

2015 Annual Activity Report



PREPARED BY GHEITI SECRETARIAT, MOF
JUNE, 2016

Table of Contents

List of Abbreviations/ Acronyms.....	III
FOREWORD BY THE GHANA EITI CHAIR (CHIEF DIRECTOR OF MoF)	IV
EXECUTIVE SUMMARY	VI
1.0 Introduction	1
2.0 Improved Revenue Management.....	1
2.1 Follow-up on Implementation of 2012/13 EITI Reports' Recommendations	1
2.2 Revision and Piloting of Mineral Royalties Utilisation Guidelines.....	2
2.3 Transfer Pricing in the Extractive Sector.....	2
3.0 Enhanced Citizens Participation in Decisions around Resource Extraction along the Value Chain 2	
3.1 Production of the 2014 Ghana EITI Mining, Oil & Gas Reports.....	2
3.3 Sensitisation programme for the media on the 2012/2013 GHEITI reports	3
3.4 Validation of ASM Scoping Report.....	4
3.5 Dissemination of GHEITI 2012/13 Reports.....	4
3.6 MSG Engagement with Parliament.....	6
3.7 Pre-Validation Workshop	7
4.0 Enhanced Transparency in License Allocation.....	7
4.1 Beneficial Ownership Workshop	7
5.0 Institutionalisation of the Ghana EITI and the Strengthening of Natural Resource Governance	8
5.1 Consultations on GHEITI Draft Bill.....	8
6.0 Conferences, Seminars and Capacity Building for GHEITI Secretariat and MSG.....	9
6.1 End of Year Retreat for GHEITI Steering Committee Members	10
7.0 Update on Implementation of the Recommendations of GHEITI Reports.....	10
8.0 Outstanding Activities	10
9.0 Funding	11
10.0 Outlook for 2016.....	16
11.0 Impact of GHEITI Activities.....	17
12.0 Conclusion.....	18
Appendix 1a-Mining: Update on Recommendations Made in 2010-13	20
Appendix 1b-Oil & Gas: Update on Recommendations Made in 2010-13.....	21

List of Abbreviations/ Acronyms

AG	Attorney- General
ASM	Artisanal and Small Scale Mining
CSOs	Civil Society Organisations
DPs	Development Partners
EITI	Extractive Industries Transparency Initiative
GHEITI	Ghana Extractive Industries Transparency Initiative
GIZ	German Development Cooperation
GMC	Ghana Manganese Company
GNPC	Ghana National Petroleum Corporation
GRA	Ghana Revenue Authority
IT	Information Technology
MC	Minerals Commission
MDF	Minerals Development Fund
MMDAs	Metropolitan, Municipal and District Assemblies
MoF	Ministry of Finance
MLGRD	Ministry of Local Government & Rural Development
MSG	Multi Stakeholder Group
MLNR	Ministry of Lands and Natural Resources
MoPET	Ministry of Petroleum
NRGI	Natural Resource Governance Institute
NSC	National Steering Committee
OASL	Office of Administrator of Stool Lands
PIAC	Public Interest & Accountability Committee
SAP	Systems Applications Products
SRC	Social Responsibility Resettlement & Community Development
ToR	Terms of Reference

FOREWORD BY THE GHANA EITI CHAIR (CHIEF DIRECTOR OF MoF)

After over a decade of EITI implementation, the 2015 Report is an opportunity for GHEITI to review the impact of EITI on policy and regulatory reforms. It highlights key achievements but also the need to continue to improve critical institutional collaboration and reforms.

The centre-piece of the activities for the Multi-Stakeholder Group (MSG) and the Secretariat of GHEITI was the supervision of the production of the 2014 GHEITI reports for the mining and oil/gas sectors and country-wide dissemination of the 2012/13 GHEITI reports. Other important activities included the engagement of Parliament as well as mining and oil/gas host communities on the draft GHEITI Bill, the review of the mineral royalty utilization guidelines, GHEITI Impact Assessment Study report, validation of the Artisanal and Small Scale Mining scoping report, capacity building programmes on issues relating to transfer pricing, local content and local participation and beneficial ownership disclosure. All these brought to the fore emerging issues in the extractive sector that needed to be addressed. For instance, the need to agree on an appropriate framework for evaluating the direct and indirect contribution of GHEITI's activities to key achievements especially where there may be other dynamics involved in shaping the outcomes in question.

