

Page No/	Section Title	Issue	Comment
5	Overall Conclusion	Year of discovery of oil	Pp1 - line 5 to read – “Ghana was the first country And once oil was discovered in 2007 and production begun in 2010
6		GNPC and Government Relations	Pp1 – the respective institutions namely GNPC and Ministry of Finance have been informed of the findings and steps have been taken to address the anomaly
6		Production and Export data	<p>Information provided in the 2014 report is similar in format to that in the 2012/2013 report. The 2014 report has production in section 3.6.3 and table 3.4. The pilot validation considered production and export information as having been met in the 2012/2013 report, however the Initial data collection indicates that only meaningful progress has been made now. The provision of information on production value is not clear. Production value is based on the cost of production. Cost figures are not provided by the companies. The standard is not clear on that. Production volumes were therefore provided.</p> <p>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.</p> <p>Export volumes are same as liftings. See Table 5.8 for exports by GNPC on behalf of the state.</p>
6		Licenses	<p>Pp2 – An online cadastral has been developed for the mining sector but currently under test. However, the general public can access it by registering - http://ghana.revenuesystems.org/login/auth username: gheiti Password: gheiti</p> 

			For the oil and gas sector, the PC is in the process of developing an online cadastral expected to be completed by Q2 of 2017
Pp. 11/1/3 rd line	Key features of the extractive industry	Correction of typo	'magnesium' <i>should read</i> 'manganese'
Pp. 11/3			<i>Paragraph should be amended as follows:</i> The Minerals Commission is responsible for issuing processing mining licenses, which are awarded by the Minister of Lands and Natural Resources 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, Act 703 .
Pp. 16/2/line 1	Part 1	1. Oversight by the MSG 1.2 Assessment Government oversight of the EITI process (#1.1) Documentation of progress	<i>The line should read:</i> GHEITI was initially housed in the Minerals Commission (under the Ministry of Lands, Forestry and Mines) when ...
Pp. 16/4/last sentence			<i>Consider amending last sentence to read like:</i> Attendance of the Chair, representing government , of the NSC at NSC meetings is relatively low throughout the year and seems to happen mostly at special events such as report launches. However, the co-chair, representing civil society, regularly chairs meetings and other fora with significant government representation; this also goes to confirm the very good working relation that has developed among the stakeholders.

Pp. 34/5	Part II	<p>2 Award of contracts and licenses</p> <p>2.2 Assessment Legal framework (#2.1)</p> <p>Stakeholder views</p>	<p><i>The paragraph would read better, like:</i></p> <p>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 Act and ensure that in making the legal-supporting legislative instruments, and make sure that all stakeholders are consulted.</p>
Pp. 34/7/line 1			<p>'MLNA' should read 'MLNR'</p> <p><i>Phrase: "royalty rates would be applied differently by different buyers" should be clarified.</i></p>
Pp. 51/7/2 nd Sentence		<p>4 Revenue collection</p> <p>4.2 Assessment Comprehensiveness (#4.1)</p> <p>Initial assessment</p>	<p><i>I suggest that the sentence:</i></p> <p>"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."</p> <p><i>Should be qualified, as follows:</i></p> <p>Two statements which underlie Ghana's materiality definition need to be made, that: i) Material payments are only expected to be made during production; prior to and when production ceases, no material payment to government is expected. ii) the only payment assured to government with any production at all is Mineral Royalty. Therefore, unless the legal position changes, materiality is only relevant during production, which would assuredly come along with royalties, whether other payments (notably corporate taxes) become due or not. Indeed, for any other payment to become material (whatever threshold is set for it), royalty payment must be material. The definition of material payments in terms</p>

