair of the NSC at NSC meetings is relatively low throughout the year and seems to happen mostly at special events such as report launches.

Ghana has hosted regional coordinators meetings and conferences (the latest Anglophone and Lusophone Africa National Coordinators meeting was held in Accra on 18-20 August 2015), and participated in study tours and peer learning events in Ethiopia, Nigeria, and Tanzania.

Although there have been no major legal obstacles to EITI implementation in Ghana, the government is seeking to improve the legal framework to maximize the potential for transparency throughout the extractive industry. The Exploration and Production Bill was recently passed by Parliament, and the NSC has provided comments on the draft EITI legislation, which seeks to institutionalize transparency and accountability in the EI sectors by ensuring that disclosures on payments and contracts are mandatory. The draft legislation would also expand the scope of the current EITI to cover the entire natural resources

³⁰ http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=223:remarks-by-ministry-of-lands-and-natural-resources-at-the-ghana-extractive-industries-transparency-initiative-gheiti-20122013-reports-dissemination-workshop-capital-view-hotel-koforidua-august-13th-2015&catid=1:latest-news&Itemid=29

³¹ http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=222&Itemid=66

³² See for example the 2015 Annual Activity Report or the Report on GHEITI National Steering Committee Annual Retreat from 2015.

sector (i.e. minerals, petroleum, forestry and fisheries), and ensure increased transparency in the distribution of payments made to, and received by, local government units and traditional authorities.³³

The government has partly funded GHEITI from its annual budget allocation and has covered the salaries for the secretariat staff. According to the Annual Progress Report 2015³⁴, the expenditure for the work plan activities was about USD 535,000, about 30% of which was funded by the government. Compared to previous years, excluding salaries and implementation activities co-funded with development partners, total government support in 2013 was USD 485,000 or 26% of total implementation, an increase from the USD 360,000 (19%) in 2012.³⁵

Stakeholder views

All representatives from government agencies consulted stated that participation and collaboration with GHEITI has been useful in different aspects of their work. A government representative noted that for the government agencies, GHEITI had the value that it could bring forward issues that the government representatives could not champion in their own capacity. A representative from GRA noted that their NSC membership had been important to facilitate reporting of GRA figures as well as details on tax administration and policy.

A representative from the Petroleum Commission explained that GHEITI's objectives are aligned with their own, which in broad terms is to ensure that the country's petroleum resources are optimised. Several Petroleum Commission representatives said that the improved transparency and availability of extractive sector information which has resulted from GHEITI make their role as regulator easier. Requiring companies to disclose information facilitates and justifies government disclosure. Their representation on the NSC has also, in their view, improved their relationship with civil society organisations that are engaged with the petroleum sector.

A representative from the Minerals Commission stated that there were advantages to having GHEITI housed at the Ministry of Finance with regards to funding, in addition to allowing for expansion to other sectors.

A civil society representative on the NSC stated that there was high-level political commitment by the government to the GHEITI process, which is driven by the Ministry of Finance and its Chief Director. The representative also noted the importance of the role of the Deputy Minister of Finance, who has recently been more involved as a political leader of GHEITI. Representatives from companies and civil society on the NSC seemed content with the level of government engagement on the NSC and GHEITI more widely, in particular the backing of the Ministry of Finance.

Initial assessment

The government appears to have a strong commitment to the implementation of EITI in Ghana. Numerous government agencies are represented on the NSC, are actively and effectively engaged in the EITI and regularly attend meetings. Government agencies represented on the NSC seem to support the process and see value in participating. The attendance of the Chair is less frequent than that of other MSG members,

³³ GHEITI 2014 Annual Activity Report:

http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&id=28:2014&Itemid=54

³⁴ <https://eiti.org/node/7158>

³⁵ Ghana EITI Work plans:

http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&id=18:workplans&Itemid=54

but this does not seem to reflect a lack of government engagement on the whole.

The International Secretariat's initial assessment is that Ghana has made satisfactory progress in meeting this requirement.

Company engagement (# 1.2)

Documentation of progress

As Ghana's extractive sector only consisted of mining until 2010, industry was represented on the NSC by only one member, the Chief Executive Officer of the Ghana Chamber of Mines, Sulemanu Koney, who was accompanied by a member of the Chamber, Frank Turkson from Ghana Manganese Company. When Ghana started producing oil in 2010, the NSC decided to extend the scope of reporting to include the newly established oil sector. This was formalised by the adoption of the Rules of Procedure³⁶ in 2010 which provided for two more seats for oil company representatives. The oil sector has in the last couple of years been concurrently represented by Kwasi Boateng (Tullow Oil) and George Sarpong (Kosmos). A representative from ENI Ghana, Baluri Bukari Kassim, has recently been invited to NSC meetings as an observer. GNPC is also represented on the NSC by Samuel Addo-Nortey.

The NSC members representing the industry regularly attend meetings, or send someone in their place, and participate in dissemination and outreach activities around the country. The Chief Executive Officer of the Ghana Chamber of Mines gave a statement at the 2014 Reports launch on 30 March 2016 reiterating the support of the mining constituency for the EITI and further implementation of report recommendations.³⁷ GHEITI recently announced that ENI has committed to "join" the EITI in Ghana and to improve transparency of government revenues from the extraction of natural resources, joining 30 other companies operating in Ghana by doing so.³⁸

Of the 15 mining companies included in the 2014 reconciliation, all submitted the requested information. Of the six oil companies included in the 2014 reconciliation, one company – Anadarko, a production company with an 18% share in the Jubilee oil field - did not respond to the request for data. The failure of the company to report its corporate tax payments resulted in a discrepancy of USD 55 million in 2014. After the launch of the 2014 report, the media misrepresented the non-reporting as a failure by Anadarko to pay tax to the government.³⁹ GHEITI issued a statement to explain the misunderstanding,⁴⁰ which resulted in Anadarko getting in touch with GHEITI to ask to submit data retrospectively to clarify. In the previous oil and gas reports, Sabre Oil and Gas Limited/Petro SA also failed to provide the requested data, but these companies provided data for the latest report.

³⁶ http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=222&Itemid=66

³⁷ http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=230:remarks-delivered-by-the-chief-executive-officer-mr-sulemanu-koney-at-the-launch-of-the-2014-gheiti-audited-report-for-mining-and-oilgas-on-march-31-2016-at-the-mensvic-hotel&catid=1:latest-news&Itemid=29

³⁸ http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=225:eni-joins-ghana-eiti&catid=1:latest-news&Itemid=29

³⁹ See for example <https://www.modernghana.com/news/683473/84m-ghanas-oil-money-missing-gheiti-faults-anadarko.html>

⁴⁰ http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=226:gheiti-corrects-misrepresentation-of-findings-in-its-2014-report&catid=1:latest-news&Itemid=29

Stakeholder views

Representatives from both the mining and oil/gas sectors felt that they were actively engaged in GHEITI implementation. Several representatives from the gold industry stated that they were adequately represented by the Chamber of Mines, and that they felt that the Chamber had the capacity to speak on behalf of the gold sector. A representative from the bulk industry was also satisfied with the mining industry representation on the NSC. An industry representative noted, however, that, owing to the significance of gold production in Ghana, the possibility of having a representative from the gold sector also sitting on the NSC should be considered.

A representative from the Chamber of Mines commented that the Chamber regularly briefs the Finance and Budget and Executive Committees of the Chamber, which include mining company representatives, on key decisions to be made at the NSC. Some representatives from the mining industry commented that they were invited to contribute to GHEITI workshops, such as the ones held last year on local content and transfer pricing, where representatives of mining companies actively participated and held presentations.

Both mining and oil/gas industry representatives seemed to consider GHEITI's primary value as being a channel of information to the public and as a tool for building trust at the local level. The Chamber of Mines representative explained that companies valued their commitment to GHEITI as it has helped provide clarity on royalty payments, which has led to shifting frustrations at the local level from companies to government. Communities are no longer saying "companies are not paying us", but "government is not paying us". Relationships between companies and communities have thus improved. Another mining industry representative stated that GHEITI disclosures and dissemination activities had helped clarify misconceptions about companies not contributing to communities and not being transparent about the extent of their operations.

A representative from the oil sector represented on the NSC explained that when GHEITI started to cover oil and gas, there was some scepticism on the company side as it was not clear whether it was another audit or was otherwise intrusive on their activities. However, after having participated for a while it became clear that there were benefits in being open about their operations as it helped show the public how companies contributed to the economy. A representative from ENI stated that they see value in the GHEITI stakeholder process and are therefore interested in exploring ways in which they can participate.

Several NSC members from government and civil society noted that companies were adequately engaged in the GHEITI process. Representatives from the Petroleum Commission noted that certain companies were particularly involved, and that the NSC was working towards expanding company representation to ENI. Some civil society representatives on the NSC noted that the oil sector is not as organised as the mining sector, which means that their mechanisms for engaging with GHEITI and with their wider constituency are less established.

Several stakeholders noted that they expected that Anadarko would submit their reporting template after the media misrepresentation of their payments.

Initial assessment

Companies are actively engaged with GHEITI implementation and see value and tangible outcomes resulting from their participation in the process, citing in particular an improvement in their relationship with communities. Companies in the mining sector expressed that they were satisfied with their representation on the NSC and participation in wider GHEITI activities such as dissemination. The more limited participation by companies from the oil/gas sector beyond those represented on the NSC seems

to reflect the relatively more recent emergence of the sector and lack of organisation among petroleum companies in the country. There are, however, signs of increasing interest in GHEITI expressed by other companies that are starting to move from exploration to production. There do not appear to be any obstacles for company participation in the EITI process in Ghana.

The International Secretariat's initial assessment is that Ghana has made satisfactory progress in meeting this requirement.

Civil society engagement (# 1.3)

Documentation of progress

Prior to the expansion of the NSC in 2010, civil society had one representative on the NSC. This was initially Emmanuel Koyole, who was succeeded by Dr. Steve Manteaw, Campaign Coordinator of the Integrated Social Development Center (ISODEC), who currently co-chairs the NSC. With the adoption of the Rules of Procedure in 2010 and expansion of the NSC, civil society gained two more seats, which are now held by Philomena Johnson from ISODEC/Institute for Fiscal Policy and Hannah Koranteng from Wassa Association of Communities Affected by Mining (WACAM).

Expression: Civil society organizations are actively engaged in EITI implementation. ISODEC is a coalition of 32 civil society organisations in the country and is also the lead CSO voice on the NSC. It is an indigenous non-governmental organisation committed to the promotion of human rights and social justice.

From every indication, civil society has been outspoken on many key issues in how the sector is managed. This includes their dissatisfaction over the speedy ratification of four oil contracts by Parliament⁴¹ and the government's alleged failure to amend or harmonize the Petroleum Income Tax Law⁴², which is said have cost Ghana almost USD 70m potential revenue, especially on capital gains tax related to the transfer of the EO Group's 3.5% stake in Kosmos Energy to Tullow Oil. The Co-Chair of the NSC, representing civil society, has also made bold public statements on how the sector is managed. In the past two years, this has included comments on a review of the Minerals and Mining Act⁴³, the "deceitful" decision by the government to increase electricity tariffs⁴⁴, the possibility of receiving more royalties from oil and mining⁴⁵, the advice to list 70% of GNPC and Tema Oil Refinery on the Ghana Stock Exchange⁴⁶, and the failure of the government to make formalisation of illegal mining attractive to informal miners⁴⁷. CSO representatives on the NSC have also made clear public statements on their support for the disclosure of contracts and of beneficial owners of mining, oil and gas companies.

⁴¹ See for example <http://www.reportingoilandgas.org/oil-experts-query-speedy-award-of-contracts/>

⁴² ISODEC, 22 October 2012. "Special focus on petroleum revenue management: Scaling the hurdles of Petroleum Revenue Management Law" <http://isodec.org.gh/articlepage.php?idnews=145#sthash.X7QXgA0y.dpuf>

⁴³ B&FT Online, 8 April 2015, "Need for a comprehensive review of mining sector law" <http://thebftonline.com/business/mining/13903/Need-for-a-comprehensive-review-of-mining-sector-law.html#sthash.zelVWnCV.dpuf>

⁴⁴ Ghana Live, 15 October 2015, "Tariff increase orders are fraudulent for gov't – Dr. Manteaw" <http://www.ghanalive.tv/2015/10/15/tariff-increase-orders-are-fraudulent-for-govt-dr-manteaw/>

⁴⁵ News Ghana, 21 April 2015, "Ghana should explore possibility of receiving oil royalties – GHEITI" <https://www.newsghana.com.gh/ghana-should-explore-possibility-of-receiving-oil-royalties-gheiti/>

⁴⁶ News Ghana, 19 February 2016, Ghana govt advised to put GNPC and TOR On bourse, <https://www.newsghana.com.gh/ghana-govt-advised-to-put-gnpc-and-tor-on-bourse/>

⁴⁷ Modern Ghana, 1 April 2016, "Ghana losing Gh500million to smallscale miners annually" <http://www.modernghana.com/news/608598/50/ghana-losing-gh500million-to-smallscale-miners-ann.html>

Operation: Minutes from NSC meetings, press releases, news articles and participation in events show that civil society is clearly able to speak freely about the EITI process without restraint or coercion. Evidence of this includes the many critical articles and research that PWYP-Ghana, ISODEC, and others have produced concerning the management of the oil sector. As mentioned under *Expression*, the Co-Chair of the NSC has spoken boldly on how he thinks the sector is governed. There is no evidence of self-censorship or self-imposed or other restrictions on freedom of expression on EITI issues, and no known restrictions (i.e. legal, regulatory, and administrative) that prevent civil society from participating in the EITI process. The ability of civil society organisations in general, and representatives from civil society on the NSC in particular, to publicly express themselves on issues related to how the extractive sectors are governed, further suggests that there are no such restrictions in Ghana.

Association: Civil society groups engaged in the EITI process freely collaborate with each other as well as with other local NGOs not directly represented on the NSC as well as with international groups. Publish What You Pay (PWYP)-Ghana is on the NSC and is an affiliate of PWYP International.

Engagement: Civil society is involved in the design, implementation, monitoring and evaluation of the EITI through participation in NSC meetings, CSO forums, dissemination events etc. For instance, civil society representatives led by ISODEC has provided significant input to discussions on and drafting of the GHEITI Bill.⁴⁸ Civil society engagement is further strengthened by Dr. Steve Manteaw's position as Co-Chair of the NSC. The Co-Chair of the NSC is also GHEITI's representative on the Public Interest and Accountability Committee and has been contributing on wider issues related to extractive sector governance in Ghana. He was, for instance, invited to the President's office for consultation on the President's statement at the London Anti-Corruption Summit in May 2016.

The minutes from NSC meetings point to active engagement over the years and it is clear that there is capacity amongst wider civil society to engage in questions related to the extractive sector. The absence of the Chair from some of the NSC meetings has in fact increased the space for civil society in shaping and influencing the discussion at NSC meetings.

Stakeholder views

NSC members from civil society said they were free to voice their concerns and questions on the NSC, and satisfied with their ability to engage with and influence the GHEITI process.

A civil society representative on the NSC stated that they work closely with communities and meet stakeholders at the community level frequently. The representative explained that there are also structures established at the local level ("community engagement groups"), such as the Centre for Social Impact Studies (CeSIS), which work to disseminate information on extractive transparency issues, including GHEITI.

According to representatives from civil society organisations not represented on the NSC and based outside of Accra, there is a lack of information from CSO members regarding what happens at the NSC level. Some of these representatives added that they only met the CSO members at special occasions such as report launches and dissemination workshops, reflecting a top-down approach. They stated the need for more regular updates on NSC activities and decisions, and for more opportunities to provide input to GHEITI's activities and reporting. A representative from NRGi also noted that it did not seem as if information was regularly being shared with civil society organisations beyond the NSC.

Civil society representatives not represented on the NSC as well as on the NSC noted a lack of funding for

⁴⁸ See MSG meeting minutes, 2 September 2014.

outreach and dissemination activities as an issue. One representative commented that the decrease in domestic and foreign funding would lead to less capacity among CSOs to hold the government accountable.

Initial assessment

Civil society stakeholders are actively engaged in the GHEITI process, including the drafting and approval of work plans, dissemination and outreach activities, and engaging in media and policy debates on sector issues. There is an enabling environment for civil society participation in Ghana, and civil society representatives have been key drivers of the GHEITI process and implementation. There seem to be some challenges related to communicating and consulting with all interested civil society stakeholders during the EITI reporting cycle, and not only after the publication of reports, which might be related to limited capacity on both sides. The International Secretariat's initial assessment is that Ghana has made satisfactory progress in meeting this requirement.

MSG governance and functioning (#1.4)

Documentation of progress

NSC composition and membership

The first national EITI stakeholder meeting was called by the Ministry of Lands, Forestry and Mines on 30 June 2004, and the Ministry sent letters to key stakeholders⁴⁹ inviting them to attend the meeting as well as to select their representatives.. The NSC was formally established in 2005.⁵⁰

The NSC currently consists of 22 members and operates under Rules of Procedure⁵¹ approved in September 2010. The government presently has 15 representatives, and companies and civil society each have three representatives on the MSG. The expansion of representation on the NSC in 2010 provided two new seats to each of the company and civil society constituencies. Each constituency has one vote, and all decisions are taken by consensus. Members of the NSC meet on a regular basis (typically once every two months), with additional meetings called by the Chair as deemed necessary. A list of NSC members is included in Annex A.

The Minister of Finance appoints the NSC members based on nominations from the different stakeholder constituencies. The NSC members are nominated for six-year terms and may be re-elected. A Co-Chair is also elected for a period that is decided by the NSC. The Rules of Procedure state that the first Co-Chair should be a representative from the Ministry of Finance, while the second Co-Chair should be a CSO representative.

Government membership:

⁴⁹ Ministry of Finance, Internal Revenue Service, Minerals Commission, and the Office of Stool Lands, the Chamber of Mines, and the Ghana Association of Private Voluntary Organizations in Development (GAPVOD).

⁵⁰ See more details on the set up and the initial stages of EITI implementation in the Ghana EITI Validation Report (2010)

⁵¹ http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=222&Itemid=66

Most government agencies represented on the NSC⁵² have dedicated desks or officers for the extractive industry (mining and/or oil and gas), which makes the selection of government representatives relatively straightforward. For instance, the Ministry of Lands and Natural Resources (MLNR) has a Mines Directorate headed by the Technical Director for Mines, who represents the Ministry of Lands and Natural Resources on the NSC. A similar arrangement exists in most of the Ministries.⁵³ In cases where it is less evident who should represent the agency, the selection process is mainly by nomination. For instance, in the Office of the Administrator of Stool Lands (OASL) the selection was done by the Administrator of Stool Lands in consultation with members of management and officers in the mining or oil/gas unit and was based on knowledge of the extractive industry.

Considering that relevant government agencies are represented on the NSC, most outreach efforts to government agencies not represented on the MSG appears to happen through GHEITI's report dissemination activities. Consultations on emerging issues where it is necessary to involve other state institutions seem to happen on an ad hoc basis. For instance, issues like beneficial ownership and artisanal and small-scale mining, GHEITI has organised consultations and workshops with state actors for input and outreach.

Company membership: With regards to mining industry representation, the Chamber of Mines is an umbrella association for mining companies and service providers in the mining industry and therefore represents the wider mining industry on the NSC. The Chamber of Mines was involved at early stages of EITI implementation in Ghana and participated in initial consultations with the government in deciding to commit to adopt the Standard.⁵⁴ According to the written input received by the International Secretariat from the Chamber of Mines⁵⁵, the Director of Analysis, Research and Finance (DARF) was initially appointed as the representative of the Chamber of Mines on the NSC. The DARF is the Secretary to the Technical, Energy, Security, Finance and Budget, and Executive Committees of the Chamber and participates in the meetings of the Council, the highest decision making body of the Chamber. The DARF is thus able to keep member companies of the Chamber informed on GHEITI developments. The DARF raises GHEITI issues with the Finance and Budget Committee of the Chamber regularly and ad hoc when specific issues arise, and discusses company-specific issues directly with the company members. In the absence of the DARF, either the Director of External Relations and Communications or the Senior Research Officer represents the Chamber of Mines on the NSC. Discussions were underway in July 2016 to renew the Chamber's representation, and the Council requested that the newly appointed Chief Executive Officer and former DARF would continue to represent the Chamber of Mines on the NSC.

⁵² The Minerals Commission, Ministry of Petroleum, Ghana Revenue Authority, Ministry of Finance, Office of the Administrator of Stool Lands, Ministry of Lands and Natural Resources, and the representative of the District Assemblies - Jomoro District Assembly)

⁵³ See "Written Input into GHEITI Validation" from government representatives on the NSC, sent to the International Secretariat upon request on 12 August 2016.

⁵⁴ http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=230:remarks-delivered-by-the-chief-executive-officer-mr-sulemanu-koney-at-the-launch-of-the-2014-gheiti-audited-report-for-mining-and-oilgas-on-march-31-2016-at-the-mensvic-hotel&catid=1:latest-news&Itemid=29

⁵⁵ Written input from the Ghana Chamber of Mines sent to the International Secretariat on 12 August 2016, "Mode of selecting mining industry representatives on the Multi Stakeholder Group of the Ghana Extractive Industries Transparency Initiative".

The second mining company representative serves as a liaison between GHEITI and mineral producers. The member has been selected by the Finance and Budget Committee of the Chamber, which oversees fiscal issues in the mining industry. The Chamber of Mines represents the gold industry, which constitutes the majority of its members. Since there is only one non-gold producing member of the Chamber, the Finance and Budget Committee selected the representative from Ghana Manganese Company on the basis that this person would be in a better position to articulate issues relating to the bulk minerals industry. The representative provides feedback on the activities of GHEITI to the Committee at its quarterly meetings, which also reports to the Council. The term of the current representative ends next year, and a successor is being nominated to represent companies on the NSC. To ensure a smooth transition, both representatives will attend NSC meeting until the end of the term of the current representative.

For the oil and gas sector, Ghana E&P Forum provides a platform for engagement between companies operating in Ghana, and both oil company representatives on the NSC engage with their constituency via this platform and distribute relevant information on an ad-hoc basis.

Civil society membership:

When initially setting up the NSC, the government requested the Ghana Association of Private Voluntary Organisations in Development (GAPVOD), which at the time served as the umbrella body for civil society groups in Ghana, to submit their nominated representatives from the civil society constituency. GAPVOD nominated the Integrated Social Development Centre (ISODEC) on the grounds of its expertise and track record of working on mining, budgets, and participatory development issues.

In November 2004, ISODEC sought support from DFID to organize a civil society consultative meeting on Ghana's implementation of the EITI, with the aim of broadening civil society participation in the process and agree on a framework for civil society participation. The meeting decided on the formation of a coalition, Publish What You Pay Ghana, to be affiliated with the global Publish What You Pay campaign, as its framework for engaging with the Ghana EITI. The Publish What You Pay Steering Committee was established as a counterpart to GHEITI, with emphasis on the gold sector. It also endorsed ISODEC's representation of the group, and mandated it to provide hosting and other logistical support to the Ghana extractive industries transparency campaign. The agreed reporting to the larger constituency was through regular emails, workshops, and its general assembly.