The essence of activities was that, during the year under review, we continued to promote revenue management, citizens' engagement, institutionalisation of GHEITI and capacity building, through improvements in the coverage, content, presentations and disseminations of the EITI reports, with the ultimate objective of deepening transparency and accountability mechanisms.

Through the production of the EITI reports, community fora and online activities, information was made available and accessible to the citizenry to enable them to ask critical questions and hold duty-bearers accountable. This is done through our on-line platform, notably the website and by physical engagement with stakeholders across the length and breadth of the country where people have the opportunity to query and assure themselves that claims made are credible, and even compare what is on the ground against what is captured in the reports as witnessed in one of the mining districts where a participant had challenged the existence of a particular project claimed to have been completed in the report in one of the outreach programmes.

The expansion of scope of the EITI created an opportunity to improve governance over the entire extractives value chain, so as to realise the full benefit not only to society but to the nation as a whole. One of our critical focal areas is to ensure regular follow-ups on the implementation of the

recommendations in GHEITI reports to demonstrate our commitment as a country that it is not the matter of producing reports but the reports must produce results and make positive impact. The EITI award won by Ghana at the Lima Conference in February, 2016 is indicative of the collective effort of all stakeholders which showed how far Ghana has come in our transparency pursuit. The MSG and the Secretariat together with our political leaders and other key stakeholders will, therefore, continue to work hard to improve and expand the frontiers of transparency and accountability in the extractives sector for the collective good of all.

In conclusion, I wish to extend my sincerest gratitude to members of the MSG, and the Secretariat for their commitment and hard work which has culminated in the impressive successes chalked in the year under review. To all our stakeholders and partners, we are grateful and appreciate your support to us thus far. It is our hope that you will continue to have faith in us and support us both financially and technically to surmount the challenges ahead as we go into the future.

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

EXECUTIVE SUMMARY

Ghana has over the past decade witnessed improvement in the governance of its extractive sector with transparency and accountability being placed at the centre of the resource governance agenda. This can mainly be attributed to initiatives such as the Extractive Industry Transparency Initiative (EITI) which Ghana signed onto in 2003.

Ghana is using the EITI implementation as a tool for strengthening governance in the extractive sector, including greater transparency in monitoring how revenues from the sector are being managed by government. The Initiative for instance has provided a decade worth of disaggregated and reconciled reports on extractive revenues and payments from companies and receipts by government and the use of extractive revenues. Findings and recommendations from the reports have contributed significantly to reforms in the fiscal regime of the mining sector, thereby, improving revenues for government.

The EITI – a global initiative launched in 2002, represents the most ambitious global effort at unleashing the development potential of extractives. It seeks to help address some of the governance challenges facing countries which in spite of their natural resource wealth, have failed to realise the full benefits of their exploitation as a result of opacity in the generation and spending of revenues from these resources.

The Ghana Chapter of EITI – GHEITI is governed by a Multi-Stakeholder Group (MSG) which is a tripartite committee of government, civil society and company. It has among its stated objectives, the promotion of transparency, enhancement of demand-side of accountability, improvement in the development outcomes of natural resource extraction, and reduction in the potential for corruption and large scale embezzlement of revenues derived from these resources.

The MSG during the year under review undertook a number of key activities geared towards the achievement of its stated objectives. The activities included the production of the 2014 GHEITI reports for the mining and oil/gas sectors, the engagement of Parliament and mining host communities on the draft GHEITI Bill and the 2012/13 GHEITI reports, the review of the royalty utilisation guidelines, validation of the ASM scoping report, capacity building programmes on issues relating to transfer mispricing, local content and local participation and beneficial ownership disclosure. However, there were a number of activities which could not be implemented due mainly to funding limitations. The challenges notwithstanding, the prospects for EITI implementation is

bright as the MSG, the Secretariat and key stakeholders remain committed to delivering on their respective mandate.

1.0 Introduction

Requirement 7.2 of the EITI Standards mandates the MSG to review the outcomes and impact of EITI implementation on natural resource governance. In this regard, the MSG is to publish its Annual Activity Report (AAR), reviewing previous year's activities as well as assessing progress made in achieving the objectives set under its work plan for the respective year. The MSG undertook a number of activities to implement its 2015 annual work plan under the following broad objectives:

- I. Improved Revenue Management;
- II. Enhanced Citizen Participation in Decisions around Resource Extraction Along the Value Chain;
- III. Enhanced Transparency in Licensing;
- IV. Institutionalisation of the Ghana EITI and Strengthening Natural Resource Governance; and
- V. Capacity Building for GHEITI Secretariat and National Steering Committee Members.