			of a threshold for royalty payment is therefore appropriate.
Recommendations			
6	R 1	GHEITI Bill	Due to current change in government the passage of the Bill is likely to be delayed till a full government is in place. MSG aims to engage the new Minister for Finance as soon as he assumes office
		Voting	MSG to give separate voting rights to mining and oil and gas. Going forward, it aims to include other sectors as and when necessary
		MSG wider consultation	In order for the MSG to reach their wider constituencies, a budget line will be provided for GHEITI/CSO engagements in GHEITI's workplan
	R3	Support for CSOs	Scaling down of GHEITI/CSO engagement has been a recent phenomenon arising out of funding constraints. Going forward MSG commits to identify innovative ways of raising funds such as creating a GHEITI Fund for its operations. Again it aims to sign MOU with CSOs to raise funds for wider GHEITI/CSO engagements
	R6	Contract transparency	The new Exploration and Production Act provides for contract transparency and open bidding in the oil/gas sector. For mining, opportunities lie in the GHEITI Bill when passed and the Country Mining Vision when it is realigned to existing mining laws
	R7	GNPC Lifting/marketing	The lifting and marketing of crude by GNPC is addressed in the 2014 GHEITI report. The report goes further to disclose the off-taker agreement underpinning the arrangement between Government and GNPC
	R8	Production and export volumes and values	For Oil – insert Boas For mining, high price commodities such as gold and diamond, the production volumes are equivalent to the export values. For bulk minerals, export values deviates from production volumes
	R11	Information on new oil/gas production fields	GHEITI reports will provide more details in the future
	R12	Distribution of revenues and	For the oil/gas revenues and expenditures, the PRMA address the budgetary issues but for mining, there are challenges with tracking

		expenditures in wider budget context	the utilization of mining revenues in the national budget. At the subnational level, their share of royalties and its utilization can be tracked.
8	R13	Quasi-fiscal expenditures	GNPC and Government transactions in terms of allocation of share of petroleum proceeds are backed by the PRMA. The PRMA provides that GNPC is a conduit for receiving monies from oil transactions and only retains a portion as prescribed by the PRMA.
	R14	Media Engagement	There is an ongoing collaboration with the media which is supported by GIZ. MSG intends to further explore new avenues for engagement
	R15	Open Data	GHEITI has developed an Open Data policy

Additional Comments

1. The name WACAM should be amended to Wacam
2. The name Hannah Koranteng should change to Hannah Owusu-Koranteng

1. LEGAL FRAMEWORK (#2.1)

The report notes that the 2014 Oil/Gas report did not cover the role of government agencies. Please see Section 4.4 for the roles of government Agencies.

2. STATE-PARTICIPATION (#2.6)

The financial relationship between GNPC and the Government is not clearly explained

Please see section 6.2.1 on Transfer to the National Oil Company. Also see Fig 4.1

3. PRODUCTION DATA (#3.2)

Information provided in the 2014 report is similar in format to that in the 2012/2013 report. The 2014 report has production in section 3.6.3 and table 3.4. The pilot validation considered production and export information as having been met in the 2012/2013 report, however the Initial data collection indicates that only meaningful progress has been made now. The provision of information on production value is not clear. Production value is based on the cost of production. Cost figures are not provided by the companies. The standard is not clear on that. Production volumes were therefore provided.

4. EXPORT DATA (#3.3)

5. IN- KIND REVENUES (#4.2)

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.

- GNPC markets the oil thus collected and apportions the proceeds into royalty, carried interest and participating interest. The report indicates that this has not been disclosed. However Table 5.8 indicates date of lifting by GNPC, quantity lifted or exported, price obtained and apportionment into carried interest, participating interest and royalty. Table 5.7 reconciles GNPC’s payments and Government receipts in 2014.
- The Oil companies (IOC) reported on surface rent and corporate tax.

The following reconciliations were effected in the report.

- Reconciliation of liftings (exports) by oil companies and GNPC to lifting records from the Ghana Revenue Authority. (see Table 5.1).
- Reconciliation of liftings between IOCs’ and GRA- (see Table 5.2)
- Reconciliation of payments made by oil companies including GNPC and receipts by the Ghana Revenue Authority (Domestic Tax Revenue Division).The payments by GNPC covered Carried interest, Additional paid interest and royalty.(see Table 5.7)
- Reconciliation of corporate tax payments between GRA and IOC’S (Table 5.10)
- Reconciliation of surface rent payments between GRA and IOCs.(Table 5.11)
- Reconciliation by revenue streams(Table 5.14)
- Reconciliation by companies(Table 5.15)

6. TRANSACTIONS BETWEEN SOES AND GOVERNMENT (#4.5)

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).

Please note that reporting is on actual basis and as such has to disclose what GNPC actually paid, i.e. carried interest, participating interest and royalties. To indicate that the IOC’s paid carried interest, royalty and Participating interest would not have depicted the actual situation. Please note that section 4.5.1 has already stated that at the Jubilee fields, GNPC I responsible for lifting carried interest, additional

participating and royalty oils. It won't be appropriate to reconcile these amounts between IOC'S and government when they (IOC'S) are not in charge of lifting, marketing and payment.

7. SOE QUASI FISCAL EXPENDITURES (#6.2)

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.

Please see section 6.2.1 on transfer to the National Oil Company.