The first representative of the PWYP-Ghana group was Emmanuel Kuyole, currently the Deputy Director for Africa at the Natural Resource Governance Institute (NRGI). Dr. Steve Manteaw served as his alternate, and upon Mr. Kuyole's exit from the NSC, Dr. Manteaw was nominated as the representative of PWYP in 2010.⁵⁶

According to civil society representatives on the NSC; both PWYP-Ghana and the Civil Society Platform on Oil and Gas are presently in consultation with their members to renew or replace the mandate of the current civil society representatives on the NSC.

Rules of procedure

The Rules of Procedure function as the terms of reference of the NSC, outlining the role and responsibilities of NSC members and the mandate of the NSC. This includes approval of work plans, EITI Reports and

⁵⁶ See more about the process of CSO selection at the earlier stages of GHEITI in the written input to GHEITI Validation from Civil Society Organisations, under "Selection of CSOs to the MSG", sent to the International Secretariat on 12 August 2016.

Annual Activity Reports, procurement of necessary services related to EITI implementation, and the adoption of internal governance rules and procedures.

The Rules of Procedure require that meeting invitations be sent by letter or e-mail and that an agenda be shared prior to the meeting listing the items to be discussed. According to NSC representatives, the meeting schedule is agreed at the beginning of the year, and the agenda is typically shared one week ahead of a meeting. Ad-hoc meetings are called when necessary. The minutes from the meetings are approved in subsequent meetings, and NSC members provide clarifications and comments when necessary.⁵⁷

The Rules of Procedure state further that NSC minutes should be signed by the Chairman, Co-chair or National Coordinator and the person recording the minutes, and that these need to be confirmed and approved by members who were present at the particular meeting. Minutes of NSC meetings are taken for each meeting and agreed by the NSC. The minutes have recently been made accessible at the GHEITI Secretariat, and minutes from meetings held in 2016 are published online.⁵⁸ Reports from special workshops or events are also available on GHEITI's website.

The Rules of Procedure establish sector-specific and/or technical sub-committees on communication, mining, oil/gas, and procurement, and their composition and main tasks/duties are outlined on pp. 12-14. The meeting minutes indicate that these sub-committees meet regularly and provide substantial input with regards to the production of GHEITI Reports.⁵⁹ Ad-hoc sub-committee meetings have also been established, such as the Open Data sub-committee⁶⁰, the sub-committee on the GHEITI Impact Assessment Study⁶¹ and a sub-committee to review the comments from the pilot validation and prepare for the 2016 Validation.⁶² There does not appear to be a policy or practice of paying per diems to NSC members, although costs of representatives that participate in dissemination activities are at times covered (depending on who funds the events).

Discussions on the necessity of legal backing for GHEITI were initiated in 2007. A GHEITI Bill aimed at enforcing the reporting requirements and institutionalising the Ghana EITI process was drafted by the NSC with the support of a consultant⁶³. At the time of the initial assessment for Ghana's Validation, the draft was under review by the consultant after having received feedback from stakeholders.

⁵⁷ See for example MSG meeting minutes from 7 July 2015, points 1 (i) and (ii), which provide clarifications on the meeting minutes from 30 April 2015 and 13 May 2015, or MSG minutes from 9 June 2016.

⁵⁸ http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&id=39:minutes-of-meetings&Itemid=54

⁵⁹ See for instance minutes of the meeting of the technical sub-committee on 2 April 2015 to review the TORs for the Independent Administrator, and MSG meeting minutes 13 May 2015 which where the comments by the sub-committee were presented and discussed by the NSC. Another example is the MSG meeting minutes from 15 August 2014, where the findings and recommendation from the procurement (or evaluation) sub-committee on the evaluation of bids and appointment of Independent Administrator are discussed.

⁶⁰ MSG meeting minutes, 13 May 2015, point 6.

⁶¹ MSG meeting minutes, 1 September 2015.

⁶² MSG meeting minutes, 9 July 2016.

⁶³ For a summary of the GHEITI Bill drafting process, see MSG meeting minutes, 2 September 2014.

Stakeholder views

Stakeholders seemed to be of the view that the GHEITI Bill would clarify some of the NSC governance arrangements or less formalised practices. Several representatives from government and companies explained that they had been or were in the process of appointing alternates to represent them on the NSC, and that they were aiming for the GHEITI Bill to institutionalise an alternate system. A government representative noted that the position of Co-Chair is meant to rotate among the constituencies and that the GHEITI Bill is meant to further clarify this role.

A donor representative also noted that due to the large number of members on the NSC, membership has become unwieldy, and that selection of NSC members should be more strategic. On the other hand, a representative from NRGi noted that the broad government membership on the NSC was important as it facilitated follow-up when necessary with the different agencies. The representative mentioned that rather than expanding NSC membership, it was more important to ensure that the representatives engage more with their constituencies. This would be particularly important for civil society, as they would often need the wider CSO network to get behind key advocacy issues such as contract transparency. One of the CSO members on the NSC also noted the need for improved coordination between the NSC representatives and their constituencies, although there would always be consultation with the wider constituency when important decisions were made.

Several NSC representatives from all the constituencies noted that they were satisfied with the voting procedures. A GRA representative commented that this worked particularly well within the government constituency, as it led to intense discussions ahead of decision making which would then be resolved around the table. It was also noted that most of government representative deliberations happen around the NSC table. One representative from the oil sector did however note that if it would ever come to voting, it could be challenging for the mining and oil sector to speak with one voice on a matter. The oil industry representative noted that representation of the sectors is seen as separate, and that they don't see themselves as one industry. It was also noted that the NSC has never taken a vote, but that a discussion on the voting procedures should take place within the NSC ahead of the passing of the GHEITI Bill.

The company representative noted that EITI does not seem relevant to many of the members of Ghana E&P Forum yet. A representative from the oil sector commented that in the future there needs to be a wider representation of the oil industry on the NSC, as the company representative was not comfortable in being perceived as representing the whole oil industry. The company representative noted that the company has worked with nurturing the E&P forum to take a more proactive role and get to a place where they can take leadership. The oil companies have generally not been active in organising themselves as a sector as there are few producing companies. The co-chair of the NSC (representing civil society) commented that considering that the oil and gas companies are still relatively few and unorganised, interested companies have been invited to join the NSC.

Most representatives from civil society organisations mentioned the lack of capacity and funding for outreach activities at the local level as an issue. One civil society representative on the NSC noted that this also affected their ability to coordinate feedback from civil society members in the regions on the report and to develop strategic CSO positions. A representative from NRGi suggested that the GHEITI Secretariat could provide more support to engage other civil society organisations, for instance by organising workshops for interested civil society stakeholders.

Civil society representatives on the NSC stated that companies often support the civil society agenda around the NSC table. They feel that companies appreciate the work of CSOs in creating an enabling

environment for their operations, knowing that conflicts at the local level mean less profits. A company representative also noted that they saw GHEITI as a platform to engage with civil society and government agencies.

All representatives consulted representing the ASM sector stated that they had requested to be represented at the NSC level. It appeared that one of the representatives had attended an NSC meeting by chance, which led to the realisation that the ASM sector should also have a seat on the NSC. The ASM representatives said they saw GHEITI as an opportunity to work towards creating a level playing field between the large-scale and ASM sectors and a platform for exposure and better understanding of the sector, as well as to help ensure consistency in applied tax rates and records of tax paid. An ASM representative added that this reflected a wider, non-intentional side-lining of the ASM sector by the government.

The co-chair/civil society representative on the NSC commented that there were various groups who want to be represented on the NSC (traditional authorities, gender groups, religious groups, and so on) and that it was a challenge to ensure that the NSC governance and functioning would not become unwieldy.

On the GHEITI Bill, a civil society representative on the NSC noted that the bill was primarily a product of civil society engagement. CSOs had advocated for a standalone law to bring together all scattered laws in one place, and to ensure the sustainability of GHEITI independently of political support. According to the representative, parliament has not yet passed the law as they require a formal legal entity to be established behind the law. Both the government and civil society are wary to create bureaucracy and seek to move towards mainstreaming of GHEITI, and are therefore seeking a compromise to legislate only the principles of GHEITI.

A development partner representative commented that the length of time it has taken to get the GHEITI Bill to parliament was a primary concern. A lot of input has been made to the bill and GHEITI has done much outreach to parliamentarians to sensitise them on the content of the bill. It would be a lost opportunity if the bill is not passed before new members of parliament and ministers are appointed.

Initial assessment

Stakeholders from the government, civil society and extractive companies are actively engaged in the process, including the drafting and approval of work plans, dissemination and sensitisation activities, and engaging in public debate on sector issues. There seem to be some issues and practices, such as the alternate system, the rotation of the Co-Chair, re-election of NSC members, voting by constituency and expansion of NSC membership, that would need to be clarified in the GHEITI Bill. Notwithstanding these concerns, the Secretariat's initial assessment is that the NSC is providing effective oversight of EITI implementation. The International Secretariat's initial assessment is that Ghana has made satisfactory progress in meeting this requirement.

Workplan (#1.5)

Documentation of progress

The NSC maintains a current work plan which is available on the GHEITI website⁶⁴. The work plans are agreed by the NSC at their annual end-of-year retreat, and the 2016 work plan was scheduled to be

⁶⁴ http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=163:gheiti-workplan-2014-2015&id=18:workplans&Itemid=54

discussed at the retreat on 13 December 2015. The 2016 work plan was approved by the NSC in December 2015, listing five objectives:

Objective 1 - Revenue management

Objective 2 - Enhanced citizen participation in decisions around resource extraction along the extractive industry value chain

Objective 3: Enhanced transparency in license allocations

Objective 4: Institutionalisation of GHEITI and strengthening natural resource governance

Objective 5: Capacity building for GHEITI secretariat and NSC members

To some extent, these establish “EITI implementation objectives that are linked to the EITI Principles and reflect national priorities for the extractive industries” (Requirement 1.5a). Issues like the management of revenues from the extractive sector and strengthening sector governance (in particular with regards to improving the legal framework of the sector) reflect some of the government’s priorities in the past years. The work plan provides justification for its objectives; for instance, on revenue management, the work plan notes that some of the challenges these seek to address include “lapses or institutional weaknesses in dealing with revenue management in the extractive sector, and the challenge of regular monitoring of royalty payments from the central government to District Assemblies at the subnational level” (p. 2). This also builds on findings and lessons learned from previous GHEITI reporting. Compared to previous work plans, there is more elaboration of the objectives and explanation of the scope (p. 1), although the activities do not vary greatly from year to year. The 2016 work plan also lists the work plan deliverables, which are realistic and linked to the objectives (p. 2).

The work plan lists the planned activities to achieve the GHEITI objectives, expected outcomes, timeline, and costs. The expected outputs are measurable, while the expected outcomes could in some cases be further elaborated. For instance, with regards to activity 2 which seeks to follow up on report recommendations by writing to all relevant institutions, the expected output is “report on implementation status of the 2014 reports” and the expected outcome is “inform policy”. There is potential to be more specific and ambitious with regards to the outcomes related to the implementation of these recommendations, based on GHEITI’s experience and successes so far. There are similar examples in activities 4, 13, 15, 16, 22 and 23.

The work plan includes a broader activity related to following up with government agencies on the implementation of GHEITI report recommendations (activity 2), and more specific activities addressing report findings and recommendations (activity 3, 4, 16 and 17-19). Activities addressing capacity constraints are mostly focussed on training NSC members on specific issues related to natural resource governance, oil/gas accounting, finance and contracting, as well as communications skills (activity 23 and 24). There are also activities related to report sensitisation at the community level and with media/journalists, and training stakeholders at the district level on the use of the web-based reporting system (activities 10-13 and 22).

The work plan does not fully reflect the scope of activities GHEITI performs, for instance more recent activities related to beneficial ownership, commodity trading, transfer pricing and artisanal and small-scale

mining. A review of the objectives for the next work plans in light of the scope of GHEITI's work would help further link the work plan objectives to wider sector governance.

The 2016 work plan includes an overall budget estimate of GHS 2,220,000 (about USD 563,000) for 2016, of which almost 80% has been committed by the government and 17,5% by GIZ. Sources of funding are identified for all activities but the production of the 2015 report. The 2015 previous work plan estimated about USD 890,000 for 2015. According to the latest Annual Activity Report, in 2015 more than 82% of was made available to GHEITI from the government, GIZ, NRGi and the World Bank. The 2015 work plan was not fully funded with a gap of 16%, which affected the implementation of activities such as capacity building for NSC members in oil and gas accounting and finance and some communication activities. The funding of the reconciliation report continues to be the single largest activity on the work plan constituting 48% of expenditure. The decrease of available funds from 2015 to 2016 is represented by the closure of the World Bank Multi-Donor Trust Fund. Besides lack of funding, possible constraints that could hinder the implementation of the activities outlined in the work plan are not identified.

As the Validation commenced on 1 July 2016, it was too early to assess implementation of the 2016 work plan or progress against objectives. According to the latest Annual Activity Reports⁶⁵ and the reports from the NSC annual retreat, there has been overall progress in achieving the broader objectives of the work plans for the past two years, while some activities related to communication and training of NSC members have remained outstanding due to limited capacity. With regards to the 2015 work plan, the report from the annual retreat mentions the consultations on the GHEITI Bill, dissemination activities on the reports, and capacity building for NSC members as successfully completed activities. It notes that 90% of activities were completed, while the remaining activities related to specific training for NSC members, production of newsletters and outreach activities for students would be moved to 2016.

Upon approving the 2016 work plan, the report from the annual retreat notes that the NSC "expressed satisfaction of the quality of the 2016 work plan and gave their approval. They, however, noted that the activities were quite loaded and very ambitious and the Secretariat and the MSG may periodically review the plan to see progress of work given the reality of the year" (p. 8). The 2016 work plan includes updated activities related to revenue management, subnational transfers and beneficial ownership disclosure.

Stakeholder views

Improving transparency in revenue management was mentioned by several stakeholders as a key value from GHEITI, reflecting the importance of the first objective of the work plan.

A civil society representative on the NSC noted that they had provided significant input to the work plan and the wider issues on the GHEITI agenda.

Other stakeholders consulted did not appear to have any particular views or concerns about the work plan.

Initial assessment

The NSC has agreed a work plan which reflects the national priorities for the sector, and there is evidence of progress in more clearly articulating the objectives of EITI implementation. However, as the scope of GHEITI has widened, it is recommended that the objectives are reviewed before the approval of the next

⁶⁵ GHEITI Annual Activity Report 2015 https://eiti.org/sites/default/files/documents/2015_annual_activity_report_-_final_1_0.pdf, GHEITI Annual Activity Report 2014 https://eiti.org/sites/default/files/documents/2014_ghana_annual_activity_report.pdf

work plan, to fully reflect the scope of GHEITI's activities. The International Secretariat finds that Ghana has made satisfactory progress in meeting this requirement.

Table 1 - Summary assessment table: MSG oversight

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Government oversight of the EITI process (#1.1-1.2)	The government is committed to the EITI and relevant government representatives are part of the NSC.	Satisfactory progress
Company engagement (#1.2)	Companies are actively engaged in the design and implementation of GHEITI.	Satisfactory progress
Civil society engagement (#1.3)	There is an enabling environment for civil society participation in Ghana, and civil society representatives have been key drivers of the GHEITI process and implementation. There are certain capacity constraints that may in the future affect their ability to be fully and effectively engaged in the design, implementation, monitoring and evaluation of the EITI process.	Satisfactory progress
MSG governance and functioning (#1.4)	Stakeholders are adequately represented on the NSC. The current Rules of Procedure were adopted in September 2010 which continue to guide its work. The NSC has a chair and co-chair and meets regularly to review and guide implementation in the country. They have also participated in ad hoc meetings and have established sub-committees tasked with specific aspects of GHEITI implementation.	Satisfactory progress
Work plan (#1.5)	The work plan has clear objectives linked to national priorities for the extractive sector, as well as detailed actions and timelines, although it does not reflect the full scope of GHEITI's work. Costing is missing for some items, and implementation is slightly behind schedule. In particular missing funds for the 2015 GHEITI report is of concern,	Satisfactory progress

	although the deadline for the report is at the end of 2017.	
<p>International Secretariat's recommendations:</p> <ol style="list-style-type: none"> 1. The NSC might wish to make a realistic timeline for finalising the GHEITI Bill. 2. It is recommended that the draft GHEITI Bill or any revised internal procedures of the NSC take the following issues raised by stakeholders into account: (a) although decisions are made by consensus, if they would at some point have to be made by voting, representatives from the same constituency might not agree to one vote (b) considering adequate representation of interested stakeholders without increasing NSC membership to the extent that it becomes inefficient, (c) an alternate system or a mechanism for representation, which can also help ensure that membership of the NSC does not become too unwieldy, (d) mechanisms allowing NSC representatives to consult with and reach out to their wider constituencies to allow for wider participation in the design and implementation of GHEITI. The NSC may also wish to consider practices related to re-election of NSC members. 3. It is recommended that civil society undertake a capacity building needs assessment and that actions to address civil society capacity constraints be implemented. The MSG may wish to consider ways in which the NSC and GHEITI Secretariat can provide support for civil society activities. 4. The NSC has developed a work plan with objectives that reflect the key concerns of stakeholders with regards to the management of the country's extractive resources. It is however recommended that the NSC review the objectives for the next work plan to ensure that it fully encompasses the reality of the scope of GHEITI's work. 		

Part II – EITI Disclosures⁶⁶

2. Award of contracts and licenses

2.1 Overview

This section assesses implementation of the EITI requirements related to the legal framework for the extractive sector, licensing activities, contracts, beneficial ownership and state-participation.

2.2 Assessment

Legal framework (#2.1)

Documentation of progress

Oil and gas sector

The oil/gas report contains a description of the regulatory framework and fiscal regime applying to the petroleum sector (Section 3.2, pp. 8-9). No links to the legal documents are provided, although most of

⁶⁶ Note that all page numbers refer to the 2014 EITI Report available on the Ghana EITI website

(<http://www.eitimongolia.mn/sites/default/files/uploads/final-reports/Final%20report%20EITI%20Mongolia%202013%20en.pdf>)

these are available from the website of the Petroleum Commission.⁶⁷ The government agencies responsible for collecting revenue are described in the context of the reconciliation (pp. 37- 40). A more detailed description of government agencies was contained in the addendum to the 2012-13 reconciliation report distributed in early December 2015 and published on the GHEITI website⁶⁸, although this information is not repeated in the present report.

Information on the fiscal regime is spread over the report in the following way: (i) the fiscal regime of the Model Petroleum Agreement, consisting of five items with applicable rates, is summarized on p. 9, already with a general qualification that individual contracts may provide for a different fiscal regime; (ii) more details on the modalities of six types of taxes included in the reconciliation are shown in Table 4.3 (pp. 40-41); (iii) two more fiscal regimes, each with four line items and applying to the Jubilee and Saltpond fields, respectively, are shown in Table 4.6 (p. 42).

The report also includes information on ongoing reforms and proposed amendments to existing regulations (#2.1.b). The overview of “Policy, legislative, and institutional developments” in the sector (Section 3.1.2, p. 6) includes a list of proposed amendments to the Petroleum Revenue Management Act (PRMA), while regulations for this act have been delayed. This section further notes the pending Cabinet approval of the draft Petroleum Exploration & Production (E&P) Bill. The report recommends passage of this Bill to ensure good sector governance, arguing that delays mean that Ghana will remain unable to deal with the potential reoccurrence of disputes it has had with “certain players in the industry” (p. 80). (The Bill has since been passed into law on 4 August 2016.⁶⁹)

On the fiscal side, the report notes the extension of capital gains tax provisions in the Internal Revenue Act, 2000 to petroleum operations (p. 9); this had been recommended by the 2010-11 EITI Report on p. 40. The report makes no reference to fiscal devolution.

Mining sector

The mining report gives an overview of the legal and regulatory framework governing the mining sector (Section 3.1.1, pp. 7-8), listing key legislation such as the Minerals Commission Act of 1993, the Minerals and Mining Act of 2006, its amendment of 2010, and various regulations adopted in 2012 (no links are provided). An overview of the key laws and regulations related to the mining sector (excluding the Minerals and Mining Act 2006) is also available from the Ministry of Lands and Natural Resources (MLNR) website.⁷⁰ The Minerals and Mining Act 2006 has been made available online by NRG⁷¹ and Faolex.⁷² One of these

⁶⁷ Petroleum Commission Ghana, “Laws & Regulations”, <http://www.petrocom.gov.gh/laws---regulations.html>

⁶⁸ http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=239:role-of-government-agencies&id=35:mining-oil-a-gas-reports&Itemid=54

⁶⁹ According to information provided by GNPC on 12 August 2016, the E&P Bill was passed by Parliament on 4 August 2016 and will become law after receiving presidential assent and being gazette. The media has also reported on the passage of the Bill, see for example <https://www.modernghana.com/news/709539/petroleum-exploration-and-production-bill-2016-passed-into.html>

⁷⁰ http://www.mlnr.gov.gh/images/downloads/MINERALS_COMMISSION.pdf

⁷¹

<http://www.resourcegovernance.org/sites/default/files/Minerals%20and%20Mining%20Act%20703%20Ghana.pdf>

⁷² <http://faolex.fao.org/docs/pdf/gha85046.pdf>

regulations spells out local content requirements, which are presented on p. 26. The role and responsibilities of government agencies such as the Ministry of Mines, the Minerals Commission, the OASL, and the Ghana Revenue Authority are explained (pp. 79-83). Existing stability agreements are described (pp. 44-45), including plans to renegotiate. A paragraph on the GHEITI Bill and what it might require from companies related to contract transparency is provided on p. 45. The report also describes the laws and regulations covering artisanal and small-scale mining (ASM) (pp. 31-34).

The report further lays out several proposed amendments to the Minerals and Mining Act of 2006, which were expected to be considered by Parliament in 2015 (p. 8). This includes removing the fixed percentage rate for royalty payments and providing for the confiscation of equipment used in illegal small-scale mining. In its findings, the report highlights that the delays in passing the Mineral Development Fund Bill is hampering the utilisation of revenue from the fund for earmarked projects (p. 107). This has also been noted in previous EITI Reports (2010-2013). The Mineral Development Fund Act (MDFA) was passed into law by Parliament in August 2016⁷³ and was not yet available in its final form as of 25 August 2016. The act is expected to provide for the monitoring of royalty transfers from the Office of the Administrator of Stool Lands (OASL) to District Assemblies.

The report describes the fiscal regime in force in 2014 and changes it underwent in 2006 and 2012 (p. 9). The fiscal regime for ASM is shown in Table 4.3 (p. 35). The rules governing fiscal decentralisation are summarised on p. 47.