2.0 Improved Revenue Management

The management of extractive sector revenues are often fraught with accountability challenges and institutional weaknesses, which tend to hinder efforts at efficiently managing these revenues. The Ghana EITI has been working to address some of these institutional lapses and weaknesses in the sector by ensuring the implementation of its recommendations by affected sector agencies, working with the relevant agencies to finalize its sponsored royalty utilisation guidelines, aimed at improving the quality of spending of mineral revenues at sub-national level, and bringing to light the issues of transfer pricing/mispricing affecting the sector.

2.1 Follow-up on Implementation of 2012/13 EITI Reports' Recommendations

As part of efforts at ensuring the relevance of the implementation of the Initiative, for instance, in influencing policy and practice change, the Secretariat under the guidance and direction of the MSG continued with the monitoring of the implementation of the recommendations of its 2012/13 reports with meetings held in this respect. Reports provided by respective agencies indicated progress of implementation at the Agency/Governmental level. For instance, the online cadastral system being developed by both Minerals and Petroleum Commissions, were reported to be nearing completion. Others such as the GRA required more time to effectively implement

the recommendations on the collection of taxes from ASM operators due to identified challenges associated with the implementation of that particular recommendation.

2.2 Revision and Piloting of Mineral Royalties Utilisation Guidelines

Following the recommendations from a Technical Roundtable Discussion on the Guidelines for Mineral Royalties Utilisation in 2014, a Committee was established to review the Guidelines. The committee presented its report to the MSG but required some further work for finalisation and subsequent presentation to the Minister of Lands and Natural Resources to seek his approval and subsequent adoption.

2.3 Transfer Pricing in the Extractive Sector

The issues on transfer pricing/mispricing (TP) in recent times have assumed prominence in the extractive sector discourse. However, the lack of information on the subject has thwarted efforts at developing comprehensive measures to address them. In its bid to help address the issues surrounding TP, the Secretariat in collaboration with the NRGi organised a workshop to build the capacities of its stakeholders in the subject area, to bring out the issues as they relate to the extractive sector, and to better understand them. The workshop brought together experts from industry, the Ghana Revenue Authority and Civil Society.

Issues discussed included the OECD Guidelines and the UN Manual, implementing transfer pricing rules, challenges to implementation of transfer pricing legislation, natural resource taxation, risks of illicit financial flows, and practical options in terms of combating transfer pricing. 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.

3.0 Enhanced Citizens Participation in Decisions around Resource Extraction along the Value Chain

3.1 Production of the 2014 Ghana EITI Mining, Oil & Gas Reports

The production of the 2014 GHEITI reports commenced with the development and agreement of the terms of reference, the procurement and engagement of an Independent Administrator who

was selected through a competitive bidding process. The process involved the call for expression of interest, which was advertised in the dailies, the evaluation of bids received from both local and international firms by the Evaluation Sub-Committee under the guidance of the World Bank Procurement Specialist. A summary report, based on the individual assessment by the members of the Evaluation Sub-Committee was then put together by the Procurement Specialist, leading to the engagement of the Consultants, Boas and Associates.



PHOTO : GHEITI DISSEMINATION WORKSHOP ON THE 2012/13 RECONCILIATION REPORTS

Following the submission of an inception report, which was reviewed by the MSG on 28th October, 2015 final draft reports were subsequently submitted which the MSG together with other stakeholders at a technical roundtable discussions validated and approved the reports on 23rd December, 2015. The final 2014 GHEITI reconciliation reports which marks the 12th for the mining sector and 5th for the oil and gas sector were duly published on the GHEITI website on 14th January 2016. The challenge of accessing data for the generation of the reports and the cumbersome procurement processes contributed to the delays in the production of the reports.

3.3 Sensitisation programme for the media on the 2012/2013 GHEITI reports

The German Development Co-operation, GIZ, in collaboration with the Ghana EITI Secretariat and the MSG organised a post-launch dialogue with the media at the Elmina Beach Resort, in the Central Region, from the 27th to 29th March, 2014. The journalists who participated in the event were drawn from the Institute of Financial and Economic journalist (IFEJ).

The objective of the media encounter was to educate and build the capacity of the journalists to understand the content of the 2012/2013 EITI reports on the mining and oil/gas for accurate reporting.

In attendance were members of the MSG and the Independent Administrator to walk participants through the reports and to also provide clarifications /responses to questions from the participants.

3.4 Validation of ASM Scoping Report

According to the Minerals Commission, the ASM sub-sector contributed about 34% of total gold production in Ghana in 2012 and 2013. The sector further contributes significantly to employment, employing over a million people. However, there has not been a deliberate study of ASM with a view to better understanding the sector and to exploring opportunities for shedding light on their contribution to the national economy, GHEITI contracted SRC Consulting to undertake a scoping study of the sector to assess whether or not EITI implementation could be used as a tool to capture the economic contribution of the ASM sub-sector while providing a framework for deliberating and addressing the challenges facing the sub-sector.

A draft report which recommended the inclusion of ASM in EITI reporting was presented by the consultants. The Secretariat and the MSG organised a technical roundtable discussion on 25th November, 2015 with stakeholders from the ASM sub-sector to validate the report findings. The stakeholders included gold dealers and buyers, the association of artisanal and small-scale miners, host community representatives, the Ministry of Lands and Natural Resources and Civil Society Organisations. The report has since been finalised.

3.5 Dissemination of GHEITI 2012/13 Reports

One of the requirements of EITI is for implementing countries to annually produce, publish and disseminate their reports to their stakeholders in order to inform and update them on the developments in the sector. It is believed that the report will contribute to generating debate around developments in the sector and equip the citizens to demand for greater accountability from duty bearers. In line with this requirement, a series of dissemination workshops and community fora were held between February and August 2015 across the country, covering Western region through to Ashanti, Brong Ahafo, Eastern and the three Northern regions.



PHOTO: DISSISSEMINATION WORKSHOPS ON GHEITI 2012/13 REPORTS IN OBUASI, TAMALE AND JOMORO

While the workshops brought together District Chief Executives, District Finance Officers, Coordinating Directors, Civil Society Organisations, representatives from the Mining Companies, the community fora involved Opinion leaders, Assembly Members, Local Government Agencies, CSOs, Community-based groups, Student representatives, and local media organisations to give a platform for local communities to partake in extractive sector discourse. Some recommendations from the 2015 outreach activities were:

- 1) Request to set up GHEITI district offices to enable easy access to EITI information;

- 2) Request to disseminate GHEITI reports ahead of the dissemination workshops and community fora to allow participants enough time to read and prepare for the public engagements;
- 3) The recommendation to establish annual GHEITI meetings with mining communities to deepen education and knowledge sharing;
- 4) GHEITI in collaboration with relevant sector agencies to sensitise host communities on the Minerals and Mining Policy, the Minerals and Mining Act, Environmental Impact Assessment and Compensation Claims in mining communities, to deepen their understanding of the issues in the sector; and
- 5) The inclusion of Traditional Authorities from mining operating areas in the MSG.

3.6 MSG Engagement with Parliament

As part of its objectives of sensitising its stakeholders on its report findings, the GHEITI Secretariat with support from GIZ organised a workshop on 13th August, 2015, for members of Ghana's Parliamentary Select Committees on Mines and Energy, Finance, and Public Accounts to deliberate on the findings and recommendations of the 2012/13 GHEITI Mining, Oil and Gas reports. It was also to provide opportunity for Members of Parliament (MPs) to discuss the GHEITI Bill, seek their input and build consensus among the law makers on the Bill for its smooth passage into law. The engagement with parliament was critical to the sustainability of the EITI process as well as ensuring the involvement of political leadership in the process. The MPs expressed satisfaction with the implementation so far and made critical input into the Bill to facilitate its passage.



3.7 Pre-Validation Workshop

As part of GHEITI's preparation towards the country's second validation, the Secretariat and the MSG on 25th and 26th May 2015 organised a two-day workshop to assess the country's preparedness for the validation exercise, had been scheduled to commence on 1st October 2015, but was later postponed. Validation is a key requirement for implementing countries to be recognised as meeting the EITI Standard. It is a quality assurance mechanism/tool employed by the EITI Board with the objective of providing an independent assessment, including verification of the progress a country has made in implementing the EITI, and to make recommendations that may help improve or sustain the EITI in the future. The specific objectives of the workshop were for members to:

- understand the Validation process;
- complete an assessment of Ghana's readiness for Validation;
- identify needs for quick remedial action before Validation; and
- understand how Validation can help further the EITI implementation.

The approach to the two-day workshop was a mix of presentations and pre-validation assessment of specific provisions in the EITI requirements involving Public Registers and Beneficial Ownership, GNPC Expenditures, Revenue Allocations, MSG Oversight, the Work plan and the Outcomes and Impact of Ghana's EITI. The NRGi also used the platform to demonstrate to members its Open Data Resource tool being developed to enhance information accessibility and dissemination. At the end of the workshop, some gaps were identified to which remedial action have been taken accordingly.