Stakeholder views

On the presentation of the fiscal regime for the oil and gas sector in the report, a civil society representative on the NSC suggested that this might reflect inconsistencies in the legal framework governing the petroleum sector. This was attributed to the fact that the legal framework had been rushed into place at the time Ghana had discovered oil and gas. The representative added that now that Ghana had more experience with oil production, discussions would likely emerge on a more comprehensive law in the future. As to how the fiscal regime is presented in the report, the NSC civil society representatives thought this was already a good summary of the various regimes. A representative from the GRA noted that to add to the complication, some of the revenue streams were negotiable and depended on the contractual agreements.

A government representative from the Ministry of Petroleum commented that since the passing of the PRMA, the oil sector had become more transparent, particularly with regards to required GNPC disclosures.

Civil society representatives explained that the Exploration and Production Bill was recently passed by Parliament but had not yet been signed by the President, adding that it was too early to say anything about the Bill before it was gazetted. CSOs had, however, long advocated for the bill to include provisions on prior and informed consent, contract transparency, and beneficial ownership disclosure, and civil society was now expecting these provisions to be reflected in the final act.

A representative from GNPC commented that the passing of the E&P Bill would make the PRMA more specific to revenue, and would clarify ambiguities on GNPC ownership arrangements.

A senior representative from the MLNR explained that GHEITI had provided significant input to the recently passed Minerals Development Fund Act (MDFA), which had resulted in certain provisions related to the

⁷³ <http://www.ghana.gov.gh/index.php/media-center/news/2445-parliament-passes-mineral-development-fund-bill>

management of mineral royalties to be included.

A representative from the Chamber of Mines stated that they were pleased to see the MDFA passed, although it would be necessary to go through the bill to consider the legal instruments and make sure that stakeholders are consulted.

With regards to the artisanal and small-scale mining sector (ASM), an MLNA representative noted that the current legal framework aimed at formalising the sector but was not sufficient when it came to fiscal provisions. A representative from the Minerals Commission noted that despite there being a framework in place, small-scale miners did not always keep a clear record of their costs and revenues. Several representatives from the ASM sector noted that it was often unclear which tax rates would apply for the sales of their production, and that royalty rates would be applied differently by different buyers. One small-scale miner noted that withholding tax had been introduced without sector consultation.

The representative from MLNR recommended that GHEITI not cover the ASM sector before the government had done more to formalise the sector, as it would require significant efforts to collect the necessary information. A representative from the Minerals Commission noted that, in order to be covered in GHEITI reports, the sector revenue would have to be reported in aggregate figures.

A civil society representative on the NSC stated that the accounting of extractive sector revenue was key to GHEITI, and that the CSO emphasis on this was reflected in their input to the draft GHEITI Bill.

Initial assessment

The legal framework and fiscal regime governing the extractive industries are described in the respective reports, if not always very clearly or in one convenient place. The description of the various (several) fiscal regime(s) for the oil/gas sector comes across as confusing, casting doubt on the clarity and equitability of the fiscal regime itself. Information on the roles and responsibilities of the relevant government agencies is included in the reports, as is information on reforms of the system. The International Secretariat's initial assessment is that Ghana has made satisfactory progress in meeting this requirement.

License allocations (#2.2)

Documentation of progress

Oil and gas sector

Oil and gas licences are negotiated on a first-come-first-served basis, and the procedure for acquiring an oil block is described on pp. 10-11 and in Appendix 3 of the 2014 oil/gas report; the report states that no changes were recorded in the licensing regime during the year under review. The report lists eight new petroleum agreements approved during the reporting period, showing the operator, location, size, and effective date of the concession (pp. 11-12).

The 2014 oil/gas report does not discuss the technical and financial criteria for awarding licences, nor was such discussion included in the 2012-13 oil/gas report. It was provided in a supplementary report ("GHEITI Addendum to 2012/2013 – Reconciliation Report")⁷⁴ and also published separately on GHEITI's website on

⁷⁴ GHEITI 2012-13 Supplementary Report

http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=241:addendum-and-other-documents&id=20:framework-documents&Itemid=54

17 November 2015.⁷⁵

Since there is no license bidding process in Ghana, the requirement to disclose a list of applicants and the bid criteria (#2.2.c) is not applicable. Under the existing licensing regime, licenses are granted based on negotiations between the government and interested investors following solicited or unsolicited expressions of interest. The Petroleum (Exploration and Production) Law (1984)⁷⁶ provides for competitive bidding for petroleum rights, although the Minister of Petroleum has the discretion to negotiate these directly. The Independent Administrator notes that the current practice could lead to the award of licenses to inefficient operators and that the details of the negotiations are not made public (p. 80). The report therefore recommends that the Ministry of Petroleum introduce licensing rounds including bidding and also publish information about the awarded contracts on the Ministry website. The E&P Bill which was passed on 4 August 2016 aims at strengthening competitive public tendering for petroleum rights⁷⁷ and requires that tendering or direct negotiation processes are gazetted and announced in the media.⁷⁸

The 2012-13 EITI Report noted that there were no transfers of licenses in 2013, while the acquisition of Sable Oil and Gas Ltd by PetroSA was recorded in 2012. The Independent Administrator noted that there was no evidence that capital gains tax related to the transaction had been paid (p. 45). The Independent Administrator recommended improving regulation of these types of transfers (p. 91). Following the recommendation, the Act 871 (Internal Revenue Amendment) was passed in 2013, which amended the provisions of the Internal Revenue Act to tax such capital gains in the oil sector in the future. The Terms of Reference of the Independent Administrator has since included the monitoring of capital gains tax payments related to such transfers through EITI reporting. The 2012-13 EITI Oil and Gas Report noted the cases in which capital gains tax was applicable but not paid.

Mining sector

The licencing regime currently practiced is a first-come-first-served system. The procedure is described for different types of large-scale licenses (p. 38-40) as well as for small-scale operations (p. 34 and p. 43-44). Licenses cannot be transferred without the approval of the Minister of Lands and Natural Resources (p. 7). There were no transfers of mineral rights in 2014 (p. 41). Licences issued in 2014 are listed by applicant and licence type in Appendix 5. No significant deviation from the legal and regulatory framework is noted.

Since there has been no license bidding in the mining sector, the requirement to disclose a list of applicants and the bid criteria is not applicable. However, the report recommends to adopt open bidding procedures (p. 108), as earlier reports have also done (p. 106). The report also notes the intention of the Minerals Commission to enhance the existing practice with a tender process in the future (p. 38).

Stakeholder views

Owing to the absence of good geological data that would be needed to underpin open bidding for licences,

⁷⁵ GHEITI: Technical and Financial Criteria for Evaluation of Applications for E&P Rights

http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=222:technical-afinancial-criteria-for-evaluation-of-applications-for-eap-rights&id=35:mining-oil-a-gas-reports&Itemid=54

⁷⁶ http://www.petrocom.gov.gh/assets/petroleum_exploration_and_production-law_1984_pndc_law_84.pdf

⁷⁷ <http://www.ghana.gov.gh/index.php/media-center/news/2942-petroleum-exploration-production-bill-2016-undergoes-second-reading>

⁷⁸ <https://www.modernghana.com/news/709539/petroleum-exploration-and-production-bill-2016-passed-into.html>

the Minerals Commission defended “our resolve currently to go by the first-come-first-served method.”⁷⁹ A senior representative from the Ministry of Lands and Natural Resources stated that the current licensing system in the mining sector is based on the legal framework, and added that the lack of geological data made it difficult to tender licences fairly. There had been discussions on this within the Minerals Commission, but the outcome of such discussions had so far been that without baseline geological data, initiating open tenders might backfire. The senior representative noted that once there is sufficient data, serious consideration would be given to introducing a tender system of licence allocation.

A civil society representative from one of the producing regions noted that licensing procedures should follow international best practices, and that the current system was contradictory to transparency, leading to perceptions of corruption. A media representative said that with regards to the mining sector, affected communities should be involved when a decision is made to allocate a license on their land, to avoid conflict.

Initial assessment

The 2014 oil/gas and mining reports comprehensively disclose the respective process for awarding licences, consisting in both sectors of a first-come-first-served negotiated process in multiple steps. The technical and financial criteria for awarding licenses are described in general terms on the GHEITI website but this is not linked to the 2014 reports. In the absence of any transfers of licenses within the reporting period, neither report addresses the process of transferring licenses. License awards are comprehensively listed, including awards to companies that are not subsequently subject to EITI reporting of payments. The efficiency and effectiveness of licensing procedures are discussed in the reports, leading to recommendations for change which has potentially contributed to ongoing sector reforms. The International Secretariat’s initial assessment is that Ghana has made satisfactory progress in meeting this requirement.

License registers (#2.3)

Documentation of progress

Oil and gas sector

The report contains information about the licenses held by oil and gas companies in Table 3.2, “Status of Upstream Activity” (pp. 13-14), including the name of the operator, the concession size, the dates of award and effectiveness of the license, the location, and the commodity produced. An activity map on the offshore basins indicates the location of the oil blocks (p. 11). The coordinates and the duration of the license are not included.

It is not clear from the report whether this information encompasses licenses held by all companies operating in the country or is limited to the companies that are covered in the EITI Report. There is no discussion about the potential barriers to including this information for all companies and plans for overcoming the barriers. As in the 2012-13 oil/gas report, the Independent Administrator recommends establishing an online repository with up-to-date information on oil blocks, including coordinates (p. 80). It notes that the Petroleum Commission has initiated steps to establish an online repository, and recommends quickening the process. The recently passed E&P Bill requires the Petroleum Commission to

⁷⁹ Written input from the Minerals Commission, 12 August 2016.

establish and maintain an open petroleum register.⁸⁰

The 2012-13 Report included details on the duration of the licenses, but not on the dates of the license applications. The report did also not include the coordinates of the blocks, although GHEITI published this in a Supplementary Report (November 2015) and as a separate document on GHEITI's website.⁸¹ This information is not extended to licenses awarded in 2014 (as listed in Appendix 5).

Mining sector

The mining report notes that there is no comprehensive online register for mining licenses. A description of the types of licenses is provided (p. 39-40 and in Table 5.2 on p. 72), and Table 4.4 "List of Mining Lease Holders" contains the information listed in Requirement 2.2.b for 15 licenses, except for the coordinates of the license areas and the dates of application (p. 41). The table also includes the tax identification numbers of the operators, the commodities produced and the shares held by companies for most of the licenses.

The section on ASM notes the number of registered small-scale mining groups, companies and industrial operators and in which regions they are concentrated (pp. 34-35). Over 90 unlicensed artisanal and small-scale mines spread across 24 administrative districts of Ghana have been identified.

The report also notes the challenges the decentralisation of mineral rights acquisitions pose for the management and oversight of licensing, in particular when it comes to small-scale mining (p. 42). This is in particular due to inadequate information and communications technology infrastructure, and the report mentions a project run by the Minerals Commission with the aim of improving electronic services to establish efficient mineral cadastre systems.

As with the oil and gas licenses, it is not clear from the report whether the information encompasses licenses held by all companies operating in the country, or whether it is limited to the companies that are covered in the EITI Report.

The 2012-13 report also provided details on active mining licenses, including company name, mineral type, concession area, number of blocks, date of license, date of expiry, region, and date of first license. However, the list did also not include the coordinates of the concession area or the date of application.

The 2012-13 report recommended that an online cadastre be established and managed by the Minerals Commission. The Minerals Commission has developed such a cadastre, to cover all the data required by the EITI Standard. The cadastre was in its testing face in January 2016, and the 2014 report notes that the Commission plans to launch the cadastre within a year (p. 39). A detailed timeline is provided in Section 4.8.4, "Status of Mining Cadastral Administration System (MCAS)" (p. 43), showing that most of the implementation deliverables have been met, although digitisation of valid large-scale licenses and ongoing applications is still ongoing. The online repository portal will be available at <http://ghana.revenuesystems.org>, which is currently only accessible by invitation.

Stakeholder views

Stakeholders did not express any particular views on the license register or publication of licenses. A representative from the Minerals Commission noted that once the online mining cadastre would be up and

⁸⁰ <http://www.ghana.gov.gh/index.php/media-center/news/2942-petroleum-exploration-production-bill-2016-undergoes-second-reading>

⁸¹ GHEITI: Contract Area Coordinates
http://www.gheti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=221:contract-area-coordinates&id=35:mining-oil-a-gas-reports&Itemid=54

running, it would be particularly useful as it also would track receipts of license fees, and applicants could track the stages of their applications online.

Initial assessment

The recommendation to establish an online cadastre system has been on the books for some time now. Finally, such a system has been developed, is presently being tested, and may soon be launched. Meanwhile, the oil/gas and mining reports contain by now almost all necessary information, but are still lacking license coordinates and, in the case of oil/gas, the duration of licenses. Neither report makes clear whether the information encompasses licenses held by all companies operating in the country, or whether it is limited to the companies covered in the EITI Report. This is however likely to be addressed once the online license register is made publically available. The International Secretariat's initial assessment is that Ghana has made meaningful progress in meeting this requirement.

Contract disclosures (#2.4)

Documentation of progress

Oil and gas sector

The description of the government's policy on contract transparency is limited to stating that "the Ministry of Petroleum does not have any policy regarding the publication of details of contracts" (p. 10). However, the report notes that in practice some contracts have been made available by the Ministry of Petroleum and certain companies. The report includes a list of (mostly undated) petroleum agreements published by Tullow Oil (two contracts)⁸² and Kosmos Energy (seven contracts)⁸³, which are also accessible from Ghana Oil Watch.⁸⁴ The report also lists eight new petroleum agreements approved during the reporting period, showing the operator, location, size, and effective date of the concession (pp. 12). Five petroleum agreements were also previously available from the Ministry of Petroleum and Energy website,⁸⁵ although changes to the website domain has led to the link not functioning.

A model petroleum agreement is used to guide the GNPC, the Government of Ghana and oil companies in the negotiation process (p. 9) and was reviewed by the Independent Administrator as part of the document review (p. 3). There is no reference or link to the model petroleum agreement in the oil/gas report, but it is available from the website of the Petroleum Commission.⁸⁶

Repeating a recommendation of the 2012-13 oil/gas report, to increase transparency in management of the sector, the 2014 oil/gas report recommends passage of the E&P Bill and disclosing contract details on the Ministry's website (p. 80).

Mining sector

The mining report notes that the Ministry of Lands and Natural resources does not have a policy on the disclosure of details of contracts between the government and mining companies (p. 44), but that the

⁸² <http://www.tulloil.com/operations/west-africa/ghana/petroleum-agreements>

⁸³ <http://www.kosmosenergy.com/responsibility/transparency.php>

⁸⁴Reference link provided in the report: <http://www.ghanaoilwatch.org/>. Direct link to the list of contracts: <http://www.ghanaoilwatch.org/index.php/ghana-petroleum-oil-and-gas-laws-contracts>.

⁸⁵ http://www.energymin.gov.gh/?page_id=218 (Previous link to the available contracts on the Ministry website.)

⁸⁶ [http://www.petrocom.gov.gh/assets/ghana_model_petroleum_agreement\(1\).pdf](http://www.petrocom.gov.gh/assets/ghana_model_petroleum_agreement(1).pdf)

Ministry has published a Model Mining Contract on their website (no link is provided). According to the report, the planned GHEITI Bill would include mandatory disclosure on contract terms and conditions including details on costs, shared income and contract termination (p. 45).

The report also provides an update on renegotiation of stability agreements with two international companies, which each operate two of the countries mines; AngloGold Ashanti Iduapriem and Obuasi owned by AngloGold Ashanti; and Newmont Ahafo and Akyem mines owned by Newmont Ghana (pp. 44-45). Although the review of the Newmont agreements has been completed, the result has not been published.

The report does not include an overview of any contracts that are publicly available and information on how these can be accessed.

Stakeholders views

CSO representatives on the NSC stated that they have been pushing for full contract disclosure for a long time, and that they have been able to put this on the GHEITI agenda.

Representatives from the GRA commented that they were only users of the contract agreements and therefore had nothing against contract transparency. One of the representatives added that there was nothing in the law that prevented contract disclosure. A Petroleum Commission representative noted that some of the contracts do however have certain peculiar confidentiality causes.

Initial assessment

The government's policy of not publishing contracts is duly stated in the 2014 reports. There are some voluntary publications of contracts noted, but access details and the suggested overview (Provision 2.4.b) are missing. The existence of model agreements is mentioned for both sectors. Pending legislation would introduce at least partial disclosure of contracts in both sectors. The International Secretariat's initial assessment is that Ghana has made satisfactory progress in meeting this requirement.

Beneficial ownership disclosure (#2.5)

Documentation of progress

The TORs for the IA tasked the IA to track changes in the beneficial ownership structure of petroleum (oil and gas) or mining companies operating in Ghana and establish whether or not capital gains tax opportunities that arise as a result of these changes have been seized upon by the revenue collection agencies (2014 oil/gas report p. 84 and 2014 mining report p. 112).

The 2014 reports describe corporate ownership of companies included in the scope of reporting, and provide some information on company directors. The reports include only limited information on beneficial ownership and do not describe the government's policy on publishing beneficial owners. For publicly listed companies, the report references the relevant stock exchanges and listing symbols. Most of the oil and gas companies and all large-scale mining companies operating in Ghana are publically listed. The mining report describes changes in legal ownership of one company and gives some information about the legal and beneficial owners of the three non-listed mining companies operating in the country.

The pending Petroleum Revenue Management Bill includes a provision for beneficial ownership disclosure, and the draft GHEITI Bill is also likely to include beneficial ownership disclosure provisions. Amendments to the Companies Act was passed in parliament in August 2016 which will require companies to report their beneficial owners to the government, although it is not yet clear whether parts of this information and what level of detail will be made publically available.

In her statement at the launch of the 2014 Reports (30 March 2016), the Deputy Minister for Finance, Mona Quartey, spoke in favour of beneficial ownership disclosure and stated that “the establishment of beneficial ownership register in the country will (...) reveal the ‘flesh-and-blood’ owner of corporate entities and may reduce the potential for companies to engage in any illegal activities.”⁸⁷

In March-April 2016, Ghana undertook a series of consultations to engage stakeholders on establishing a beneficial ownership register and on how to develop the beneficial ownership roadmap in accordance with requirement 2.5. These consultations highlighted that there were already some beneficial ownership requirements that already exist in Ghana. A report on these consultations is available on the GHEITI website.⁸⁸

Stakeholders views

A civil society representative on the NSC explained that there had initially been some scepticism on the government side regarding the benefits of beneficial ownership disclosure, although advocacy by civil society and engagement with the opposition led to putting beneficial ownership disclosure on the government’s agenda. It was also noted that the amended Companies Act would not be likely to provide for disclosure of all the beneficial ownership information filed by companies, in particular contact details, as there were some concerns regarding exposure of such persons for criminal activity.

A GRA representative stated that beneficial ownership data collection and disclosure would be of great interest to GRA, as this would help identify taxpayers who are liable to tax in Ghana. A representative from the Petroleum Commission noted that they saw themselves as important partners for beneficial ownership disclosure, as they would be able to provide details on the beneficial owners of license holders.

A representative from the Chamber of Mines commented that they did not see any issues with the requirements on beneficial ownership, as most of the companies who were members of the Chamber were listed and already complied with reporting regulations. It was added that this did not seem to be an issue with unlisted companies either. Civil society also noted that there did not seem to be any resistance from companies with regards to beneficial ownership disclosure.

An NRGI representative noted that much of the work done by GHEITI on beneficial ownership and changes to the regulatory framework had the potential to help reduce the risk of transfer pricing in the extractive sector. The outreach and consultations related to beneficial ownership had already contributed to building capacity among government officials, notably among the registrar general's department. The representative also mentioned that the work done on beneficial ownership was a good example of how GHEITI had moved beyond traditional EITI reporting in improving sector governance.

A media representative commended the beneficial ownership requirements and the data that will be made available on who extractive sector contracts are awarded to. Another media representative noted that they were particularly pleased with what GHEITI had done on beneficial ownership so far, and that they were

⁸⁷ http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=228:keynote-address-by-hon-mona-quarteymrs-deputy-minister-for-finance-at-the-launch-of-2014-gheiti-reports-mensvic-hotel-accra&catid=1:latest-news&Itemid=29

⁸⁸

http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&id=14:workshops&Itemid=54#

looking forward to the work that will start in 2017.

Finally, GHEITI's work on beneficial ownership has gained interest from the national media in the past months, including the following news articles:

- Ghana Business News: *CSOs write open letter to President Mahama on beneficial ownership*⁸⁹
- Graphic Online: *Uncertainty over the establishment of beneficial ownership regime*⁹⁰ (comments by Dr. Steve Mantheaw)
- News Ghana: *Ghana takes bold step to lift veil off business owners*⁹¹
- Joy Online: *New EITI requirement: Will Ghana comply?*⁹²

Initial assessment

Implementing countries are not yet required to address beneficial ownership and progress with this requirement does not yet have any implications for a country's EITI status. The EITI's two-stage requirement on beneficial ownership disclosure (roadmap by 1 January 2017 and disclosure of beneficial owners in EITI reports from 1 January 2020) appears to be well understood in Ghana, both, across the NSC and among other stakeholders. Stakeholders in Ghana seem committed to and in favour of beneficial ownership transparency and prospects for a roadmap toward disclosure being presented before the end of 2016 seem good.

State-participation (#2.6)

Documentation of progress

Oil and gas sector

The Ghana National Petroleum Corporation (GNPC) is the national oil company of Ghana and as such fully owned by the government.⁹³ GNPC has a stake in all oil/gas fields, including 13.64 percent in the most important one (Jubilee Field) and 45 percent in the Saltpond Field (oil/gas report, pp.29-30). The Ghana National Petroleum Corporation Law of 1983 gives GNPC the right to "undertake the sustainable exploration, development, production and disposal of hydrocarbon resources in Ghana" (p. 38). GNPC's subsidiaries, joint ventures and minority participations are listed on pp. 29-30. While GNPC's fully owned subsidiaries and first-tier participations are disclosed as percentage shares, the second-tier partnerships are not quantified, leaving in doubt the state's share in five production agreements via GNPC's Exploration and Production Company (Explorco), as listed on p. 29. The Explorco share in three of these five

⁸⁹ Ghana Business News, 11 May 2016, <https://www.ghanabusinessnews.com/2016/05/11/csos-write-open-letter-to-president-mahama-on-beneficial-ownership/>

⁹⁰Graphic Online, 22 June 2016, <http://www.graphic.com.gh/business/business-news/uncertainty-over-the-establishment-of-beneficial-ownership-regime.html>

⁹¹ News Ghana, 11 April 2016, <https://www.newsghana.com.gh/ghana-takes-bold-step-to-lift-veil-off-business-owners/>

⁹² Joy Online, 2 February 2016 <http://www.myjoyonline.com/business/2016/February-2nd/new-extractive-industries-transparency-initiative-requirement-will-ghana-comply.php>

⁹³ GNPC's financial statement for 2014 was recently added to its website (http://www.gnpcghana.com/speeches/financial_doc.pdf).

participations is later quantified in a table entitled GNPC's strategic outlook (p. 39), but that table notes two further participations in production companies that were not included in the list on p.29. The report introduces Tradeco as GNPC's trading arm (presumably fully owned) that will "market and sell Ghana's crude oil and gas, as well as buy and sell crude oil on its own account" (p. 29). No ownership changes within the reporting period are mentioned.