4.0 Enhanced Transparency in License Allocation

4.1 Beneficial Ownership Workshop

GHEITI in its 2012/13 reports attempted to provide some information on beneficial owners in the extractive sector of Ghana. Feedback from stakeholders indicated the need for improvement in beneficial ownership (BO) reporting. In view of the complexities in the determination of beneficial owners, the Secretariat in collaboration with the NRGi organised a two-day (July 23-

24, 2015) stakeholder workshop which specifically aimed at introducing and discussing BO concepts and reporting, including the options in BO definition, data collection, publication and utilisation of BO information in extractives. The workshop saw to the development of a BO reporting template to guide future GHEITI reporting on BO.

5.0 Institutionalisation of the Ghana EITI and the Strengthening of Natural Resource Governance

5.1 Consultations on GHEITI Draft Bill

It is established that most of the challenges encountered in the course of the implementation of EITI can perhaps be attributed to gaps in the legislative framework for resource governance. Subsequently, a Bill to institutionalise and sustain the EITI has been developed to provide the legal framework to enhance transparency and accountability in relation to governance of the natural resource sector of the economy. The MSG 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 Executives, Assembly and community leaders across mining districts (Jomoro, Tarkwa, Obuasi, Sunyani and Koforidua) of the country from 17th February to 13th August 2015, to sensitise and build consensus around the Bill for its passage. Key issues raised for consideration included establishing the legal personality of GHEITI, imposition of penalties on government, the inclusion of affirmative provisions in relation to the composition of the MSG, inclusion of provisions to enhance information access, review of reporting timelines for GRA and provision on timelines for disclosures by Government Agencies.

CONSULTATION WORKSHOP ON DRAFT GHEITI
BILL



6.0 Conferences, Seminars and Capacity Building for GHEITI Secretariat and MSG

The growth and development of any organisation is greatly dependent on its strength and capacity. Capacity building forms an essential component of GHEITI's core activities. Consequently the capacities of members of the Secretariat and the MSG, as well as other critical stakeholders are periodically honed through both local and international programmes.

For the year under review, members participated in capacity programmes in the Local Content Regulations of Ghana, and Transfer Pricing monitoring frameworks. Two members of the communication Sub-committee had training in communication skills and advocacy in Tanzania and a member of the MSG Open Data Sub-Committee participated in a training programme in Canada on Open Data Dash Board system, to learn how the CODEX can be used to improve data accessibility.

Furthermore, stakeholders at the Sub-national level were trained on the SAP web-based reporting system which complements manual data collection to facilitate EITI reporting. In all 111 staff were trained on the software involving 15 District Assemblies, 15 companies and 7 representatives from government.

In addition, members participated in international EITI conferences and seminars as part of the efforts to strengthen their capacity, and to bring them up to speed with current trends in EITI implementation. For instance, two MSG members participated in the Community of Practice (CoP) programme held in Ethiopia in September, 2015. The objective of the CoP was basically to develop learning and sharing platform for EITI implementing countries where they could discuss extractive sector issues.

Finally, Ghana hosted the Regional EITI workshop for National Coordinators from EITI implementing countries in Anglophone and Lusophone Africa on 18th – 20th August, 2015 at the

La Palm Royal Beach hotel in Accra. The regional workshop brought together 22 participants from Ethiopia, Ghana, Liberia, Malawi, Mozambique, Nigeria, São Tomé and Príncipe, Seychelles, Sierra Leone, Tanzania, and Zambia to share EITI implementation experiences, identify common concerns and solutions and strengthen country ownership and peer learning.

6.1 End of Year Retreat for GHEITI Steering Committee Members

On 14th December, 2015, the GHEITI Secretariat organised its annual retreat for the MSG with the aim of assessing the performance of GHEITI's implementation for the year, finalising and agreeing on a common work plan for the coming year and to develop a road map for the finalisation of the draft GHEITI Bill.

The workshop consisted of two sessions, with the first session focusing on the processes for the finalisation of the GHEITI Bill; and the second session reviewed the year's activities, the status of implementation of GHEITI's 2012/13 reports' recommendations; and agreeing on a common work plan for 2016. The workshop ended with the development of a roadmap for the finalisation of the Bill with the expectation of it being finalised by February 2016.

7.0 Update on Implementation of the Recommendations of GHEITI Reports

GHEITI's report findings and recommendations have contributed tremendously to policy impacts in the management of the extractive sector. To ensure the rigorous implementation of its recommendations by affected institutions who mostly form part of the MSG, the sub-committee on report implementation monitors and provides feedback on the progress of implementation of the reports. Appendices 1(a) and 1(b) provides details on the status of implementation of recommendations for both the mining and oil and gas sectors respectively.

8.0 Outstanding Activities

GHEITI's planned activities for 2015 were successfully implemented with about 90% success rate. However, factors such as funding constraints, extensive procurement processes, and time constraints due to the implementation of some unplanned but critical activities inhibited the full implementation of the 2015 planned activities.

The outstanding activities which the MSG and the Secretariat hope to implement in 2016 include:

- Stakeholder meeting to discuss GHEITI impact assessment report;
- Study tour for some members of the MSG to an EITI implementing country;
- Training for members in communication and courses relevant in natural resource management in Ghana, including oil/gas accounting, finance, and contracting; and
- Sensitisation of university students on EITI.

9.0 Funding

Funding of GHEITI activities continues to improve. The total budget required for the implementation of the 2015 work plan was **GH¢2,524,000** out of which **GH¢2,110,419** (more than 82%) was made available to the Ghana EITI from Government, GIZ, NRGi and the World Bank Multi-Donor Trust Fund. Donor support, therefore, continues to be significant in the EITI funding. The 2015 work plan was not fully funded, with a gap of **GH¢413,581.00**. The gap affected the implementation of some of the activities on the work plan such as the capacity building for MSG members in oil and gas accounting and finance.

The funding of the reconciliation report continues to be the single largest activity on the work plan constituting 48% of actual expenditure.

Overall the Ghana EITI continues to enjoy financial support from Government despite the severe fiscal challenges faced by the country.

ASSESSMENT OF PERFORMANCE AGAINST TARGETS AND ACTIVITIES SET OUT IN THE 2015 WORK PLAN

ACTIVITY/ACTION	ACTUAL EXPENDITURE (GH¢)	BUDGET (GH¢)	SOURCE OF FUNDING	IMPLEMENTATION STATUS	OUTCOME
1. Write to all institutions affected by the findings and recommendations of the 2012/2013 EITI reports to implement recommendations	0	0	GOG	completed	
2. Follow-up with periodic meetings with the head of affected institutions to ensure implementation of the recommendations from	5,000	20,000	GOG	completed	The implementation of the recommendations are ongoing

	the 2012/2013 EITI reports					
	3. Set up a cross sectoral Committee to revise minerals royalty utilisation guidelines for MMDAs and pilot the guidelines in 4 mining Districts	30,200	80,000	GOG	Completed	Guidelines revised pending adoption
	4. Organise workshop on transfer pricing in the Extractive Sector for GRA, ISODEC, Audit firms, and NRGi.	45,741	77,000	WB- MDTF NRGI	Completed	MSG trained on the issues of transfer pricing risks. Awareness on transfer pricing risks have also been raised among stakeholders
	5. Print and distribute 2000 copies of the 2012/2013 EITI Reports	57,000	60,000	GOG GIZ	Completed	More than 2000 Copies of the 2012/2013 EITI were printed and distributed to stakeholders to create awareness
	5. Organise sensitisation programme for the media on the 2012/2013 GHEITI	0	35,000	GIZ	completed	Media well informed on the EITI . More awareness on the EITI was created as a result.
	6. Organise Stakeholders' workshop to validate the draft scoping study to incorporate ASM into the GHEITI	55,700	60,000	WB-MDTF	completed	Scoping Report validated and finalised. The way forward has been determined on reporting on ASM and EITI
	7. Organise 5 EITI stakeholders workshops in Greater Accra, Ashanti, Brong Ahafo , Western and Eastern Regions to disseminate the findings and recommendations of the 2012/2013 GHEITI Reports	280,000	350,000	GOG	completed	Awareness created on the GHEITI Reports
	8. Organise community fora on the findings and recommendations of the 2012/2013 GHEITI Reports in obuasi, Kenyasi,Tarkwa, Jomoro	90,400	100,000	GOG	Completed	Communities in the mining and oil and gas catchment areas sensitised and empowered to demand accountability.
	9. Organise dissemination workshop on the draft EITI bill and the recommendations of the 2012/2013 GHEITI Reports for the Parliamentary Select Committees of Mines and Energy, Public accounts and Finance	77,600	100,000	GOG GIZ	completed	Parliamentary Select Committees sensitised on the findings and recommendations of 2012/2013 EITI reports
	10. Organise GHEITI sensitization and dissemination workshop in Bolga for the three (3) Northern Regions and Eastern region to create	50,600 42,500	90,000 90,000	GOG WB-MDTF	completed	Increased awareness and coverage of the EITI in the regions