The Ghana National Gas Company (GNGC) is a limited liability company fully owned by the Government of Ghana. Its primary goal to "develop infrastructure for gathering, processing and transporting natural gas resources (Lean Gas, LPG and Condensate) to markets within and outside Ghana." (p.41). The 2012-2013 EITI Oil/Gas Report states that the protocols to regulate the relationship between the company and GNPC have not been signed (2012-2013 EITI Oil/Gas Report, p. 43).

The 2014 oil/gas report notes the completion and testing in November 2014 of the first phase of the Western Corridor Gas Infrastructure Project at a total project cost of USD1 billion, mainly loan-financed by the China Development Bank (pp. 5-6). The report mentions in this context the start of limited natural gas production by the GNGC (p. 6). However, judging by the still incomplete website of GNGC, commercial production has not yet started, and financial information is not available; not even the ownership structure of GNGC is disclosed, although full government ownership is implied.⁹⁴

The financial relationship between GNPC and the Government is not clearly explained, and GNPC operations as co-owner/partner (on behalf of the state) in the two oilfields, on the one hand, and as conduit of in-kind payments from private companies to the government, on the other hand, are not presented separately. Figure 4.1 (Petroleum Sector Revenue Flow, p. 43) could be a useful starting point for a logical step-by-step disclosure of flows, before proceeding to their detailed explanation and quantification, but the figure is unclear, particularly as concerns the role of GNPC: there are arrows denoting inflows to GNPC but no outflows—and yet, GNPC lifts and markets the in-kind revenue from companies and then transfers the sales proceeds to the government—or so it is reported, hence the reconciliation of GNPC payments to government of USD 700 million (see Appendix 2, "Details of reconciliation: GNPC"; see also Table 5.7). The many steps involved in this process are, at best, only partially explained, and the explanations given do not combine to a clear overall picture. The report recognizes that the "terms of reference require the Independent Administrator to report on actuals and reconcile quantity of crude oil lifting, the crude oil sales price and the proceeds from the sale of crude oil. However, due to reporting differences, we applied the provisions of the Petroleum Revenue Management Act 2011 (Act 815) to determine the appropriate data for use in our reconciliation" p. 46). And further, "we understood the law to put emphasis on the date of crude oil lifting, as well as crude oil sales price on the date of lifting, for valuation purpose. It does not emphasize the date of receipt of the lifting proceeds. Therefore, for EITI reconciliation, the data on crude oil lifting reported by PIAC and GRA was more consistent with the law and consistent with EITI requirements" (p. 46-47). The latter is actually not the case (see below Section 4.2, In-kind revenues). In the case of crude oil liftings from the Saltpond fields, the IA computed Ghana's (the Government's?) share by applying rates of the fiscal regime to total production (pp. 47-48); upon request, the IA explained that this calculation was not intended to suggest in-kind payment of revenue streams but rather to enable detection of possible delays or mismatches in actual cash payments.

⁹⁴ <http://ghanagas.com.gh/about-us/message-from-the-ceo/>

The oil/gas report mentions no loans or loan guarantees to extractive companies operating within the country. Meanwhile, the report discloses among “GNPC’s utilization of petroleum revenues” (Table 6.3) an *advance* to the Ministry of Finance of USD 50 million in 2014 (see below Section 5.2 on “SOE quasi fiscal expenditures”).

Mining sector

There are two state-owned mining related companies in Ghana: Sankofa Prestea Ltd and Precious Mineral Marketing Company (PMCC), the latter serving as marketing agent for Small Scale Mining in Ghana (p. 53-54). A brief description of their activities and mandates is provided, although this does not include an explanation of the prevailing rules and practices regarding the financial relationship between the government and state-owned enterprises (requirement 2.6.a). Quasi-fiscal expenditures by these companies are not reported (requirement 6.2).

The report also discloses the government’s non-contributing shareholding in mining companies (free carried interest), which is a 10% non-contributing shareholding in most (not all!) large scale mining companies (Table 4.8, p. 53). It does not report whether there were any changes in ownership during the reporting year. The report does not include details about any loans or loan guarantees from the government/SOEs to companies operating in the country.

Stakeholder views

A civil society representative commented that GNPC disclosures used to be a no-go, but that it is an issue that has been addressed over time through improved EITI reporting. The representative noted that the disclosure of the marketing contract with UNIPPEC and the description of the agreement terms in the latest EITI report had been a step forward.

The NRGi representative noted that GHEITI had the potential to do more to improve transparency of GNPC’s expenditure guidelines and criteria for investments.

A development partner noted that it would be helpful if GNPC would be up front with information and make more details on their operations publically available.

Development partners also noted that since the year covered in the latest GHEITI Report, much has changed and GNPC has become more open.

GNPC noted that the passing of the E&P Bill would provide clarity on GNPC’s ownership interests as it would now be a commercial entity in its own right. Representatives from the GRA noted that, according to the bill, GNPC would be handing over its regulatory functions, although things might end up being different on the ground.

A GNPC representative commented that details missing in the report reflected the inadequacy of the GHEITI reporting template for GNPC, which should be more tailored to the SOE reporting requirements in the EITI Standard. It was noted that the follow-up discussions on the missing details were not picked up by the NSC or Independent Administrator.

Initial assessment

The existence of state-owned enterprises in the extractive sector is adequately disclosed in the oil/gas and mining reports for 2014, although elements of GNPC’s relations with the government are not fully clarified. Both reports for 2014 describe the state-owned enterprises operating in the respective sectors, but important elements of GNPC’s operations—on own account and as conduit for government revenue—

and its financial relationship with the government are not fully clarified in the oil/gas report. No changes in ownership in SOEs or their subsidiaries appear to have occurred in 2014. The International Secretariat's initial assessment is that Ghana has made meaningful progress in meeting this requirement.

Table 2 - Summary assessment table: Award of contracts and licenses

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Legal framework (#2.1)	The legal framework and fiscal regime of extractive industries and the responsibilities of relevant government agencies are disclosed. Proposals for reform are also described, as encouraged by Provision #2.1b.	Satisfactory progress
License allocations (#2.2)	The process for awarding licences is comprehensively disclosed, as are the licenses actually awarded. Although not linked in the 2014 reports, the technical and financial criteria are laid out on the GHEITI website.	Satisfactory progress
License registers (#2.3)	In the absence still of the almost-ready online cadastre, the reports document outstanding licenses fairly comprehensively, but not fully so.	Meaningful progress
Contract disclosures (#2.4)	The government's (non-)disclosure policy is stated in the reports. There is no link to, or discussion of, contracts that are disclosed.	Satisfactory progress
Beneficial ownership disclosure (#2.5)	The EITI's two-stage requirement (roadmap followed by actual disclosure) is well understood; stakeholders are widely sensitized to the challenges and potential benefits of BO disclosure.	Not applicable
State-participation (#2.6)	Important elements of GNPC's operations (on own account and as conduit for government revenue) and its financial relationship with the government are not clear, and the requisite quantification cannot be traced, despite many interesting pieces of information.	Meaningful progress
<p>International Secretariat's recommendations:</p> <ol style="list-style-type: none"> 1. The NSC should ensure that the oil/gas sector's multiple fiscal regimes are coherently displayed and their rationale explained. 2. Pending launch of the online licence registers/cadastrs, the NSC should provide for the disclosure of all elements required and encouraged by Provision #2.3. 3. The NSC may wish to ask the Government for a more affirmative policy statement and timeline on contract disclosure. 4. The NSC may wish to explain more clearly in future oil/gas reports the actual sequence of steps that GNPC follows in its own petroleum operations (lifting and marketing) as well as those it follows as conduit of in-kind payments from companies to the government. The resulting narratives should be supported by disclosure and reconciliation of relevant volume, price, and value figures. 		

3. Monitoring and production

3.1 Overview

This section provides details on the implementation of the EITI requirements related to exploration, production and exports.

3.2 Assessment

The overview of the extractive sector, including exploration activities (#3.1)

Documentation of progress

Oil and gas sector

The oil/gas report provides an overview of the geology, the different oil and gas basins, and the main ongoing exploration activities (pp. 4-6). Section 3.6.1.1 (“Major Developments”) provides details on the different producing fields and production plans (pp. 14-16). Hydrocarbon reserves in different fields are estimated in Table 3.3 (p. 17).

Mining sector

The mining report gives an overview of the mining sector in Ghana and provides an update on exploration activities (pp.10-11). Ghana’s gold reserves are shown in relation to world totals (Table 3.5.1, p. 14); a bar chart on Ghana’s mineral reserves (p.14) is not intelligible. Table 3.3 (“New Producing Companies to Come on Stream from 2014 to 2017”, p. 14) outlines for 12 new gold companies/mines the expected ore tonnage, gold content, mine life, and expected production during 2017-19.

An overview of the artisanal and small-scale mining sector is also provided (pp. 28-30).

Stakeholder views

Stakeholders did not express any particular views on the overview sections of the 2014 reports.

Initial assessment

The oil/gas and mining reports contain informative overviews of the respective sectors and broad information on exploration activities. The International Secretariat’s initial assessment is that Ghana has made satisfactory progress in meeting this requirement.

Production data (#3.2)

Documentation of progress

Oil and gas sector

The oil/gas report includes total figures on oil and gas production volumes, as well as disaggregated figures by month and production field (Table 3.4, p. 12). The data on crude oil production has been sourced from GNPC; production values are not provided.

The report notes that due to the lack of standard reporting format on crude oil lifting amongst the government agencies (MOFEP, BOG, and PIAC), there was a difference of 990,322 barrels in the reported quantity of lifted oil (p. 18). The report recommends that all government agencies apply the reporting standard consistent with the Petroleum Revenue Management Act, 2011 (p. 79).

Mining sector

Data on production volumes, but not values, are provided by commodity (gold, diamond, bauxite and manganese) in Table 3.4. Figures from 2013 are included for comparison, and the report notes a 50% increase in diamonds production and a decrease in bauxite and manganese production. The data source is the Minerals Commission. Further production figures by year (from 2007/2008 to 2014) for each commodity with a brief analysis are provided on pp. 13-17. The stated data sources are US Geological Survey, Mineral Commodity Summaries, Kimberley Process Statistics, indexmundi.com, and Minerals Commission.

Gold and diamond production and revenue by the artisanal and small-scale sector for 2007-2014 are also disclosed (Table 4.2, p. 29), sourced from the Minerals Commission and PMMC. The combined production value in Table 4.2 is the same as the value of ASM exports in Table 4.1 (p.28), suggesting that total ASM production is in fact exported, and the production value possibly derived from the export value.

Stakeholder views

Stakeholders did not express any particular views on the coverage of extractive production in the 2014 reports.

Initial assessment

Production volumes, but not values, are adequately disclosed in the two reports, including oil production by major field. The nature of gold and diamond “revenue” figures for the ASM sector is not clear; they may have been equated with export values. The International Secretariat’s initial assessment is that Ghana has made meaningful progress in meeting this requirement.

Export data (#3.3)

Documentation of progress

Oil and gas sector

Table 3.8 (“Oil and Gas Contribution to National Exports”, p. 20) discloses export values only for crude oil from Jubilee Field, sourced from the Ministry of Finance. Export volumes for oil are not provided, but these may be the same as oil liftings (pp. 45-49), while gas export volumes are provided by month in Table 3.4 (p. 17), sourced from GNPC.

Mining sector

The value of all mineral exports is disclosed for 2010-14 in Table 3.13 (p. 21), with a breakdown by mineral (gold, diamond, bauxite and manganese) for 2013 and 2014 (Table 3.13-1, p. 21). The data source is the Minerals Commission. Export volumes are not reported but may be seen as equal to production volumes which are reported, following the assumption that total production is destined to being exported. A representative from the Minerals Commission confirmed this assumption, without it being stated explicitly in the mining report.

Table 4.1 (“ASMs Contribution to National Exports”, p. 28) shows the value of exports from the artisanal and small-scale mining sector for 2010-14. The data is from the Minerals Commission and the Bank of Ghana.

Stakeholder views

Stakeholders did not express any particular views on the coverage of extractive sector exports in the 2014

reports.

Initial assessment

Export values are adequately disclosed in the two reports, including by export commodity and from the ASM sector. Export volumes are missing, but, at least for the ASM sector, export volumes are deemed to be equal to production volumes. The International Secretariat's initial assessment is that Ghana has made meaningful progress in meeting this requirement.

Table 3 - Summary assessment table: Monitoring and production

EITI provisions	Summary of main findings	Recommendation on compliance with the EITI provisions (to be completed for 'required' provisions)
Overview of the extractive sector, including exploration activities (#3.1)	The oil/gas and mining reports contain informative overviews of the respective sectors and ongoing exploration.	Satisfactory progress
Production data (#3.2)	Production volumes are disclosed, but values are missing, or their assumed equality with export values is not discussed.	Meaningful progress
Export data (#3.3)	Export values are disclosed, but export volumes are missing, or their assumed equality with production volumes is not discussed.	Meaningful progress
International Secretariat's recommendations: <ol style="list-style-type: none"> 1. The NSC may wish to discuss explicitly the availability of each of the following: production and export volumes and values; and state explicitly any assumptions about equality between production and exports. 		

4. Revenue collection

4.1 Overview

This section provides details on the implementation of the EITI requirements related to revenue transparency, including the comprehensiveness, quality and level of detail disclosed. It also considers compliance with the EITI Requirements related to procedures for producing EITI Reports.

4.2 Assessment

Comprehensiveness (#4.1)

Documentation of progress

Oil and gas sector

Materiality and revenue streams

The GHEITI NSC agreed that for the 2014 report, as for the previous reports, all companies and joint venture partners engaged in the production of oil and gas and jointly contributing 99 % of royalty payments would be included in the process (p. 33). As 99% of total payments from the sector were made by producing companies, the NSC decided that only these should be included in the scope of the reconciliation.⁹⁵ The rationale for excluding companies in the exploration phase is not clearly spelled out in the report. Exploration companies do not pay signature bonuses, but pay surface rentals, technology fees and training allowances. In 2014, these payments amounted to 0.98% of total payments from the sector. These revenue flows were also included in the reconciliation of payments from producing companies, and unilaterally disclosed by the government for exploration companies (surface rentals on p. 53, technology fees and training allowances on p. 91). According to the written input from the GHEITI Secretariat related to the materiality threshold,⁹⁶ the NSC considered it was not prudent to include exploration companies in the reconciliation exercise, as their contribution constituted less than 1% of total payments.

The report notes that there are several companies engaged in exploration in several areas (including the West Cape Three Points and Deepwater Tano fields, offshore Keta Basin and offshore Saltpond basin). It further states that the exploration *and* production companies make the following payments to the government: royalty, carried interest, additional participating interest, corporate taxes, surface rental, training allowance, Pay-As-You-Earn (PAYE), withholding taxes, and value added taxes.

The report contains a list and description of revenue streams covered (p. iv). Table 4.3 (“Revenue Streams”) describes each of the revenue streams included in the reconciliation (p. 40-41), and Table 5.14 shows the reconciliation by revenue stream (p. 56). The revenue streams included are surface rentals, royalties, corporate tax, carried interest, additional participating interest, dividends by the NOC and training /technology fund payments. These were selected to be part of the scope by the NSC on the basis that these were all the relevant revenue streams listed in the PRMA, Act 815 Sections 6 and 7 and are payments that go to the Petroleum Holding Fund (p. 34). This is with the exception of the training/technology fund payments made by production companies to GNPC, which were also selected by the NSC to be part of the scope (Appendix 4, p. 91). Meanwhile, value added taxes, personal income tax (PAYE), and sales taxes were excluded “as they were considered as indirect taxes” (p. 34).

According to the report, “surface rentals, training allowance and technology bonus (see Appendix 4 and Table 4.1.1) together constituted only 0.98% of total receipts and were thus considered not material and non-reconcilable in 2014” (p. 34); the references in this statement to Appendix 4 and Table 4.1.1 (p. 35) do not, however, support the statement. Furthermore, surface rental and training allowance are included in the reconciliation after all (see Appendix 2), and surface rental payments are comprehensively disclosed (p. 53, Tables 5.11 and 5.12A).

Table 4.1.1 (p. 35) shows the contribution of different revenue streams to total revenue. The report states that about 99% of total receipts in 2014 were paid by companies engaged in the production of oil and gas at the Jubilee Fields (p. 34). Although the contribution from the Saltpond Oil field (USD 151,986) was not material, the NSC decided to include Saltpond Offshore Producing Company to disclose the payment information related to Ghana's second production field (p. 34).

⁹⁵ The materiality threshold was agreed by the NSC at their meeting on 2 April 2015.

⁹⁶ “GHEITI Secretariat’s comments on the exclusion of companies in exploration from the scope of GHEITI reporting”, written input from GHEITI Secretariat, 12 August 2016

Reporting entities

The companies and government entities included in the scope of the report are listed in Table A (“Participants in the 2014 reconciliation process”, p. iv) and in Table 4.1.2 (p. 37). Six oil companies (Tullow (Ghana) Limited, Kosmos Energy Ghana HC, GNPC, Saltpond Offshore Producing Co. Ltd, Anadarko WCTP (Ghana) Limited, and Petro SA) and five government agencies (Ghana Revenue Authority, GNPC, MOF/Bank of Ghana, Petroleum Commission, and Ministry of Energy and Petroleum) were included in the reconciliation process. Table 5.15 shows the reconciliation by company (p. 56). The report also lists other oil and gas companies which were not included in the scope of the reconciliation (p. 37), although their surface rental payments are disclosed in Table 5.12A.

The report states that with the exception of Anadarko, all companies and government agencies that paid or received any of the relevant revenue streams in 2014 duly reported. Anadarko has continuously failed to participate in EITI reporting despite efforts by the Independent Administrator and the NSC to ensure participation; these efforts are not described in the report but were noted in conversation.

Assessment of comprehensiveness

The independent administrator notes that by setting the target scope at 99% of all royalty payments, comprehensive disclosure of oil producing companies can be achieved. Because of the non-reporting by one company (Anadarko), a net discrepancy of more than USD 84 million (almost 9 percent of reported government receipts) was obtained at the end of the reconciliation exercise (p. v). There is no further comment on this discrepancy in the report.

Mining sector

Materiality and revenue streams

The reconciliation for the mining report included all producing mining companies with large scale mining leases which paid up to 99% of mineral royalties, and who made a minimum mineral royalty payment of GHS 1,500,000 (about USD 470,000) in 2014 (p. 68).⁹⁷ It is explained that royalty was chosen to determine the threshold, instead of total revenue, in order to widen the coverage of the reconciliation (p. 69). The scope resulting from materiality based on 99% of royalty is compared to the scope which would have resulted from materiality based on 99% of total payments, and the former resulted in the inclusion of two more companies. Table 5.1 (“Threshold and companies selection for 2014 GHEITI report”, p. 70) compares the coverage of the reconciliation which would have been implied by different materiality thresholds, and indicates that the one selected by the NSC was recommended by the Independent Administrator. A higher threshold would not have ensured coverage of 99% of royalty payments, while a lower threshold would have resulted in a higher number of companies to be included without proportionate increase in coverage of royalty payments. The rationale for this threshold and analysis based on the composition and a comparison of revenue flows is explained (p. 69). The rationale for excluding companies in the exploration phase is not clearly established in the report, although the written input from the GHEITI Secretariat⁹⁸ explains that payments made by exploration companies were mainly mineral right licences and were not

⁹⁷ The materiality threshold was agreed by the NSC at their meeting on 2 April 2015.

⁹⁸ “GHEITI Secretariat’s comments on the exclusion of companies in exploration from the scope of GHEITI reporting”, written input from GHEITI Secretariat, 12 August 2016

material. These payments are reported by the government (Appendix 5 lists details of mineral right licences paid in 2014).

The report contains a list and description of revenue streams considered by the reconciliation, which were Mineral Rights, Reconnaissance License, Prospecting Licence, Mining Lease, Ground Rent, Property Rate, Mineral Royalty, Corporate Tax, Dividend, and Environmental Permitting Fees (p. 71-74). Of these streams, only royalty, corporate tax and dividends are considered material. Which streams were actually covered is not clearly indicated in the report, although the reporting templates show that the revenue streams for which information was required from companies were all of the above with the exception of Reconnaissance License, Prospecting Licence and Mining Lease. The report is contradictory as to the inclusion of Mineral Rights Licence and Environmental Permit Fee (p. iii, 71-75, 85 and 90-91), although the written input from the GHEITI Secretariat clarifies that the NSC decided to include both of these.⁹⁹ None of the revenue streams listed in requirement 4.1(b) are excluded apart from signature bonuses, which are not applicable in Ghana.

Reporting entities

All the material companies which were selected to be included in the report are listed (p. 77), and all companies provided the requested information. The reporting government entities are also listed, and Table 5.4 (“Government Agencies and provision of relevant data”, p. 79-80) indicates which government agency was responsible for providing data for each revenue stream. The report also lists District Assemblies that govern the operational areas of the mines and participated in the reconciliation exercise (Table 5.5, p. 82-83), with an indication of which companies operate in their territory. Full government disclosure is provided (p. 89 and Appendix 7 “Establishing materiality using Total Government receipts”, p. 139-140).

The report contains a separate section on ASM in Ghana (p. 31-41), with details on the specific regulatory and fiscal regime as well as production, export, and employment figures, mainly sourced from the Minerals Commission.¹⁰⁰

Assessment of comprehensiveness

As there were no companies or government agencies that failed to respond, the mining report does not include an assessment of the comprehensiveness of the reporting or lack of reporting, apart from noting that “all in-scope mining companies submitted completed templates” and that “all the government entities duly reported” (p. 84). Table 5.12 “Coverage of 2014 Reconciliation” compares the amounts reported by the government with total government revenue from the sector and shows that the reconciliation covered 99% of the sector revenues.

Stakeholder views

With regards to the exclusion of exploration companies from the reports, civil society representatives on the NSC stated that they supported the exclusion of exploration companies from the scope. Since there are no signature bonuses, companies only started making relevant payments to government once they started to produce. It therefore made sense to base materiality on royalties. Civil society representatives on the NSC added that including exploration companies would be widening the scope too much and stretching

⁹⁹ Ibid.

¹⁰⁰ On 30 April 2015, the NSC devoted a special meeting to discussing a draft ASM scoping study.

GHEITI's capacities thin for small returns.

A Petroleum Commission representative also thought it made sense to exclude exploration companies from the reconciliation scope. One representative did however note that when it came to exploration companies their reporting would be mostly on costs, which would possibly also be a good reason to consider including them in the scope in the future.

A GNPC representative commented on a minor discrepancy noted by the IA regarding reports by GNPC and GRA (p. 49), which was likely to be the result of GNPC using four decimals while GRA was possibly only using two in their reports.