	GHEITI Awareness and create increase coverage in the new regions					
	11. Undertake the production of the 2014 EITI Reports	988,000	750,000	WB-MDTF	completed	2014 GHEITI mining and oil and gas reports produced and duly launched.
	12. Organise key stakeholders (including Parliament, DPs, , CSOs, Companies, Student Loan Trust Fund) meeting to discuss GHEITI impact evaluation report	0	80,000	GOG	Not done	GHEITI Impact Report was concluded and adopted by the MSG. It has also been uploaded on the GHEITI website
	13. Organise pre-validation workshop for the GHEITI MSG to prepare for validation	32,528	40,000	GOG GIZ	completed	Successful pre-validation workshop was organized facilitated by the International EITI Secretariat. Ghana also went through a successful pilot validation.
	14. Organise a workshop on Extractive Companies Beneficial Ownership for the Ghana EITI MSG	30,650	40,000	GOG GIZ	completed	MSG knowledge in beneficial Ownership for GHEITI Reporting was deepened and ready to take on the implementation of BOD register
	15. Organise a workshop for Steering Committee Members on the Petroleum Local Content and Participation Regulations, 2013 and the Petroleum Exploration and Production Bill	30,000 50,000	40,000 77,000	GOG WB-MDTF	completed	NSC members capacity enhanced in the Petroleum Local Content and Participation Regulations, 2013 and the Petroleum Exploration and Production Bill
	16. Host EITI National Coordinators' Meeting	20,000	25,000	GOG	completed	Successfully hosted with two communiqués issued.
	17. Train GHEITI stakeholders at the Districts in the SAP web based reporting system	72,000	70,000	GOG	completed	Stakeholders capacity enhanced in EITI Reporting
	18. Train 3 GHEITI NSC Communication Sub-committee members in communication skills and advocacy	0	40,000 60,000	GOG GIZ	Completed	Capacity of the Communication Sub-committee members in communication members enhanced
	19. Train six (6) Steering Committee Members in courses relevant to Natural resources management in Ghana in oil /Gas Accounting/ finance and Contract	0	100,000	GOG	Not done	
	20. Organise an end of year retreat for Steering Committee Members	25,000 30,000	20,000 20,000	GOG	completed	2016 work plan finalized.
	21. Strengthening the	98,500	100,000	GOG	completed	

Ghana EITI Secretariat (logistics/equipment, etc)			MDTF		
TOTAL	2,110,419	2,524,000			

ASSESSMENT OF PERFORMANCE AGAINST EITI REQUIREMENT

Requirements	Progress
Standard 1: The EITI requires effective oversight by the MSG	<p>A very proactive twenty-one (21) member National Steering Committee (NSC) made up of representatives from government, mining and oil and gas companies, Civil Society organizations have oversight responsibility over the activities of the initiative.</p> <p>The Committee is chaired by a Government representative and co-chaired by a Civil Society representative and meets regularly once every quarter to discuss progress of implementation of activities and address challenges. Among the key activities and decisions made by the MSG for the period among others are the following:</p> <ul style="list-style-type: none"> • Organised a retreat to review the Ghana EITI Process to take stock of the previous year and plan for the coming year • Approved the Terms of Reference for the production of the 2014 reports • Revision of the Template for the production of the 2014 Reports • Approved the publication of the 2014 GHEITI Report. • Monitored and ensures that key findings/recommendations from the 2012/2013 Ghana EITI reports were implemented within one year after issuance of the reports.
Standard 2: The EITI Requires timely publication of EITI reports	Ghana EITI was able to meet the 31st December deadline for the production of the 2014 GHEITI Reports and the 2015 Annual Activity Report by 1st July 2016.