On the scope of reporting and inclusion of the artisanal and small-scale mining sector, the civil society representatives on the NSC explained that they supported coverage of the sector as well as tracking of legal and illegal mining activities.

Initial assessment

Both reports aim for reconciliation of payments/revenues from producing companies at 99 percent of total, while the mining report adds a materiality threshold of GHS 1,500,000 (USD 470,000) specifically for royalty payments. This threshold does not define what is a material payment and could in certain cases lead to the exclusion of larger payments by companies, for instance those no longer in production stage and thus not paying royalty.

A high participation rate is achieved in both subsectors, with the notable exception of the Anadarko oil company. In accordance with requirement 4.1.c, "All companies making material payments to the government are required to comprehensively disclose these payments in accordance with the agreed scope. An entity should only be exempted from reporting if it can be demonstrated that its payments and revenues are not material". The non-participation by Anadarko in the reconciliation resulted in a discrepancy of close to 9 percent (USD 84 million) of reported government receipts, which is arguably a significant payment.

Requirement 4.1.c mandates comprehensive reconciliation of payments to and from SOEs, but as the discussion under in-kind revenues (#4.2) and transactions between SOEs and government (#4.5) shows, doubts on this score are warranted.

The International Secretariat's initial assessment is that Ghana has made meaningful progress in meeting this requirement. The MSG should, together with the Independent Administrator, the relevant government agencies and stakeholders, ensure that all companies making material payments submit their reporting templates for the reconciliation, to avoid material payment gaps. The MSG may also wish to agree a threshold for what is a material company payment irrespective of payment type, based on total payments made by companies to the government.

In-kind revenues (#4.2)

Documentation of progress

Oil and gas sector

The government collects royalties and "carried and additional participating interest" from the Jubilee Field in kind (pp. 33 and 43). GNPC markets the oil thus collected and apportions the proceeds (not disclosed) into royalty, carried interest and participating interest due from Jubilee operators in accordance with their respective production/sales; the amounts due in this way are not disclosed and do not figure on the

company reconciliation tables in Appendix 2; company payments and government receipts are thus understated in these tables (and thus not suited to international comparison), whereas GNPC payments and government receipts from GNPC are correspondingly overstated in Appendix 2.

The crude oil volume in settlement of royalties and “carried and additional participating interest” is recorded, and valued at a benchmark price, on the day of “lifting” by GNPC on behalf of the State (pp. 47-50). This information is not reconciled against company records. The actual sales by GNPC and ensuing financial flows are not reported.

The report includes information on average realised Jubilee oil prices in comparison with Saltpond prices and the prices realized by Jubilee equity partners (pp. 23-26). It notes that the Ghana group price was relatively lower than its partners’, and that Saltpond price was not competitive (p. 25).

According to the Terms of Reference (Appendix 1), the Independent Administrator is tasked to “ascertain the correctness of all payments (cash and in kind) made by the NOC and the IOCs to the State” (p. 85). The report found that, although the state of Ghana retains a carried interest of 15% in the Saltpond Offshore Producing Fields, this has neither been paid in cash nor in kind (p. 81). It recommends that the Petroleum Commission, GNPC and the GRA ensure that carried interest is paid from the Saltpond Offshore Producing Fields.

Mining sector

The 2014 report does not report on or mention receipt of any in-kind revenues. The 2012-13 mining report confirmed that the government received dividends *in cash* for its 10% equity participation in all large-scale mining leases, which is collected by the Non Tax Revenue Unit of the Ministry of Finance, and that there were no in-kind payments from mining companies to the government in 2012 and 2013.

Stakeholder views

A GRA representative noted that GNPC handled in-kind revenue on behalf of the government as GRA did not have the capacity to do collect these.

Speaking beyond in-kind payments to government, a representative from civil society stated that it would be important to know the realised crude oil prices with regards to the sale of oil produced in the country, to be able to address transfer pricing.

A GNPC representative commented that the irregularity of the reporting cycle and the short time given to submit the requested data could be reflected in the way the GNPC figures were provided in the report. Another representative of GNPC added that a meeting with GHEITI to clarify the issues with the reported data ahead of the finalisation of each report would be useful.

Discussions in the NSC on the 2012-13 oil/gas report revealed important gaps in understanding in-kind revenues and the financial relation between GNPC and the government.¹⁰¹

Initial assessment

There is no clear thread running through pp. 23-53 of the oil/gas report that would allow the reader to understand the sequence of (i) oil lifting by GNPC on behalf of the state; (ii) realization of sales proceeds by GNPC; (iii) transfer of the sales proceeds to the Ghana Petroleum Fund account at the Bank of Ghana; (iv) apportionment of the proceeds (in an accounting sense) to private Jubilee partners in settlement of their

¹⁰¹ Minutes of GHEITI NSC Meeting to Review the 2012/2013 Draft Oil and Gas Report, 17 November 2014.

tax obligation; (v) disclosure of taxes paid and reconciliation with company records.

The oil/gas report fails to achieve transparency of important in-kind payments amidst confusing nomenclature and misleading tables; no apparent problem with willingness to disclose. There do not appear to be any in-kind payments/revenues in the mining sector.

The International Secretariat's initial assessment is that Ghana has made meaningful progress in meeting this requirement.

Barter and infrastructure transactions (#4.3)

Documentation of progress

The 2014 reports do not mention barter and infrastructure, and there is no evidence of such transactions having taken place in this or the preceding reporting period.

The 2012-2013 oil and gas report outlines a Master Facility Agreement between China Development Bank Corporation, the Republic of Ghana represented by the Minister of Finance, Bank of Ghana, Ghana National Petroleum Corporation and UNIPPEC Asia (pp. 41-42). The agreement was approved by Parliament on 16 December 2011. It includes a subsidiary loan agreement of USD 850 million approved by Ghana's Parliament on 13 June 2012. Under the terms of the project financing facility, the China Development Bank will provide 85 percent of the funds for the project, while the Government of Ghana provides 15 percent.

Under the agreement, Ghana Gas signed a contract with China's Sinopec International Petroleum Services Corporation (SIPSC) to construct the Western Corridor Gas Infrastructure Development Project (WCGIDP) which bundles an Offshore Pipeline, Onshore Pipelines, Gas Processing Plant, Natural Gas Liquids (NGL) Export System and an Office Complex. The project was packaged as a turn-key project at a total cost of USD 750 million. Ghana Gas is also to acquire a fleet of 4 surveillance helicopters at a total cost of USD 100m bringing the total project cost to USD 850 million. The 2014 oil and gas report briefly comments on the status of implementation of the WCGIDP, noting that the first phase of the project was completed in the third quarter of 2014 while transmission of gas through the pipelines were tested in November 2014 (p. 8).

In accordance with the Master Facility Agreement, the Ghana National Petroleum Corporation-GNPC (seller) and Unipec Asia Company Ltd (Buyer) entered into an agreement for oil sales on commercial terms, thus not priced in exchange for infrastructure. The 2012-13 oil and gas report provides details on the terms of the Unipec agreement, and GHEITI had published the signed agreement on their website.¹⁰²

Stakeholder views

NSC members stated that there were no relevant agreements to be covered by the EITI reports, and that they did not consider the Master Facility Agreement of 2011 to constitute 'barter'. The description of this agreement was a result of the Terms of Reference of the Independent Administrator and did not seem to have been deliberated in the NSC prior to the preparation of the report. Civil society representatives on the NSC as well as some constituency members noted that they were satisfied with the information provided.

Initial assessment

The MSG has considered whether there are any agreements, or sets of agreements involving the provision of goods and services (including loans, grants and infrastructure works), in full or partial exchange for oil,

¹⁰² http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=262:gnpc-unipec-signed-agreement&id=35:mining-oil-a-gas-reports&Itemid=54

gas or mining exploration or production concessions or physical delivery of such commodities, in accordance with requirement 4.3. The IA and NSC considered in particular the Master Facility Agreement of 2011 and have covered the agreement in the 2012-13 and 2014 reports, as this is an agreement involving the provision of infrastructure.

The International Secretariat's initial assessment is that Ghana has made meaningful progress in meeting this requirement. The MSG may wish to ensure that forthcoming reports provides information on the status of implementation of the WCGIDP.

Transport revenues (#4.4)

Documentation of progress

The 2014 reports do not mention transportation revenues, and there is no evidence that such revenues would accrue to a SOE or the government. There is also no evidence of any consideration having been given to transport revenues by the IA or NSC.

The 2014 oil/gas report describes the Western Corridor Gas Infrastructure Development Project, which will include construction of the Western Corridor Gas Pipeline (pp. 5-6), and mentions the plans to export gas from the Tweneboa-Enyenra-Ntomme (TEN) Fields in 2016 using Jubilee pipeline infrastructure. The development of the Sankofa-Gye-Nyame fields is also described (p. 15), and oil and gas production is expected to commence in 2017. Gas will be transported via a dedicated pipeline to onshore facilities.

Stakeholder views

NSC members stated that they were not aware of any relevant transport revenues in the scope of the report.

Initial assessment

In the absence of transportation revenue accruing to SOEs or government, the International Secretariat's initial assessment is that this provision is not applicable.

Transactions between SOEs and government (#4.5)

Documentation of progress

Oil and gas sector

The oil/gas report discloses and reconciles payments by GNPC to the government of close to USD 700 million (Table 5.7) — revenue that is realized, but not actually paid in this way. Instead, the amount represents sales proceeds of oil (accrued to the government as in-kind payments of taxes) that are deposited directly into the government's Petroleum Holding Fund account at the Bank of Ghana. GNPC then receives a share of these funds, leading to a payment stream (USD 180 million in 2014) from the Petroleum Holding Fund to GNPC, as depicted in Figures 4.1 and 6.1. These contradictory statements of transactions between GNPC and the government are the source of confusion on GNPC transactions with government that runs counter to the objective of transparency.

The report discloses much information on GNPC operations on behalf of government, in particular the oil liftings and sales undertaken by GNPC from the jointly (with private partners) operated Jubilee Field, the proceeds of which constitute revenue owed by the private partners under the headings of carried interest, additional participating interest, and royalty. The accounting convention adopted in the EITI report under which this revenue runs through GNPC has as consequence that these three revenue streams show zero

flows from private oil companies to the government, thus understating these companies' contribution to government revenue (Appendix 2).

The oil/gas report does not disclose any transactions between GNPC and the government stemming from GNPC's operations on own account, although such transactions seem highly plausible given the role attributed to GNPC in the sector. Apart from GNPC, there are no other SOEs operating in the oil/gas sector. GNGC has yet to start commercial operations.

Mining sector

The only SOE disclosed in the mining sector is a gold mine (Prestea Sankofa Gold Ltd.) owned by GNPC (90 percent) and the government (10 percent) (see 2014 oil/gas report, p. 30). Prestea Sankofa's payments to the government fall outside the scope of payment reconciliation and are unilaterally disclosed by the government in Appendix 7 (p. 140).

Stakeholder views

Numerous discussions with, and often among, stakeholders (including within the MSG) about petroleum revenue flows revealed widespread misunderstanding of the detailed sequence of steps and even the direction of flows (see above, flows into or out of GNPC). The understating of company payments as a result of the accounting convention followed (but not fully followed) in the oil/gas report was viewed with some concern.

A mining industry representative commented that there had been media attention concerning missing royalty payments from Prestea Sankofa relating to 2012-13, and that it might be related to financial challenges faced by the company.¹⁰³

Initial assessment

The oil/gas report contains much information on transactions between GNPC and the government, but contradictory statements on the direction of financial flows between GNPC and the government detracts from transparency, even though there is no evidence of intentional misreporting of revenue flows. The oil/gas report does not address GNPC transactions on own account. The International Secretariat's initial assessment is that Ghana has made meaningful progress in meeting this requirement.

Subnational direct payments (#4.6)

Documentation of progress

Oil and gas sector

The oil/gas report states that all petroleum revenues are collected by the GRA (p. 37). Subnational direct payments are therefore not a feature of petroleum taxation in Ghana.

Mining sector

The revenue streams within the scope of the mining report include property rates that are collected by District Assemblies directly from the mining companies (pp. 72-73 and p. 76). The governing District

¹⁰³ <https://www.newsghana.com.gh/gnpc-owes-ghana-over-ghs-6-5-million/> and <http://www.myjoyonline.com/business/2015/March-30th/gra-tasked-to-retrieve-66m-from-prestea-sankofa-gold.php>

Assemblies in the operational areas of eligible mines are shown in Table 5.5 (p. 82); they all participated as government agencies in the reconciliation.

Stakeholder views

A representative from the District Assemblies confirmed that companies pay property rates and operational fees directly to the District Assemblies, although these are not sector-specific payments.

Representatives from the District Assemblies called for the subnational transfers of mineral royalties that are made to mining-affected districts (see more under "Stakeholder views" under section on Subnational transfers, #5.2).

Initial assessment

The direct payment of property rates by mining companies to District Assemblies is adequately explained and documented in the mining report. The International Secretariat's initial assessment is that Ghana has made satisfactory progress in meeting this requirement.

Level of disaggregation (#4.7)

Documentation of progress:

The 2014 oil/gas and mining reports feature the disaggregation of data required by the EITI Standard: by individual company, government entity, and revenue stream. Some project information is disclosed in the text, but there is no project-level reporting alongside the above dimensions of reporting.

Stakeholder views:

There were no particular stakeholder views expressed on the level of disaggregation.

Initial assessment

EITI data disclosed in the oil/gas and mining reports are disaggregated as required. The International Secretariat's initial assessment is that Ghana has made satisfactory progress in meeting this requirement.

Data timeliness (#4.8)

Documentation of progress

The oil/gas and mining reports covering data for 2014 were published on 18 January 2016. The preceding reports, covering data for 2012-13, were published on 30 December 2014. The possibility of continuous online disclosures does not appear to have been considered by stakeholders.

Stakeholder views:

An NSC member representing the District Assemblies noted that the timeliness of the reports was a challenge, as the royalties were usually paid before the EITI Report figures were published. Stakeholders in District Assemblies thus only had access to these figures after the transfers had been made.

A development partner representative also commented that while there had previously been a gap in reporting, the more regular GHEITI reporting had led to more transparency in the sector. It would be important to keep reporting regular.

A GNPC representative noted that the reporting cycle had not been regular in the past years, and that companies at times had only been given a few weeks to prepare the requested data.

Initial assessment

The last two reports in both sectors were published well ahead of the deadlines established in Provision 4.8. The International Secretariat's initial assessment is that Ghana has made satisfactory progress in meeting this requirement.

Data quality (#4.9)

Documentation of progress

Oil and gas sector

Selection of Independent Administrator, Terms of Reference (TORs) and reporting templates

The NSC endorsed the selection of the IA and the reporting templates for the 2012-13 oil/gas report in its meeting on 18 August 2014; there is no record in more recent minutes of the formal re-appointment of the same IA for the 2014 report, but the selection seems to have been approved, allowing GHEITI to secure funding for the 2014 report. The IA TOR for the 2014 oil/gas report also appear to be a carry-over from the TOR for the 2012-13 report, rather than conforming to the Standard TOR for IAs approved by the EITI Board.

Review of audit and assurance systems and assessment of auditing practice

The oil/gas report states that all participating companies had their financial statements for 2014 audited by independent auditors, employing standards issued by the International Auditing and Assurance Standard Board; none of the auditors' statements was qualified (p. 35). At the same time, the Auditor-General of Ghana and the Audit Service of Ghana (member of INTOSAI and AFROSAI) had completed the audit of all participating government agencies for 2014 (p. 35).

Assurances to be provided and compliance by reporting entities

To assure the credibility of data in accordance with EITI requirements, the MSG and IA agreed that participants should provide, as part of the completed template, (i) signature of a senior company or government official to confirm the completeness and accuracy of the template, and (ii) detailed payment data or supporting documents so that each transaction is reconciled separately. The IA notes in the report the NSC's belief that senior officials signing the templates would adequately ensure the authenticity of the data provided (p. 32). The IA presumably shares this belief, as the report goes on to confirm that all templates/data submitted met the completeness, integrity and reliability tests (p. 44). The steps performed in the data reliability check are described in the report (p. 32). The coverage of the reconciliation is provided in Table 5.19: 2014 Reconciliation Coverage (p. 59).

Data sources and electronic files

The summary data template for 2014 was submitted on 30 June 2016.

Mining sector

Selection of Independent Administrator, Terms of Reference (TORs) and reporting templates

The MSG endorsed the selection of the IA and the reporting templates for the 2012-13 mining report in its meeting on 18 August 2014; there is no record in more recent minutes of the formal re-appointment of the same IA for the 2014 report, but the selection seems to have been approved, allowing GHEITI to secure funding for the 2014 report. The IA TOR for the 2014 mining report also appear to be a carry-over from the TOR for the 2012-13 report.

Review of audit and assurance systems and assessment of auditing practice

The mining report also states that all participating companies had their financial statements for 2014 audited by independent auditors, employing standards issued by the International Auditing and Assurance Standard Board; none of the auditors' statements was qualified (p. 69). At the same time, the Auditor-General of Ghana and the Audit Service of Ghana (member of INTOSAI and AFROSAI) had completed the audit of all participating government agencies for 2014 (p. 69).

Assurances to be provided and compliance by reporting entities

To assure the credibility of data in accordance with EITI requirements, the NSC and IA agreed that participants should provide, as part of the completed template, (i) a senior company or government official attest to the completeness and accuracy of the template by signing off, and (ii) detailed payment data or supporting documents to facilitate reconciliation. The report confirms that all templates passed the data reliability test, whose steps are described in the report (p. 85). The report indicates the coverage of the reconciliation in Table 5.12: Coverage of 2014 Reconciliation (p. 89).

Data sources and electronic files

The summary data template for 2014 was submitted on 30 June 2016.

Stakeholder views

With regards to GHEITI's data collection procedures, a mining industry representative noted that most of the larger companies covered by the report are affiliated to international companies. This meant that their financial accounts would usually be ready by the time GHEITI would request data, making it easier to address the data quality assurances. A civil society representative commented that the CSOs on the NSC were satisfied with the agreed quality assurances, although this had slowed down the reporting process.

A CSO representative not represented on the NSC stated that GHEITI could learn a lot from the Public Interest and Accountability (PIAC) reports both in terms of depth and quality.

Initial assessment

The IA confirms in the reports that all templates submitted met the previously agreed completeness, integrity, and reliability tests, concluding that the data provided was reliable. The IA TOR for the 2014 reports were largely carried over from the 2012-13 reports, as was the selection of IA. Discrepancies between these TOR and the Standard TOR endorsed by the EITI Board may have contributed to initial assessments of less than satisfactory progress in a number of other provisions of the EITI Standard. The International Secretariat's initial assessment is that Ghana has made satisfactory progress in meeting the requirement pertaining to the quality of data reported.

Table 4 - Summary assessment table: Revenue collection

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Comprehensiveness (#4.1)	In each sector, <i>all producing</i> companies but <i>no exploration</i>	Meaningful progress

	companies are deemed material (as measured by royalty payments). Although there is a good coverage of the payments, the materiality threshold does not define what is a material payment. Good participation of selected companies; only one notable exception in the oil sector which leaves a significant gap in the reconciliation. Commendable coverage of ASM sector.	
In-kind revenues (#4.2)	The oil/gas report fails to achieve transparency of important in-kind payments amidst confusing nomenclature and misleading tables; no apparent problem with willingness to disclose.	Meaningful progress
Barter and infrastructure transactions (#4.3)	The Master Facility Agreement of 2011 is described in the 2012-13 and 2014 oil and gas reports, as this is an agreement involving the provision of infrastructure.	Meaningful progress
Transport revenues (#4.4)	No evidence or discussion of such revenue.	Not applicable
Transactions between SOEs and government (#4.5)	Contradictory statements on the direction of flows between GNPC and the government result in confusion despite otherwise significant disclosures	Meaningful progress
Subnational direct payments (#4.6)	Where relevant (mining sector), such payments are adequately explained and documented	Satisfactory progress
Level of disaggregation (#4.7)	Disaggregation as required	Satisfactory progress
Data timeliness (#4.8)	Reports published well ahead of deadline	Satisfactory progress
Data quality (#4.9)	Previously agreed assurances of data quality are delivered and adequately described	Satisfactory progress
<p>International Secretariat's recommendations:</p> <ol style="list-style-type: none"> 1. The NSC may wish to describe more clearly the determination and realization of in-kind revenues and the detailed payment flows associated with such revenues. 2. The NSC may wish to describe in greater detail transactions between GNPC and the government. 3. TOR for the Independent Administrator should be aligned with the Standard Terms of Reference for Independent Administrators, in accordance with the EITI Standard, as endorsed by the EITI Board. 4. The MSG may wish to ensure that forthcoming reports provide more information on the status of implementation of the WCGIDP. 5. Once production in new oil fields is initiated, the NSC may wish to consider whether the government receives material revenues from the transportation of gas from these projects. 6. The NSC should, together with the Independent Administrator, the relevant government agencies and stakeholders, ensure that all companies making material payments submit their reporting templates for 		

- the reconciliation, to avoid material payment gaps.
7. The NSC may also wish to agree a threshold for what is a material company payment irrespective of company stream, based on total payments made by companies to the government.

5. Revenue management and distribution

5.1 Overview

This section provides details on the implementation of the EITI requirements related to revenue management and distribution.

5.2 Assessment

Distribution of revenues (#5.1)

Documentation of progress

Oil and gas sector

The oil/gas report considers seven different revenue streams. According to the Petroleum Revenue Management Act (PRMA), “petroleum revenue shall be deposited in the Petroleum Holding Fund for subsequent transfers” (p. 33), the Petroleum Holding Fund being an account of the GRA at the Bank of Ghana. The GRA is “mandated to assess, collect and account for all petroleum revenues” (p. 37), and, for this purpose, the GRA customs division is responsible for monitoring oil production and supervising oil export. The domestic tax revenue division of the GRA provided the data on benefit streams paid in 2014 (p. 38). The petroleum revenue that is subject to distribution is not the actual revenue collected but a calculated amount called benchmark revenue, with the intent of stabilizing the amount of petroleum revenue distributed to further uses. The Ghana Stabilization Fund and a contingency fund serve as buffers, with further excess revenue (as occurred in 2014) being channelled to a debt service account for repayment of public debt (pp. 61 and 73-75). Total government revenue in 2014 of US\$977 million (p. 56) was distributed to GNPC (US\$ 181 million, as per a sharing formula), to the government budget in the form of an Annual Budget Funding Amount (ABFA, US\$ 409 million), and the remainder to the Ghana Heritage Fund and the Ghana Stabilization Fund (pp. 61-62). The suggestion permeating the oil/gas report that GNPC *pays* close to US\$700 million to government (instead of *receiving* US\$181 million under revenue sharing) distracts also from a good understanding of the distribution of revenues.

GNPC’s utilization of petroleum revenue is shown in Table 6.3 (p. 63), but without apparent link to the transfers GNPC received in 2014 (US\$181 million, see above). Information on the accounts of the Ghana Stabilization Fund, the associated contingency fund, and the Ghana Heritage Fund is offered on pp. 72-74.

The Annual Budget Funding Amount (ABFA) is described as the “proportion of Benchmark revenue that is allocated to the Government’s annual budget for use in executing government programmes” (p. 66). While the report spells out in some detail disbursements from ABFA on priority areas (Table 6.5, p. 67), such disbursements are not put into context with the government budget.

The 2014 oil/gas report does not reference any particular classification of revenue, thus not continuing the innovation of the 2012-13 oil/gas report that had shown the IMF/GFS classification of relevant revenue streams.

Mining sector

The mining report shows the receiving agency for each of the seven revenue streams included in the reconciliation (pp. 75-76). The two most important streams—corporate taxes and mineral royalties—are collected by the Ghana Revenue Authority (GRA) and lodged in the “consolidated fund, i.e. Central government’s treasury” (p. 75). Dividends are collected by the nontax revenue unit (NTRU) of the Ministry Finance and also placed into the consolidated fund. The report does not state but strongly implies that flows into the consolidated fund constitute central government budget revenue; a possible exception to this rule is a share of 20 percent of mineral royalties that is first paid into the consolidated fund and then released to the Minerals Development Fund and the OASL (see below, subnational transfers #5.2). It is not clear from the report if these subnational transfers that transit through the central government are recorded in the government budget as revenue and expenditure; such recording would increase transparency of government operations.

The remaining four revenue streams from the mining sector do not enter the consolidated fund and do not appear to be included in the central government budget. Three of these streams are paid to structures of the central government (Minerals Commission, OASL, EPA), while one constitutes subnational direct payments (see #4.6, above). The report does not provide any links to financial reports of recipient entities.

The 2014 mining report does not reference any particular classification of revenue, thus not continuing the innovation of the 2012-13 mining report that had shown the IMF/GFS classification of relevant revenue streams.

Stakeholder views

According to the Ministry of Lands and Natural Resources, all royalties and corporate tax go to the consolidated fund by law. The share transferred to OASL is off-budget, but still goes through the consolidated fund for the records.

A statement by the Chamber of Mines commends the government (Ministry of Lands and Natural Resources and Minerals Commission) for their push to pass the Mineral Development Fund Act. However, the Chamber points out that “a significant share of mineral sector receipts continue to be channelled into the Consolidated Fund to finance a variety of projects, including recurrent expenditure. It is our humble view that given that these revenues flow from a finite resource, it is prudent that the state sets aside a portion for a rainy day. The mining industry therefore advocates that mineral revenues should be managed along the lines of the provisions of the Petroleum Revenue Management Act, Act 815.”¹⁰⁴ A representative from the Chamber of Mines commented that a similar framework for the mining sector as there is for oil and gas would make the management of the revenues more transparent, and would help highlight the contributions mining makes to the economy. The representative added that the drafting of such a bill had once been initiated, and that GHEITI should pick up on this draft.

Initial assessment

The mining report gives a clearer picture of the distribution of revenue than the oil/gas report, although even the mining report leaves some ambiguity as to the recording of mining revenue in the national budget. The oil/gas report contains much institutional detail and quantitative information on revenue flows but fails to pull this information together into a clear picture of the distribution of revenue, in particular of

¹⁰⁴ http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=230:remarks-delivered-by-the-chief-executive-officer-mr-sulemanu-koney-at-the-launch-of-the-2014-gheiti-audited-report-for-mining-and-oilgas-on-march-31-2016-at-the-mensvic-hotel&catid=1:latest-news&Itemid=29

the streams channelled to/through the GNPC.

There is no reference to national or international revenue classification systems in either report, although this is not required under the EITI Standard.

The International Secretariat's initial assessment is that Ghana has made meaningful progress in meeting this requirement.

Sub-national transfers (#5.2)

Documentation of progress

Oil and gas sector

The oil/gas report contains no discussion of sub-national transfers.

Mining sector

The mining report describes the rules and practices concerning the subnational transfer of ground rents and a share of mineral royalty. Ground rent is payable at the statutory rate to the Office of the Administrator of Stool Lands (OASL), a structure of the central government; thus, ground rent is administered by the central government but does not pass through the consolidated fund of the Treasury. Additionally, a 10 percent share of mineral royalty is paid to the OASL from the consolidated fund (p. 76). Both revenue streams qualify as sub-national transfers. After deduction of 10 percent for administrative expenses, the OASL distributes the remainder according to the following formula: 55 percent for district assemblies, 25 percent for stools, and 20 percent for traditional councils (pp. 92 and 96).

The OASL has incurred significant arrears on sub-national transfers of ground rent and royalties. The report seeks to disclose such arrears to each subnational entity but falls short of providing full transparency of transfers due vs. actually paid. The OASL also suffered arrears on its receipts of ground rent, and the report recommends better follow-through on outstanding balances (p. 109).

A recommendation carried from 2010-13 reports related to irregularities in unspecified OASL funds transfers to (District) Assemblies; the status of this recommendation is marked as "complied" (p.106). Another recommendation from these reports related to the clearance of arrears in mineral royalty to (District) Assemblies, now marked as "partly released".

A reconciliation of sub-national transfers between payer and receiver is not undertaken.

Stakeholder views

A representative from a District Assembly in the Western Region noted that despite the improved transparency in how the transfers are managed, these are still irregular, posing great challenges for budget planning in the District Assemblies. This was attributed to the fact that these were not directly made to the districts, but rather passed through OASL which would then approve the release of the transfers. The District Assemblies often raise this with the OASL, also within the NSC, but it seems like this is beyond their reach. Another District Assembly representative called for more transparency with regards to mineral royalty transfers made to and from OASL. The District Assemblies argued that because of the delays, the payments should be made directly from the companies to the district level, rather than through the OASL.

The expectation that the passing of the Minerals Development Act would resolve some of the issues around the delays in release of royalty transfers was expressed by both a government representative and a civil society representative. A representative from the District Assemblies also expressed the expectation

that the passing of the Act would likely make these transfers more transparent.

Representatives from District Assemblies who have worked closely with communities also mentioned that there should be more transparency around the calculation of the transfers and how much is due to be transferred to the District Assemblies. These representatives highlighted the potential of the GHEITI Report to give a fuller picture and to make this clear for stakeholders at the local level. Additionally, they advocated for better tracking of how royalty revenues were used at the district level.

A civil society representative from outside of Accra noted that the past GHEITI Reports have provided more clarity on what is actually paid by the mining companies and what is transferred to the local level. Several media representatives also noted that community members increasingly voice their opinion of the royalty expenditure, based on the information made available in GHEITI reports.

Civil society representatives from mining-affected communities highlighted that the GHEITI Reports only covers disbursement of revenue to the local governments, while communities want to know what happens once disbursed. Civil society representatives not on the NSC also called for more transparency with regards to the selection of projects that the royalty revenue is allocated to, and for broader stakeholder consultation to avoid imposition of projects on communities and waste of funds.

With regards to the oil/gas sector, a District Assembly representative from a region with significant oil/gas production and exploration activities noted that there are no subnational transfers of oil/gas payments, although there had been some advocacy on this at the community level. A representative from the Ministry of Finance thought this discussion would likely come up once onshore activities start and communities become affected.

Initial assessment

The mining report discloses sub-national transfers and the applicable revenue sharing formula; the report further discloses the incidence of significant arrears in these transfers and offers specific recommendations towards the clearance and avoidance of such arrears. There is no discussion of sub-national transfers in the oil/gas report, and consultations with stakeholders indicate that these do not exist. The International Secretariat's initial assessment is that Ghana has made satisfactory progress in meeting this requirement.

[Additional information on revenue management and expenditures \(#5.3\)](#)

Documentation of progress

The oil/gas and mining reports contain summary descriptions of Ghana's budget and auditing process, albeit without reference to more detailed information. Both reports further contain quantitative information on expenditure allocations by entities disposing of extractive sector revenue (e.g. ABFA, GNPC, the Ghana Petroleum Funds, and district and municipal authorities)—wherever such information seems to have been available, sometimes even detailed by planned vs. actual expenditure. A broader perspective on the size and allocation of the respective national and sub-national budgets is lacking, thus impairing the usefulness of partial expenditure data. It is also not stated if the reported expenditures are part of the national/sub-national budget or are extra-budgetary in nature. Specific accountability mechanisms are not discussed in this context.

Stakeholder views

Stakeholders did not express any further views on revenue management and expenditures beyond those recorded above under distribution of revenues and subnational transfers.

Initial assessment

Information in the reports on Ghana's budget and auditing process is helpful. Information on expenditures from extractive sector revenues, although reported in considerable detail across some institutions, is not nearly as useful as it could be, were it complete and presented in a broader budgetary context. Disclosure of such information is encouraged and not required, and is thus not taken into account in the overall assessment of compliance with the EITI Standard.

Table 5 - Summary assessment table: Revenue management and distribution

Summary assessment table:		
EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Distribution of revenues (#5.1)	Although much relevant information is presented in the reports, the distribution of revenue, especially to the government budget, cannot be traced with clarity.	Meaningful progress
Sub-national transfers (#5.2)	Where applicable, sub-national transfers and the rules governing them are disclosed. Significant arrears are also reported.	Satisfactory progress
Information on revenue management and expenditures (#5.3)	Welcome effort at expenditure reporting, but in need of broader budget context.	
International Secretariat's recommendations:		
1. Information on the distribution of revenues and expenditures would benefit from being put in a wider budgetary context.		

6. Social and economic spending

6.1 Overview

This section provides details on the implementation of the EITI requirements related to social and economic spending (SOE quasi-fiscal expenditures, social expenditures and contribution of the extractive sector to the economy).

6.2 Assessment

Social expenditures (#6.1)

Oil and gas sector

The 2012-13 oil/gas report had stated clearly that "there were no material social expenditures that were mandated by law in 2012 and 2013" and that "the Steering Committee [had] agreed that voluntary or discretionary social expenditures should be disclosed by describing the projects undertaken by the companies" (p. 25). The 2014 oil/gas report lacks this general information but still describes some companies' Corporate Social Responsibility (CSR) projects (p. 30-31).

Mining sector

The terms of reference require the IA to report on mandatory and voluntary social expenditures. The mining report states that CSR payments of mining companies are voluntary in nature. The underlying community development agreements of some mining companies are referenced in the report, and the CSR funds of some other mining companies are briefly described or linked (Appendices 3A and 3B, p. 123-125 list social expenditures of two companies). The report does not claim to give a comprehensive, let alone reconciled, picture of social expenditures in the mining sector.

Stakeholder views

Stakeholders did not express any particular views on social expenditures, there not being any such expenditures mandated.

Initial assessment

From information spread across the 2012-13 and 2014 oil/gas and mining reports, it becomes clear that there are no mandatory social expenditures in Ghana. Both sector reports contain descriptions and some figures of voluntary CSR projects by some companies, without, however, being consistent and comprehensive across each sector. The International Secretariat's initial assessment is that Ghana has made satisfactory progress in meeting this requirement.

SOE quasi fiscal expenditures (#6.2)

Documentation of progress

Oil and gas sector

As noted above in Section II.4, the oil/gas report does not offer a clear picture of the sources of funds accruing to GNPC. A similar lack of clarity affects GNPC expenditure accounting, as contained in the oil/gas report. In particular, a summary table entitled "GNPC's utilization of petroleum revenues" does not separate current from capital expenses and does not recognize any quasi-fiscal expenditures (p. 63), even though an unexplained "advance to the Ministry of Finance" of USD 50 million could involve such an expenditure. Total expenses presented in this table amount to USD 135 million, compared with USD 180 million of "transfers of petroleum revenue to GNPC" (p. 62), leaving an increase in cash balances of USD 45 million.

The oil/gas report lists several participations of GNPC, including a few unrelated to the oil/gas sector (shares in a mobile phone company and a hotel) (p. 30), but again no discussion of quasi-fiscal expenditures.

Mining sector

The mining report does not identify any SOEs in the mining sector. From the oil/gas report, it emerges that one out-of-scope mining company—Prestea Sankofa Gold—is 90% owned by GNPC, with the remaining 10% held by the government (oil/gas report p. 30). Prestea Sankofa is not part of the revenue reconciliation but features in the mining report with a long list of mostly small social payments (Appendix 3A). The single largest payment in this list (USD200,000) went to the Prestea Urban Council for road rehabilitation, a potential quasi fiscal expenditure.

Stakeholder views

Civil society representatives on the NSC stated that they had raised the issue of the GNPC loan to the Ministry of Finance representatives on the NSC, and that it caused public debate when the report had been disclosed. One of the CSO representatives commented that the explanations provided by GNPC

regarding the loan to the Ministry of Finance for road construction for gas transportation made sense. The representative added that there was a need for proper documentation and disclosure of the terms of the loan, and that it needed to be appropriately monitored.

A representative from GNPC noted that it was the responsibility of the NSC as a whole to ensure that the required details on GNPC's quasi-fiscal expenditure were included in the report, and that the lack of details on the terms of the loan in the report should be addressed in the future.

Initial assessment

The oil/gas report does not give a clear picture of GNPC finances and contains no recognition of the possible incidence of quasi-fiscal expenditures, when in reality there might be some. The sizable expense by a GNPC subsidiary in the mining sector for road rehabilitation also leaves a doubt that would justify an open discussion. The International Secretariat's initial assessment is that Ghana has made meaningful progress in meeting this requirement.

Contribution of the extractive sector to the economy (#6.3)

Documentation of progress

Oil and gas sector

In accordance with EITI provision 6.3, the oil/gas report shows (i) the contribution of the oil and gas sector to GDP (7.2% in 2014); (ii) petroleum revenue in absolute terms and as a percentage of total government revenue (13.1%); (iii) crude oil exports in absolute terms and as a percentage of total merchandise exports (28.7%); (iv) employment in the sector in absolute terms and as a percentage of total employment (0.06%); and (v) an activity map of Ghana's offshore basins (p. 11 and 18-23).

Mining sector

In accordance with EITI provision 6.3, the mining report shows (i) the contribution of mining and quarrying to GDP (8% in 2014); (ii) mining revenue in absolute terms and as a percentage of total government revenue (5 %); (iii) mineral exports in absolute terms and as a percentage of total merchandise exports (34.7%); (iv) employment in the sector in absolute terms and as a percentage of total employment (1.6%); and (v) a map of major gold deposits and property locations (p. 19-25 and 78).

Stakeholder views:

A representative from the Minerals Commission noted that the Ghana Statistical Services (GSS) figures had previously failed to capture some aspects of the mining sector contribution, but that this had now been resolved as the Minerals Commission was providing relevant data to the GSS.

A Petroleum Commission representative stated that the information on local content in the 2014 report also contributed to demonstrate the contribution of the sector to employment.

A CSO representative noted that the inclusion of the artisanal and small-scale mining sector in EITI reporting would be important to better understand the contribution of the sector. Another representative from civil society stated that it could contribute to discussions on how to enable a framework to capture revenue from the ASM sector.

Initial assessment

The two sectoral reports contain all the information required by provision 6.3, with the small exception of key regions of non-gold production in the mining report. The International Secretariat's initial assessment

is that Ghana has made satisfactory progress in meeting this requirement.

Table 6 - Summary assessment table: Social and economic spending

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Social expenditures (#6.1)	No mandatory social expenditures are cited	Satisfactory progress
SOE quasi fiscal expenditures (#6.2)	No discussion of quasi-fiscal expenditures in either report, amidst some disclosure of expenses and social payments.	Meaningful progress
Contribution of the extractive sector to the economy (#6.3)	All information required by provision 6.3 is provided (small exception: main areas of non-gold production)	Satisfactory progress
International Secretariat's recommendations:		
1. The MSG may want to be more alert to the incidence of quasi-fiscal expenditures by SOEs.		

Part III – Outcomes and Impact

7. Outcomes and Impact

This section assesses implementation of the EITI Requirements related to the outcomes and impact of the EITI process.

7.1 Public debate (#7.1)

Documentation of progress

Making the reports comprehensible and accessible

Ghana EITI has made various efforts to ensure that EITI disclosures are actively promoted. The 2014 GHEITI Reports were published on the website in January 2016, while designed “booklet” versions of the reports were published in May 2016. The report was launched at an event on 30 March, which was attended by the Minister of Petroleum, Ministry of Lands and Natural Resources and Deputy Minister for Finance. The Minister of Finance issues a press release about the report launch and the report findings.¹⁰⁵

At least 2000 copies of the reports have been printed and distributed to stakeholders. The report is distributed in English, although some of the presentations made during the outreach activities are done in local languages. The EITI Reports include an executive summary highlighting the key findings of the report.

The NSC has at different occasions commented on the language and flow of the report, explanations for some terms and complex agreements such as the concept of accruals and the crude oil lifting agreement (MSG meeting minutes 17 November 2014, p. 3). The language and structure of the reports could however

¹⁰⁵ http://www.mofep.gov.gh/sites/default/files/press_release/Press%20Release_launch_2014%20Report.pdf

be made more comprehensible and easier to follow for people who might not be familiar with the sector.

The NSC has not yet established a clear policy on use of EITI data, although GHEITI has established an open data portal¹⁰⁶, which visualises data on revenue trends over time and by company, as well as disaggregated production data. The portal also includes an interactive map showing where production areas are located, details on commodities produced, by year and by company. All data can be downloaded in excel.

Report dissemination

To achieve “enhanced citizen participation in decisions around resource extraction” is one of the main objectives of the GHEITI 2015 work plan. GHEITI’s efforts at stimulating public debate around GHEITI Reports and the extractive sector in general are led by the National Secretariat, with active support by the NSC and, on occasion, with participation by the Independent Administrator. Activities are described in the three Annual Activity Reports so far (covering 2013, 2014 and 2015, the latter published in June 2016).

A series of dissemination workshops at the national and community level were held between February-August 2015 across the country, covering Western region through to Ashanti, Brong Ahafo, Eastern and the three Northern regions. Participation in the workshops seems to be quite wide and include representatives from regional and local governments and agencies, civil society organisations, mining companies, community-based groups, students and local media organisations.

The dissemination and outreach activities have allowed for feedback and resulted in recommendations on how stakeholder (and mining communities in particular) can be further involved. These recommendations are listed in the Annual Progress Report 2015 (p.5-6). The APR also suggests that the dissemination activities have resulted in feedback on information provided in the report; For instance, in one of the outreach events a participant questioned a statement in the report that a particular project had been completed (p. iv). GHEITI has also engaged with other stakeholders such as traditional leaders, farmers, the Media (the coalition of journalists on the extractive industry), youth groups and opinion leaders in selected communities (see written input from government representatives on the NSC).

Dissemination activities performed in 2013 and 2014 were:

- In 2014, GHEITI hosted community meetings in all major mining, and oil and gas districts to promote findings in the 2010/2011 EITI Report, and seek citizens’ contribution on how the EITI sector could be better managed. (2014 Annual Activity Report, p.12)
- With support from GIZ, GHEITI hosted a second EITI awareness workshop for stakeholders in Upper, Northern, and Upper West regions of the country in June 2014. The workshop which brought together 70 attendees including executives of Metropolitan, Municipal and District Assemblies (MMDAs), District Finance Officers, Traditional Authorities, Civil Society Organisations, and representatives from the Ghanaian media, was focused on the policy, legal and regulatory framework governing the mining, oil and gas sectors. GHEITI also informed participants about key findings from the 2010/2011 EITI Report. (2014 Annual Activity Report, p.16)
- A dissemination workshop was organized by the NSC and the GHEITI Secretariat in Takoradi in August 2013 to sensitize stakeholders on EITI activities and also disseminate findings of the 2010 /2011 EITI Report. The event was focused on stakeholders from mining. (2013 Annual Activity Report, p.9)

¹⁰⁶ <http://data.gheiti.gov.gh/>

- The GHEITI Secretariat organized a dissemination workshop on the 2010/2011 EITI Reports in Kumasi in August 2013. Regional government officers and civil society participated. Similar workshops were held in the Ahafo region in August 2013 and in Axim in September 2013. (2013 Annual Activity Report, p.9)
- In October 2013, a sensitization workshop in the northern region 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 of the 2010/2011 mining and oil/gas reports. Northern Regional Deputy Minister, Alhaji A.B.A. Fuseini participated and chaired the meeting. The meeting afforded participants the opportunity to follow the progress of Ghana EITI after ten (10) years of implementation. (2013 Annual Activity Report, p.10)
- The National Steering Committee of Ghana EITI in collaboration with Newmont Ghana Gold Ltd and the Ghana Chamber of Mines organized the second GHEITI community forum on August 8, 2013 at Keyasi in the Asutifi North 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 (2013 Annual Activity Report, p.12)
- In August 2013, a community forum co-hosted with the Ghana Chamber of Mines and Newmont Ghana Gold brought together 150 participants from around the Kenyasi region. Chiefs, Assembly members, CSO and students participated. Findings from the 2010/2011 EITI Reports were explained in the local language. This forum helped to raise awareness of mining revenues and their significance to local communities (2013 Annual Activity Report, p. 12).

Outreach events and other activities aimed at public debate

The Annual Activity Report 2015¹⁰⁷ lists the following outreach activities and public consultations organised in by GHEITI in 2015:

- Outreach to parliamentarians: A workshop was held on 13 August 2015 for members of the Parliamentary Committees on Mines and Energy, Finance, and Public Accounts to discuss the findings and recommendations of the 2012/13 GHEITI Reports. The workshop also aimed at allowing for input on the GHEITI Bill and building consensus to facilitate passing into law.
- Local stakeholder consultations on mineral royalty expenditure: Following the findings in the GHEITI reports that local governments spend mineral royalty revenues on recurrent expenditures instead of development projects, GHEITI has been working with the relevant agencies to develop guidelines on the utilisation of mineral royalties at the local level. GHEITI, the Minerals Commission and the Ministry of Local Government and Rural Development organised a stakeholder workshop on the 6 November 2014 to discuss the modalities and strategies for implementing the guidelines to ensure the efficient use of mineral revenues. About 100 participants attended the workshop. The Annual Activity report 2015 outlines further plans for 2016 to pilot the implementation of the guidelines.
- Consultations on GHEITI Draft Bill: According to the Annual Activity Report 2015, GHEITI held a series of consultations with stakeholders including Parliamentary Select Committees on Finance; Mines and Energy, Civil society, Traditional Authorities, Metropolitan, Municipal and District Chief

¹⁰⁷ https://eiti.org/sites/default/files/documents/2015_annual_activity_report_-_final_1_0.pdf

Executives, Assembly and community leaders across mining districts (Jomoro, Tarkwa, Obuasi, Sunyani and Koforidua) between 17 February to 13 August 2015. Key issues raised included the legal establishment of GHEITI, penalties on government, inclusion of provisions to enhance access to information, review and establish reporting and disclosure timelines for the revenue authority and government agencies.

- Consultations on artisanal and small-scale mining (ASM): Following a scoping study to assess the feasibility of including ASM sector in EITI reporting to capture the economic contribution of the ASM sub-sector and address main sector challenges, GHEITI organised a technical roundtable discussion on 25 November 2015 with stakeholders to review the findings. Stakeholders included representatives from the ASM sector, such as gold dealers and buyers, the association of artisanal and small-scale miners, host community representatives, and the Ministry of Lands and Natural Resources.
- Consultations on transfer pricing: GHEITI organised a workshop on 22 October 2015 bringing together experts from industry, the Ghana Revenue Authority (GRA) and civil society to discuss how transfer pricing relates to the extractive sector and build capacity on these issues. The workshop concluded with recommendations made for the strengthening of the Transfer Pricing Unit of the GRA, intra and inter-agency collaboration on transfer pricing issues, the development of transfer pricing database, review of inconsistencies in the current transfer pricing regulations and harmonising legislation on transfer pricing. Presentations from the workshop are published on the GHEITI website.¹⁰⁸
- Consultations on beneficial ownership transparency: In addition to the events listed in the Annual Activity Report 2015, a separate report available from GHEITI's website¹⁰⁹ describes consultations held from 6-8 April 2016 with government and non-state actors on beneficial ownership disclosure and the establishment of an ownership register.

Communications and wider media outreach

The website itself contains the key documents related to EITI implementation in Ghana, and provides news articles and press releases aimed at contributing to public debate. Examples from the past two years are news items on incorporating Free Prior Informed Consent clauses into Ghana's mining laws¹¹⁰, maximising gains from local content laws¹¹¹, royalties for small-scale miners¹¹², the Petroleum Commission's online

¹⁰⁸ http://geiti.gov.gh/site/index.php?option=com_phocadownload&view=category&id=14:workshops&Itemid=54

¹⁰⁹ http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=270:draft-report-on-beneficial-ownership-consultative-workshop&id=14:workshops&Itemid=54

¹¹⁰ GHEITI, 15 May 2015, "Infuse 'free prior informed consent' into mining laws" http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=221:infuse-free-prior-informed-consent-into-mining-laws&catid=1:latest-news&Itemid=29

¹¹¹ GHEITI, 15 May 2015, Maximising gains from local content law... specialisation and not generalisation is way forward, http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=220:maximising-gains-from-local-content-law-specialisation-and-not-generalisation-is-way-forward&catid=1:latest-news&Itemid=29

¹¹² GHEITI, 2015, Small scale miners must pay royalties http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=219:small-scale-miners-must-pay-

repository¹¹³, the call for passing the Mineral Development Fund Bill¹¹⁴ and for publishing GNPC's investment plan¹¹⁵, and the public dissatisfaction regarding spending of petroleum revenues.¹¹⁶ GHEITI has a communications strategy from 2009 which outlines the strategies for GHEITI's communication and key stakeholders. The NSC also has a sub-committee on Communications which prepares a GHEITI newsletter, although the last newsletter uploaded on the website is from January 2014.

After reports are released, the media is invited and given a brief by members of the NSC or the GHEITI Secretariat. Media seems to frequently cover GHEITI, in particular around the release of a new report. Findings from GHEITI Reports, outreach activities and statements by the government and stakeholders related to GHEITI are features regularly in the media, indicating that GHEITI contributes to discussions in the media related to extractive sector governance.¹¹⁷

Stakeholder views

In a consultation meeting held with the whole the NSC, a civil society representative noted with regards to the at times incomprehensible structure of the reports that there had been long discussions on the NSC regarding whether to include all information covering the sector in each report, or whether each report should build on the previous reports. The NSC had leaned towards the latter, as this would avoid that the reports would get too long. NSC members did however note that this would require appropriate referencing to the past reports.

A mining industry representative noted that GHEITI has helped provide figures and information for the

[royalties&catid=1:latest-news&Itemid=29](#)

¹¹³ GHEITI, 2015, Petroleum Commission advised to establish online repository, http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=218:petroleum-commission-advised-to-establish-online-repository&catid=1:latest-news&Itemid=29

¹¹⁴ GHEITI, 2015, Pass Mineral Development Fund Bill, http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=217:pass-mineral-development-fund-bill&catid=1:latest-news&Itemid=29

¹¹⁵ GHEITI, 2015, GNPC told to publish its investment plan ...in the spirit of accountability http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=216:gnpc-told-to-publish-its-investment-plan-in-the-spirit-of-accountability&catid=1:latest-news&Itemid=29

¹¹⁶ GHEITI, 2016, Ghanaians unhappy about wasteful spending of petroleum revenues, http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=231:ghanaians-unhappy-about-wasteful-spending-of-petroleum-revenues&catid=1:latest-news&Itemid=29

¹¹⁷ See examples of coverage in News Ghana <https://www.newsghana.com.gh/tag/gheiti/>, Ghana Business News <https://www.ghanabusinessnews.com/search-result-2/?cx=partner-pub-5025659553227958%3A5532967028&cof=FORID%3A10&ie=UTF-8&q=GHEITI&sa=Search&siteurl=www.ghanabusinessnews.com%2F2016%2F08%2F15%2Fstakeholders-review-2014-gheiti-reports%2F&ref=www.google.no%2F&ss=546j61868j7>, Modern Ghana http://www.modernghana.com/ghanahome/newsarchive/google_search.asp?cx=partner-pub-2880489375589404%3Ayyzkd0pma02&cof=FORID%3A10&ie=utf-8&q=GHEITI, Ghana Web http://www.ghanaweb.com/GhanaHomePage/search.php?action=1&Search=GHEITI&search_mode=news, Citifmonline <http://citifmonline.com/?s=GHEITI>, Joy Online <http://www.myjoyonline.com/search/?q=GHEITI&cx=partner-pub-7097281246489732%3A2ozqnx2lmcf&cof=FORID%3A10&ie=ISO-8859-1>.

media, to get the facts about the sector straight.

Media representatives seemed to think of GHEITI as a tool to communicate issues of transparency, and look through each new GHEITI Reports for stories to cover. Nonetheless, they also noted that the reports are often technical and difficult to understand. Several civil society representatives noted that the reports could be made simpler and easier to comprehend. A representative from one of the media outlets noted that GHEITI had reached out to them to make a simpler version of the report to be published online. Other media representatives were however not aware of this simplified version. A civil society representative from outside of Accra noted that this format was not accessible for stakeholder communities, and that more should be done to make the reports more readable and understandable. The lack of internet accessibility among mining-affected communities was also raised.

Stakeholders collectively (in the NSC) and individually were appreciative of the GHEITI Secretariat's dissemination and outreach activities. There were no complaints against the frequency and nature of such events. The Chief of Cabinet (admittedly a GHEITI Champion) noted that GHEITI was the most active group seeking exposure across the country.

A media representative noted that despite the many dissemination activities, GHEITI could do more to facilitate media coverage of GHEITI report findings. Although GHEITI organises events for media representatives, sometimes with the Independent Administrator to help explain issues, a media representative questioned whether the right people are invited.

Both civil society and media representatives gave various recommendations for how to make the reports more accessible:

- The language of the report should be less technical/financial and more comprehensible for wider stakeholders.
- The report can be broken down by region or regional data can be extracted to make it more accessible to communities
- The simplified versions of the reports should be widely circulated, in particular to media and civil society representatives, who can easily pass it on through their networks
- Simpler versions of the reports should be translated to local languages (at least Twi)
- Consider using less conservative media, such as radio, which is also widely accessible
- Since EITI coverage is currently seasonal based on the report releases, GHEITI should consider ways to engage the media throughout the year.
- The press releases issued by the government on the reports uses the same language as the report itself, which does not make it sufficiently accessible.
- When reports are released, GHEITI should consider organising more "exclusive" media events, giving media representatives some advantage in terms of time or information to incentivise coverage.

One media representative noted that they had published a summary version of the report, which was much more comprehensible than the report itself, although the other media representatives had not heard about this version.

A government representative from the Ministry of Petroleum suggested the possibility of hiring one

Independent Administrator for each report to allow for more time to make the reports easier to understand.

Several government representatives, including from the Ministry of Finance, Ministry of Natural Resources and Lands and Ministry of Petroleum emphasised the significance of the dissemination workshops held around the country for making the reports and the findings accessible. Civil society representatives on the NSC also highlighted that due to lacking internet access, GHEITI has focussed on in-person public dissemination activities to make report information accessible.

A GNPC representative noted that the dissemination of the GHEITI information, particularly in the Northern region where they will start exploration activities on the Volta Basin.

A representative from NRG commented that GHEITI has shown the possibility it has, as an entity, to move policy debates and decisions. The work on beneficial ownership was raised as an example demonstrating this.

Civil society representatives noted the lack of funding for dissemination events.

Initial assessment

GHEITI appears to maintain a high level of dissemination and outreach activities, thus stimulating public debate. The International Secretariat's initial assessment is that Ghana has made satisfactory progress in meeting this requirement.

7.2 Data Accessibility (#7.2)

Documentation of progress

All EITI Reports published by GHEITI are in pdf format and are not machine-readable.

GHEITI has, with support from the Natural Resource Governance Institute, developed an open data portal or "dashboard" providing visualisations of data from the EITI Reports.¹¹⁸ This includes trend analysis of revenue per commodity, revenue by commodity and fiscal streams, revenue streams by company, details on the operations of each company, production volume per company per year and a comparison of government revenue with extractive sector revenue. All the data can be downloaded in Excel, and the portal provides details on sources for further information, and users can download data from further sources such as General gross government debt, total government revenue and expenditure (IMF) and (Accumulation in Ghana Petroleum Funds (Reconciliation Report on the Petroleum Holding Fund)).¹¹⁹ The portal also provides a simple user guide explaining how to use the page and the data.¹²⁰ The latest data from the report is from 2013, and does not yet include the data from the 2014 EITI Reports.

There is limited evidence of discussions related to the recommendations in provisions 5.1 regarding references to revenue classification systems or production of summary reports, although the 2012-2013 reports include budget and GFS classifications of revenue. The 2014, 2012-13 EITI Reports and the open data portal include a comparison of the shares of each revenue stream in accordance with provision 7.2.b) (2014 Oil/Gas Report, p. 18-19; 2014 Mining Report, p. 26-27).

¹¹⁸ <http://data.gheiti.gov.gh/>

¹¹⁹ <http://data.gheiti.gov.gh/#data>

¹²⁰ <http://data.gheiti.gov.gh/docs/user-guide.pdf>

In addition to the publication of the EITI Reports on the GHEITI website, other government agencies include relevant information on their websites, including GNPC and the Minerals and Petroleum Commissions. An online Mining Cadastre Administration System (MCAS) has been developed by the Revenue Development Foundation and is in its final stages. GNPC has also developed an open data portal, which according to the GNPC website includes descriptions of all well data, licenses, seismic surveys, facilities, and companies as well as a link to a web-based Geographic Information System (GIS) enabling users view the data spatially.¹²¹ The online portal does however not seem to be working.

The NSC has been working on ways to improve GHEITI communications and data access, and have established both a sub-committee on communication and on open data. In 2015, two members of the communication sub-committee had training in communication skills and advocacy in Tanzania and a member of the open data sub-committee participated in an open data training programme in Canada (Annual Activity Report 2015, p. 9).

Stakeholder views

Stakeholders did not express any particular views related to data accessibility.

Initial assessment

Requirement 7.2 encourages implementing countries to make EITI reports accessible to public in open data formats. GHEITI has not yet started its work on making EITI reports machine readable, although key information is available from the open data dashboard.

7.3 Lessons Learned and follow-up on recommendations (#7.3)

Documentation of progress

Recommendations from the Independent Administrator

GHEITI Reports have generally provided recommendations for sector reforms and improved extractive resource governance. For the 2010-2011 and the 2012-2013 EITI Reports the NSC developed the recommendations in collaboration with the Independent Administrator. The Independent Administrator proposed recommendations at each stage of the production of the report (inception, draft and the final report) and at each stage, while the NSC reviewed and approved the recommendations. Subsequent to NSC approval of the final EITI Report, the NSC and the GHEITI Secretariat developed an action plan for implementing the recommendations.

The GHEITI Reports have provided recommendations that are policy relevant and aimed at addressing gaps in the legal and fiscal frameworks governing the extractive sector. The 2010-2011 oil/gas report highlighted various challenges around royalty and corporate tax payments. Ghana's 2012-13 oil/gas and mining reports contained further recommendations aimed at improving policies and procedures. Examples of some of the recommendations include ensuring open licensing rounds; establishing an online repository on petroleum blocks; developing an investment guide for the Ghana Petroleum Funds; publishing an investment plan for GNPC; and ensuring consistency in the methodology used by the revenue authority and GNPC for revenue computation to ensure that figures match. The 2014 oil/gas and mining reports include recommendations related to revenue collection (failure to collect surface rentals from some oil/gas companies and ground rent from mining companies, as well as carried interest from Saltpond), improved revenue management

¹²¹ http://www.gnpcghana.com/open_data.html

and expenditure (in particular with regards to investment guidelines of the Ghana Petroleum Funds, reporting on allocation of ABFA and transfers of mineral royalties between the GRA, OASL and District Assemblies).

The TORs for the IA for the last reports specifically task the Independent Administrator with analysing and proposing recommendations on relevant issues and assessing compliance with the country's frameworks governing the sector, for example:

- Verify the basis for the determination of Benchmark Revenue, Annual Budget Funding Amount, and confirm whether they are in accordance with the provisions of the Petroleum Revenue Management Act of 2011, Act 815 (2014 oil/gas report, p. 85).
- Check and report on disbursements from the Petroleum Holding Fund to the Annual Budget Funding Amount, Heritage and Stabilization Funds and confirm if they are in conformity with the provisions of Act 815. (2014 oil/gas report, p. 85).
- Analyse and report on the performance (returns) of the investment activities of the Ghana stabilization Fund and the Ghana Heritage Fund in accordance with provisions of Act 815 (2014 oil/gas report, p. 85-86).
- Check if the computation of the amortization and depreciation is in accordance with the Income Tax Act and agreement between a mining company and government and does not improperly reduce the amount of taxable profit of the mining companies (2014 mining report, p. 114).
- Check the correctness of the computation of payments in order to determine the appropriateness of the revenues received as mineral royalty, dividends, tax on profit property rate, ground rent, mineral rights, environmental permitting fees as well as the additional royalty paid for mining in forest reserves (2014 mining report, p. 114).
- Scrutinize the central government transfers made to District Assemblies, Traditional Authorities and Stools through the Office of the Administrator of Stool Lands within the operational areas of mines, and establish the correctness of computation in accordance of the operational formula. Furthermore, scrutinize the transfers made by the Ministry of Finance to the OASL (2014 mining report, p. 114).

Follow-up on the recommendations

The NSC seems to have procedures in place to ensure follow-up of the recommendations from the GHEITI reports. The NSC has established a sub-committee on report implementation, and the representation of various of the relevant government agencies on the NSC seems to facilitate the following up of and in some cases implementation of the report recommendations. An example is the identified missing capital gains tax from a liable transaction (acquisition by Tullow Oil of EO Group) due to lack of clarity in the Petroleum Income Tax Law, and recommended to streamline legislation on capital gains for future acquisitions from the GHEITI 2012-13 Oil and Gas Report. The NSC and the Ghana Revenue Authority, which is represented on the NSC, followed up on this recommendation. As a result, the relevant legal provisions - the Petroleum Income Tax Law and the Internal Revenue Act - were amended to cover such capital gains tax payments from the oil sector in the future.

The Annual Activity Reports list the recommendations made in past reports and the status of implementation. The 2014 Annual Activity Report repeated the updates and information on the recommendations of the 2010-2011 mining and oil and gas reports that were already contained in the

2012-2013 reports without giving any further details. However, the 2015 Annual Progress Report provides further details on the status of implementation of the recommendations than in the latest EITI Reports (Annual Progress Report 2015, p. 20-21).

The GHEITI Reports and the Annual Progress Reports list a selection of the recommendations from the EITI Reports. From 31 December 2016, in accordance with the transitional arrangements of the 2016 EITI Standard, the NSC will be expected to outline the plans for implementing the recommendations from Validation and EITI reporting, including the rationale for deciding not to implement a recommendation.

Stakeholder views

Representatives from the constituencies on the NSC seemed generally satisfied with the government's follow up of recommendations and highlighted the implementation of some of these as a key impact of GHEITI, and the implementation of recommendations were highlighted by various stakeholders as one of the key impacts and contributions of GHEITI in the country.

A development partner commented that the government should however do more to implement the recommendations as these are often repeated in subsequent reports.

Initial assessment

The NSC has taken steps to act upon lessons learnt, to identify, investigate and address the causes of any discrepancies, and to develop and follow up on policy and sector relevant recommendations for improvements from the Independent Administrator. Based on the documentation and stakeholder views on the nature of the recommendations from GHEITI Reports and the implementation and follow-up of these recommendations to improve sector governance, the International Secretariat's initial assessment is that Ghana has made satisfactory progress in meeting this requirement.

7.4 Outcomes and impact of implementation (#7.4)

Documentation of progress

The Annual Progress Report 2015¹²² was submitted to the International Secretariat on 30 June 2016 and published on the GHEITI website early July 2016. The report is a condensed summary of GHEITI NSC and national secretariat activities during 2015. The 2015 Annual Progress Report centres on the dissemination of the 2012/13 EITI Reports and the production of the 2014 Reports, but also highlights progress made with regards to subject such as illicit financial flows, beneficial ownership, and other efforts related to outreach and capacity building. The report is comprehensive with regards to describing the activities of GHEITI and highlights key achievements, although it offers limited insight into the dynamics of EITI implementation and the flavor of discussions within the GHEITI community or beyond.

The report includes an assessment of progress with meeting each of the overarching requirements from the 2013 EITI Standard (p. 14-16). The table does not mention encouraged aspects of the EITI Standard, although the report refers to efforts related to artisanal and small-scale mining and beneficial ownership.

An overview of the NSC's response and progress made in addressing the recommendations from the 2010-2013 EITI Reports is included in Appendix 1a for mining (p. 20) and Appendix 1b for oil and gas (p. 21). Under the title "Update on Recommendations Made in 2010-13", the recommendations are listed in the

¹²² <https://eiti.org/node/7158>

matrix showing the status of a selection of recommendations contained in the mining and oil/gas reports of 2012-2013. There is no specific reference to the recommendations of the 2014 reports published in December 2015. The majority of recommendations addressed in the Annual Activity Report show as status either “ongoing” or “outstanding”, with a few of them marked as “complied” or “completed”. The report does not describe activities related to implementing the recommendations during the year.

With regards to assessing progress against work plan objectives, the Annual Activity Report contains a matrix with most line items of the 2015 work plan (p. 11-14), although a complete match of line items and associated dimensions of costs (estimate of work plan, budget, and actual expenditure) could not be established. From this matrix (columns “implementation status” and “outcome”) and from the narrative in the text of the Annual Progress Report, one can gain a reasonable understanding of GHEITI’s activities during 2015.

The Annual Progress Report (and past Annual Activity Reports) generally contain descriptions of several outreach and working sessions, usually bringing together the NSC and other stakeholders, which has provided opportunities for feedback to GHEITI on their activities. The report provides a narrative account of EITI implementation in Ghana, although there is no description on efforts to made specifically related to strengthening implementation and stakeholder engagement, and limited discussion of the challenges and difficulties faced apart from the lack of funding.

GHEITI has, with support from GIZ, conducted an impact assessment. The consultant Scanteam submitted their final report at the end of 2015, and the assessment was published on the GHEITI website on 15 March 2016.¹²³ The NSC debated the impact assessment on several occasions, considering on one occasion that the assessment was failing to “emphasize the real achievements of GHEITI.”¹²⁴ The Annual Activity Report 2015 lists a stakeholder meeting to discuss GHEITI impact assessment report as an outstanding activity yet to be implemented in 2016 (Annual Activity Report 2015, p. 11).

Stakeholder views

Stakeholders did not have any particular views related to the Annual Progress Report. A representative from the Ministry of Finance noted that it was used to report to the Ministry on GHEITI’s activities.

With regards to the impact assessment, NSC representatives reconfirmed the view that the study was focusing on process issues relating to the functioning of GHEITI, and not enough on the real achievements of GHEITI. A representative from NREGI noted that the impact assessment needs to be shared more widely with stakeholders, in particular government agencies. Some NSC representative noted that they had considered options for the dissemination and constructive use of the study.

Initial assessment

Based on demonstrated openness to public scrutiny and willingness to engage in a formal impact assessment, the International Secretariat’s initial assessment is that Ghana has made satisfactory progress in meeting this requirement.

Table 7 - Summary assessment table: Outcomes and impact

¹²³ http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&id=15:implementation-reports&Itemid=54#

¹²⁴ NSC Meeting Minutes of 13 May 2015.

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Public debate (#7.1)	GHEITI maintains high level of dissemination activities and outreach, thus contributing to and stimulating public debate. Some stakeholders find that reports can be made more comprehensible to the public.	Satisfactory progress
Data accessibility (#7.2)	Reports are not machine readable, but EITI data is downloadable in Excel format from GHEITI open data dashboard. The data is from the 2012/13 reports and do not include 2014 data.	
Lessons learned and follow up on recommendations (#7.3)	Recommendations from GHEITI Reports are aimed at addressing gaps in the extractives resource governance systems, and the NSC has made progress in following up on and implementing recommendations.	Satisfactory progress
Outcomes and impact of implementation (#7.4)	The Annual Progress Report 2015 was submitted within the deadline, and the report adequately reflects GHEITI's main activities and progress made during 2015. The report and formal impact assessment demonstrates openness to public scrutiny.	Satisfactory progress
<p>International Secretariat's recommendations:</p> <ol style="list-style-type: none"> 1. The NSC and the GHEITI Secretariat are encouraged to work more closely with the media and local civil society organisations in their dissemination activities, and may wish to consider the recommendations made by media representatives on how to make GHEITI Reports more accessible and engaging for media and the broader public. 2. The NSC is encouraged to maintain the open data portal and update it with the latest EITI data (2014), and to continue its work on making GHEITI Reports more accessible. 3. The NSC should consider the outstanding recommendations from past GHEITI Reports and agree relevant and specific follow-up and implementation. If this has already been agreed, the NSC is encouraged to clearly document next steps, timelines for action points and responsible parties to strengthen follow-up by relevant stakeholders. 4. Future Annual Progress Reports could better reflect the progress made by GHEITI with regards to improved transparency and accountability in the extractive sector by making clearer links between the activities with key priorities and challenges from the sector. The NSC may also wish to consider consulting with wider stakeholders to include their views on GHEITI's progress. 5. The NSC might wish to organise outreach and dissemination activities such as a roundtable or workshop to discuss the impact of GHEITI, key challenges and areas of improvement, in light of the Scanteam impact assessment. 		

7.5 Impact analysis (not to be considered in assessing compliance with the EITI provisions)

Documentation of progress

EITI Reporting in Ghana seem to have highlighted certain gaps in the legal and fiscal framework related to the extractive sector and revenue management from oil, gas and mining resources. The implementation of recommendations from the GHEITI Reports was the reason why Ghana was awarded the EITI Chair's Award

during the EITI Global Conference in Lima on 24 February.¹²⁵

According to the Annual Activity Report 2015, “the implementation of the various findings and recommendations in the EITI reports has contributed considerably to policy and regulatory changes that ultimately have had positive impact on the contribution of the extractive sector to national economic development, especially by increasing government’s take in the sector” (p. 16). The Annual Activity Report highlights the impact on the fiscal regime (introduction of capital gains tax and ring fencing of costs) and the impact on royalty disbursement and utilisation at the national and sub-national levels as the main impacts of GHEITI in the past year.

Based on the key documentation made available by GHEITI and on the stakeholder consultations, the following impacts made by EITI Ghana seem to be most significant:

- *Increased ground rents from mining:* From its earliest mining sector reports, the low rate of ground rent charged to mining companies stood out. Over several years, GHEITI Reports strengthened the case for a significant increase in ground rents, which was finally approved by Parliament in December 2014. The new rates are expected to improve significantly the incomes of land owners on whose land the mineral resources are extracted. The Office of the Administrator of Stool Lands (OASL) collects the ground rent and transfers the proceeds to local land owners.
- *Fixed mining royalty rates:* Already in 2010, the rate of mineral royalty was harmonized at 5 percent of gross revenue from minerals, representing a significant increase from the effective rate of 3 percent, previously payable from within the range of 3-6 percent. Again, GHEITI disclosures prepared the ground for this tax policy change.
- *Introduction of capital gains tax:* Two recent (untaxed) sales of oil and gas interests discussed in GHEITI Reports galvanized support for the introduction of a capital gains tax, which was written into the Internal Revenue Act in 2013. The 2010-11 Oil and Gas Report highlighted that no capital gains tax was paid from Tullow’s acquisition of EO Group, one of the partners in the Jubilee oil field. The Act 871 (Internal Revenue Amendment) was then passed to amend the provisions of the Internal Revenue Act to cover such capital gains tax payments in the future. The report further recommended that EITI reporting should continue to monitor whether these types of sales are made in accordance with the Act. The 2012-13 Oil and Gas Report noted the cases in which capital gains tax was applicable but not paid. (This example has been cited in the EITI International Secretariat’s publication *From Reports to Reform*, p. 4¹²⁶.)
- *Introduction of ring fencing of costs:* The enactment of the new Income Tax Act, (Act 896) also addressed the issue of ring fencing in the petroleum sector. The 2010-11 Oil and Gas report highlighted that there was no clear provision on ring fencing in the petroleum sector, allowing companies to transfer costs related to projects under development to projects that were generating revenues to reduce tax liabilities. Under the new Act, companies are required to “ring fence” their costs by field when reporting for tax purposes and can no longer carry losses from one field to the other.
- *Improved transparency and management of subnational transfers:* The disclosure in GHEITI Reports of sub-national payments and transfers has helped to empower communities to demand greater

¹²⁵ <https://eiti.org/node/4485>

¹²⁶ https://eiti.org/sites/default/files/documents/from_reports_to_reforms.pdf

accountability of their local authorities. Ghana's EITI Reports covering the period 2004-2011 highlighted the misapplication of mining royalties earmarked for District and Municipal Assemblies, traditional land-owning authorities and other communities that are impacted by mining. The mining royalty transfers from the government to the Offices of the Administrator of Stool Lands (OASL) and local governments were inaccurate, and the actual payments by OASL to District and Municipal Assemblies were often smaller than they should have been. The OASL did not always forward the full amount due to districts and municipalities and payments were made in instalments, making planning and budgeting difficult for the District Assemblies. Much of the revenue was also spent on recurrent expenditures such as waste management, purchase of fuel and vehicles instead of economic and social development projects.

The 2010-11 Mining report recommended that Ghana Revenue Authority should regulate the timeliness of royalty transfers from companies; royalty transfers from government to District Assemblies should be made in full and not in tranches; monthly royalty payments should be regularised; and that guidelines for the utilization of royalty receipts by District Assemblies should be established.

GHEITI has worked closely with OASL to ensure that the correct amounts of mining royalties are passed on to districts and municipalities. District Assemblies have established dedicated bank accounts for the revenues being transferred from central government. The Minerals Commission, which is represented on the NSC, has developed policy guidelines on the use of mineral revenues at subnational levels. The guidelines were developed alongside tracking mechanisms to ensure that the guidelines are being followed, and GHEITI is currently involved in the piloting of these guidelines. Guidelines for corporate social responsibility, such as community health projects, construction of schools and support for sports infrastructure have also been developed and applied.

The impact that GHEITI has had on transparency of royalty transfers to local governments was emphasised by various stakeholders, including from government (Ministry of Finance and Ministry of Natural Resources and Lands, District Assemblies) and civil society (in particular those based in the Western Regions and working closely with communities). A representative from a District Assembly in the Western Region affected by mining explained that the outreach efforts have led to greater awareness about the mining royalty transfers to the District Assemblies, and that people now "know when the royalties are coming." It was also noted that the discussions of the report have helped manage expectations and bring clarity as to how much money there is at the District Assembly level.

This has also led to accountability at the local level, as the outreach activities has spread the expectation that people have the right to know where the revenue goes. According to a civil society representative from Obuasi, the discussion around the GHEITI Report findings have helped diffuse perceptions on the need of accountability between communities and District Chiefs. A media representative explained that once new figures were released, they would interview District Chiefs asking what the money had been spent on.

- *Placing beneficial ownership disclosure on the agenda:* GHEITI also appears to have been a key actor in building momentum for the beneficial ownership transparency agenda in the country by working together with stakeholders to identify the necessary amendments and harmonising conflicting legal issues. By holding national stakeholder consultations on the subject, GHEITI

engaged with relevant actors including civil society organisations and individuals working on open governance, financial integrity, private sector accountability, and extractive sector issues in the discussions. Ghana EITI also provided input to the draft amendments to the Companies Act, which was passed in August 2016 including a provision to disclose beneficial owners of all companies operating in the country in a public register.

- *Building trust:* Finally, GHEITI can be credited with building trust in the extractive sector between government, companies, and civil society that is conducive to calm and constructive exchanges within and outside of the NSC. According to a representative from a local CSO, GHEITI has showed that revenue transparency can build trust between communities and companies at the local level. The report findings and dissemination has, according to another CSO representative, helped manage expectations and reduced conflict between the mining industry and affected communities. A representative from the mining industry also highlighted this benefit, as community members who do not see the contributions of the mining sector in their districts now confront the government rather than the mining companies regarding missing revenue at the local level.

Annexes

Annex A - List of MSG members and contact details

GHEITI NATIONAL STEERING COMMITTEE (NSC)			
NAME	INSTITUTION	CONTACT NO.	EMAIL
MAJOR (RTD.) M.S. TARA	MINISTRY OF FINANCE/ CHAIR	030-2665310	info@mfep.gov.gh
MR. FRANKLIN ASHIADEY	MINISTRY OF FINANCE	024-4689819	fashiadey@yahoo.com
MR. ROGER ANGSOMWINE	OFFICE OF THE VICE PRESIDENT	024-4157374	rogerang2000@yahoo.com
MR. WAYO ABUBAKARI	OFFICE OF THE PRESIDENT	024-4332378	nyarkoemmanuel60@yahoo.com
MR. SULEMANU KONEY	GHANA CHAMBER OF MINES	024-4623266	skoney@ghana-chamberofmines.org
DR. GAD AKWENSIVIE	OFFICE OF THE ADMINISTRATOR OF STOOL LANDS	024-4843997	gadosman@yahoo.com
MRS. PHILOMENA JOHNSON	CIVIL SOCIETY ORGANISATION	024-4830831	philo831@yahoo.com
MR. BALURI BUKARI KASSIM	ENI GHANA LTD	0540-108595	Baluri.bukari@enighana.eni.com
MR. J.B. OKAI	MINISTRY OF PETROLEUM	024-4089403	jbenokai@hotmail.com
MR. B.C.D. OCANSEY	GHANA REVENUE AUTHORITY	024-4453008	jabakuyawchris@gmail.com ; benoni.ocansey@gra.gov.gh
DR. STEVE MANTEAW	ISODEC/PUBLISH WHAT YOU PAY-GHANA/CO- CHAIR	024-4273006	manteawsteve@yahoo.co.uk
MR. CHRIS AFEDO	GHANA REVENUE AUTHORITY	020-1755443	chrisafedo@yahoo.com
MR. AMPONSAH TAWIAH	MINERALS COMMISSION	024-9076883	amponsahtawiah@gmail.com
MR. SAM ADDO NORTEY	GHANA NATIONAL PETROLEUM CORPORATION	054-1678468	addonorkey1@aol.com
MR. DELA KLUBI	GHANA REVENUE AUTHORITY	020-8147191	delaklubi@yahoo.com

MR. FRANK TURKSON	GHANA MANGANESE COMPANY	024-4324996	fturkson@ghamang.net
MR. SIMON ATEBIYA	MINISTRY OF LANDS AND NATURAL RESOURCES	024-6844787	simonuer@yahoo.com
MR. GABRIEL GEORGE ANDOH	JOMORO DISTRICT ASSEMBLY	020-7656282	kwesisegoe84@gmail.com
MRS. HANNAH O. KORANTENG	Civil Society Organisation	027-6965748/0244679556	kowus75@yahoo.com
MR. GEORGE SARPONG	KOSMOS ENERGY	0244-339053	gsarpong@kosmosenergy.com
PROF. THOMAS AKABZAA	MINISTRY OF PETROLEUM	0246-325685	takabzaa@yahoo.com
MR. GEORGE ADDY-MORTON	PETROLEUM COMMISSION	0244-377492	george.addy-morton@petrocom.gov.gh
MR. KWASI BOATENG	TULLOW OIL GHANA LIMITED	0540-106045	'kwasi.boateng@tulloil.com
ALTERNATE MEMBERS			
MR. SAMPSON KUSI - APPIAH	KOSMOS ENERGY	0244-339055	skusi-appiah@kosmosenergy.com
MR. CHRISTOPHER NYARKO	GHANA CHAMBER OF MINES	026-6431466	cnyarko@ghanachamberofmines.org
MR. RICHARD AFENU	MINERALS COMMISSION	024-3135479	kofiafenu@gmail.com
MR. BEN. ARYEE	MINISTRY OF LANDS & NATURAL RESOURCES	024-4268787	BENGLO59@GMAIL.COM
MS. LINDA TAMAKLOE	GNPC	026-3211159	l.tamakloe@yahoo.com
GHEITI SECRETARIAT			
MR. M. B. ABDUL-RAZAK	MINISTRY OF FINANCE / CO-ORDINATOR	026-4203479	bashct@gmail.com
MR. KWESI ASANTE	MINISTRY OF FINANCE	024-654193	kwasantus@yahoo.com
MS. VICTORIA BENSON	MINISTRY OF FINANCE	020-2030375	vbenson@mofep.gov.gh
MR. NYARKO EMMANUEL	MINISTRY OF FINANCE	020-0238385	nyarkoemmanuel60@yahoo.com

Annex B - List of stakeholders consulted¹²⁷

Government

M. B. Abdul-Razak, GHEITI National Coordinator, Ministry of Finance
 Wayo Abubakari, Office of the President - Castle
 George Addy-Morton, Manager, Petroleum Commission
 Nii Adzei-Akpor, Advisor, Petroleum Commission
 Richard Kofi Afenu, Director Policy Planning, Monitoring & Evaluation Division, Minerals Commission
 Thomas Mba Akabzaa, Chief Director, Ministry of Petroleum
 Gad Akwensivie, Office of The Administrator of Stool Lands
 Roger Angsomwine, Secretary to the Cabinet, Office of The President - Castle
 Kwesi Asante, GHEITI Secretariat
 Ammishadai Ashitey, Chief Revenue Officer, GRA
 Ben Aryee, Advisor (Mining), Ministry of Lands and Natural Resources
 Franklin Ashiadey, Economist, Ministry of Finance
 Bruce Banoeng-Yakubo, Chief Director, Ministry of Lands and Natural Resources
 Victoria Benson, Ministry of Finance
 Kiwamero Essilfie, Accountant, Tarkiwa
 Nyarko Emmanuel, Ministry of Finance
 Chris Fordjor, Advisor, Petroleum Commission
 Paul Frempong, Consultant, Petroleum Commission
 Andoh Gabriel George, Planning Officer, Jomoro District Assembly
 Dela Klubi, GRA
 Ashetu A. Mumuni, District Finance Officer, Asulifi North District Assembly
 Patrick Nomo, Chief Director, Ministry of Finance
 Sam Addo Nortey, Ghana National Petroleum Cooperation
 B.C.D. Ocansey, Chief Revenue Officer, Ghana Revenue Authority (GRA)
 Joseph Ben Okai, Director Policy, Planning, M&E, Ministry of Petroleum
 Samuel Sackey, Chief Revenue Officer, GRA
 Amponsah Tawiah, Deputy Chief Inspection of Mines, Minerals Commission
 Mona K. Quartey, Deputy Minister, Ministry of Finance
 Vincent Yankey, Director Finance and Administration, Petroleum Commission

Industry

Alhaji Baba Ahmed, National Organizer, Ghana National Association of Small-Scale Miners (GNASSM)
 Nana A. Akoh, Manager Taxation and Corporate Finance, Goldfields Ghana
 Domenico D'Ippolito, Livelihood Restoration Advisor, ENI Ghana
 Emmanuel Dzeble, National Administrator, GNASSM
 Anthony Kobina Ampofo, Manager Project Finance, GNPC
 Dennis Baidoa, GNPC
 Doe Agbolosco Mensah, Corporate Strategy, GNPC

¹²⁷ Includes stakeholders consulted during the December 2015 pilot validation.

Kwame Ntow Amoah, Deputy Chief Executive (Commercial and Corporate Services), GNPC
 Christopher Nyarko, Senior Research Officer, Ghana Chamber of Mines
 Sulemanu Koney, Chief Executive Officer, Ghana Chamber of Mines
 Sampson Kusi-Appiah, Director, Finance and Administration, Kosmos Energy Ghana
 Nii Adjetey-Kofi Mensah, Executive Director, ASM Africa Network (ASMAN)
 Sabau Parimah, Tax Manager, Anglo Gold Ashanti
 Shallovern Srodah, ASMAN
 Linda Tamakloe, Corporate Affairs, GNPC
 Frank Turkson, Financial Controller, Ghana Manganese Co.
 Emmanuel Yantwi, Executive Director, GNASSM

Civil Society

Prince Aboukiye, Programme Officer, CeSIS
 Evelyn Addor, CSPOG
 Raphael G. Ahenu, CEO, Global Media Foundation
 Salomon K. Ampofo, Coordinator, Friends of the Nation
 Bernard Ariaba, ISODEC
 Frederick Asiamah, Freelancer
 Emmanuel A. Boateng, Editor, Obuasitoday.com
 Richard Ellimah, Executive Director, Centre for Social Impact Studies (CeSIS)
 Mohammed Gubeman, Staff Writer, Public Agenda
 Malik B. Ibrahim, Morning Show, Time FM
 Philomena Johnson, PWYP Ghana
 Hannah O. Koranteng, Wassa Association of Communities Affected By Mining
 Steve Mantheaw, ISODEC/PWYP
 Kwaku Owusu Peparah, Assistant News Editor, Joy FM
 Ali Tanti Robert, Extractive Engagement Group—Obuasi

Others

Marilyn Aniwa, Coordinator, Public Interest & Accountability Committee (PIAC)
 Kojo Asafo-Aidaro, Senior Consultant, Boas & Associates
 Samuel Bekoe, Africa Associate, NRGi
 Kwaku Boa-Amponsem, Managing Partner, Boas & Associates
 Henri Gebauer, Team Leader, GIZ
 Allan Lassey, Senior Advisor, GIZ

Annex C - List of reference documents

Work plans and Annual Activity Reports:

- GHEITI 2016 Work plan
http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=163:ghेiti-workplan-2014-2015&id=18:workplans&Itemid=54
- GHEITI 2015 Work plan
http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=234:2015-ghेiti-work-plan&id=18:workplans&Itemid=54
- GHEITI 2014-2015 Work plan
http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&id=18:workplans&Itemid=54
- GHEITI 2014 Revised Work plan https://eiti.org/files/2014_annual_activity_report.pdf
- GHEITI 2015 Annual Activity Report (now called Annual Progress Report, in accordance with the EITI Standard 2016) https://eiti.org/sites/default/files/documents/2015_annual_activity_report_-_final_1_0.pdf
- GHEITI 2014 Annual Activity Report
http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&id=28:2014&Itemid=54
- GHEITI 2013 Annual Activity Report
http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&id=27:2013&Itemid=54
- GHEITI 2012 Annual Activity Report
http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&id=26:2012&Itemid=54
- GHEITI 2011 Annual Activity Report
http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&id=24:2011&Itemid=54

EITI Reports, scoping studies, Validation Reports:

- GHEITI 2014 Oil and Gas Report
https://eiti.org/sites/default/files/documents/ghेiti_2014_oil_gas_report.pdf
- GHEITI 2014 Mining Sector Report
https://eiti.org/sites/default/files/documents/ghेiti_2014_mining_sector_report_0.pdf
- GHEITI 2012-13 Oil and Gas Report
http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=212:2012-2013-oil-and-gas-sector-report&id=35: mining-oil-a-gas-reports&Itemid=54
- GHEITI 2012-13 Mining Sector Report
http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=211:2012-2013-mining-sector-report&id=35: mining-oil-a-gas-reports&Itemid=54
- GHEITI 2012-13 Supplementary Report
http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=241: addendum-and-other-documents&id=20: framework-documents&Itemid=54
- GHEITI 2010-2011 Mining Sector Report <https://eiti.org/files/Ghana-2010-2011-EITI-Report.pdf>
- GHEITI 2010-2011 Oil and Gas Report <http://eiti.org/files/Ghana-2010-2011-Oil%26Gas-EITI-Report.pdf>
- GHEITI 2009 Report <https://eiti.org/files/Ghana%202009%20EITI%20Report.pdf>
- GHEITI 2004-2008 Report https://eiti.org/files/Ghana%202004-2008%20EITI%20Report_0.pdf
- Ghana Validation Report 2010, <https://eiti.org/document/Ghana-2010-Validation-Report>

Relevant legislation, legal documents and TORs related to EITI implementation:

- Rules of Procedure for the Ghana Extractive Industries Transparency Initiative (GHEITI) Multi-Stakeholder Group (MSG)
http://www.gheiti.gov.gh/site/index.php?option=com_content&view=article&id=222&Itemid=66
- Ghana National Petroleum Corporation Law 1983
[http://www.petrocom.gov.gh/assets/ghana_national_petroleum_corporation_law_1983\(1\).pdf](http://www.petrocom.gov.gh/assets/ghana_national_petroleum_corporation_law_1983(1).pdf)
- Petroleum Exploration and Production Law 1984 PNDC Law 84
http://www.petrocom.gov.gh/assets/petroleum_exploration_and_production-law_1984_pndc_law_84.pdf
- Petroleum Revenue Management Act, 2011
http://www.mofep.gov.gh/sites/default/files/reports/Petroleum_Revenue_Management_Act_%202011.PDF
- Ghana Model Petroleum Agreement
[http://www.petrocom.gov.gh/assets/ghana_model_petroleum_agreement\(1\).pdf](http://www.petrocom.gov.gh/assets/ghana_model_petroleum_agreement(1).pdf)
- Petroleum Income Tax 188
http://www.petrocom.gov.gh/assets/petroleum_income_tax_pndcl_188.pdf
- Minerals and Mining Act 703
<http://www.resourcegovernance.org/sites/default/files/Minerals%20and%20Mining%20Act%20703%20Ghana.pdf>

Communications materials, strategies and summary reports

- Ghana EITI Communications Strategy (2009)
- 2014 Ghana EITI Reconciliation Report – Summary analysis (Oil and gas sector)
- 2014 Ghana EITI Reconciliation Report – Summary analysis (Mining sector)
- GHEITI Newsletter - January 2014 (Vol. 7)
http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=164:gheti-newsletter-january-2014&id=16:newsletters&Itemid=54
- GHEITI Newsletter - May 2013 (Vol. 6)
http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=160:gheti-newsletter-may-2013&id=16:newsletters&Itemid=54
- GHEITI Newsletter - January - June 2012 (Vol. 5)
http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=150:gheti-newsletter-january-june-2012&id=16:newsletters&Itemid=54
- GHEITI July - December 2010 Newsletter (Vol. 4)
http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=78:gheti-july-december-2010-newsletter&id=16:newsletters&Itemid=54

Other relevant documents

- A scoping study on the incorporation of artisanal and small scale mining in Ghana Extractive Industries Transparency Initiative (GHEITI)

- Ghana Extractive Industries Transparency Initiative in Ghana (GHEITI): Ten Years of Achievements: 2004-2013 (Impact Assessment by Scanteam, 2016)
http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=260:impact-assessment-of-the-implementation-of-eiti-in-ghana&id=15:implementation-reports&Itemid=54
- Ghana National Petroleum Corporation – Financial statements for the year ended 31 December 2014

MSG meeting minutes

- Minutes of the GHEITI Multi Stakeholder Group Meeting, 9 June 2016
http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=277:minutes-of-the-gheiti-multi-stakeholder-group-meeting-at-the-mof-annex-d-june-9-2016&id=39:minutes-of-meetings&Itemid=54
- Minutes of the GHEITI Multi Stakeholder Group Meeting, 4 May 2016
http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=275:minutes-of-the-gheiti-multi-stakeholder-group-meeting-at-the-mof-annex-d-may-4-2016&id=39:minutes-of-meetings&Itemid=54
- Minutes of the GHEITI Multi Stakeholder Group Meeting, 10 March 2016
http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=276:minutes-of-the-gheiti-multi-stakeholder-group-meeting-at-the-mof-annex-d-march-10-2016&id=39:minutes-of-meetings&Itemid=54
- Minutes of the GHEITI Multi Stakeholder Group Meeting, 10 February 2016
http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&download=274:minutes-of-the-gheiti-msg-meeting-held-at-the-mof-annex-d-conference-room-february-10-2016&id=39:minutes-of-meetings&Itemid=54
- Minutes of the GHEITI Multi Stakeholder Group Meeting, 12 December 2015
- Minutes of the GHEITI Multi Stakeholder Group Meeting, 28 October 2015
- Minutes of the GHEITI Multi Stakeholder Group Meeting, 1 September 2015
- Minutes of the GHEITI Multi Stakeholder Group Meeting, 7 July 2015
- Minutes of the GHEITI Multi Stakeholder Group Meeting, 13 May 2015
- Minutes of the GHEITI Multi Stakeholder Group Meeting, 30 April 2015
- Minutes of the GHEITI Multi Stakeholder Group Meeting, 2 April 2015
- Minutes of the GHEITI Multi Stakeholder Group Meeting, 17 November 2014
- Minutes of the GHEITI Multi Stakeholder Group Meeting, 2 October 2014
- Minutes of the GHEITI Multi Stakeholder Group Meeting, 23 September 2014
- Minutes of the GHEITI Multi Stakeholder Group Meeting, 15 August 2014