<p>Standard 3: The EITI requires Reports that include contextual information about the extractive industries.</p>	<p>The 2014 Ghana EITI Report has met this requirement by the inclusion of contextual information and production data.</p>
<p>Standard 4: The EITI requires a comprehensive EITI reports that include full government disclosure of extractive industry revenues and disclosure of all material payments to government by oil, gas and mining companies.</p>	<p>Ghana EITI 2014 reports are very comprehensive and capture all revenue streams including sub-national payments and transfers and production data.</p>
<p>Standard 5: The EITI requires a credible assurance process applying international standards.</p>	<p>The Ghana EITI process adhere strictly to all the EITI process to ensure that the process is credible i.e. the Ghana EITI reports are based on audited accounts of Government and company reporting entities are required by law to comply with International Financial Reporting Standards. The procurement of the Reconciler / Independent Administrator for the Ghana EITI is transparent and done through international competitive bidding.</p> <p>For the 2014 reports all the reporting templates were duly signed by the head of the reporting entities except that of Anadarko.</p>
<p>Standard 6: The EITI requires EITI Reports that are comprehensible, actively promoted, publicly accessible, and contribute to public debate</p>	<p>Ghana EITI Reports are publicly available and posted on the GHEITI website. Summarised and easy to read versions are also produced and made available to the public. The reports are widely disseminated and publicised.</p> <p>The Ghana EITI reports continue to play an important role in serving the general public interest on providing oversight of the extractive sector financial reporting. Significantly, the EITI reports continue to inform policy and inspire reforms which are currently taking place in the mining and oil and gas sectors.</p>

	The Ghana EITI work plan is designed to proactively and continuously engage, disseminate EITI information and sensitise the Ghanaian people on the EITI and on what companies pay and what government receives.
Standard 7: The EITI requires the multi-stakeholder group to take steps to act on lessons learnt and review the outcomes and impact of EITI implementation	<p>The Ghana EITI Secretariat and the MSG followed-up on the recommendations made in the EITI reports and make sure that they are implemented.</p> <p>The report on the implementation of the recommendation in the 2010/2013 EITI reports is attached as Appendix 1</p>

10.0 Outlook for 2016

Going into 2016, the focus of the Secretariat and the MSG is to ensure that the EITI continues to achieve the relevant impact particularly at the local level. The year will aim at addressing some of the long-standing challenges facing the sector, such as the inordinate utilisation of royalties which was revealed in the early years of EITI reporting and the finalization and passage of the GHEITI Bill. In this respect the presentation and piloting of the guidelines on royalty utilisation will be one of the key activities to be implemented in the year in addition to identifying ways of responding adequately and promptly to emerging issues arising out of our engagements with all our stakeholders and partners. The outline of key activities for 2016 includes:

- Make a presentation on the Royalties Utilisation Guidelines to the Minister of Lands & Natural Resources and facilitate piloting of its implementation in four (4) mining districts;
- Prepare for validation of Ghana's EITI;
- Follow-up on the implementation of the recommendations from the 2012/2013 GHEITI reports;
- Engage an Independent Administrator to undertake the production of 2015 EITI reconciliation report;
- Produce reconciliation reports for the mining and oil/gas sectors;
- Finalise and present the GHEITI Bill to Parliament for passage;
- Organise a study tour for members of the MSG; and
- Implement various capacity building programmes for GHEITI Secretariat and the MSG.

11.0 Impact of GHEITI Activities

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.

i. Impact on Fiscal Regime

The enactment of the new Income Tax Act, (Act 896) to replace the Internal Revenue Act, Act 592 will help address issues related to the non-payment of capital gained tax in the petroleum sector. The new Income Tax Law was enacted partly in response to a GHEITI recommendation. The provision of capital gained tax will not only address the ambiguity in the existing legal framework but also ensure that the new fiscal regime eventually lead to improvement in revenues for the country from the petroleum and mining sectors.

Act 896 has also addressed the issue of ring fencing in the petroleum sector which has been highlighted in successive GHEITI reports. Previously, there was no clear provision on ring fencing in the petroleum sector and so companies resorted transferring costs associated with projects under development to projects that were generating revenues, and in the process reducing their tax liabilities. Under the new Act, companies are required to do field by field ring fencing. These changes will impact positively on government's revenue as it will no longer be possible to carry losses from one field to the other.

ii. Impact on royalty disbursement and utilization at the national and sub-national levels

The passage of the Minerals Development Fund (MDF) Bill and the development of guidelines for the utilization of mineral royalties by MMDAs, undertaken in response to GHEITI's recommendation, will make a significant impact on royalty disbursement and utilisation both at the national and sub-national levels. Hitherto, disbursement and utilisation of royalties and mineral revenues was done on the basis of an administrative fiat without any legal backing. With the passage of the MDF Law and the development of the guidelines for the utilization of mineral royalties at the district level, some of the nagging challenges such as arbitrary allocation and usage of mineral revenues will be resolved.

iii. Beneficial Ownership Disclosure (BoD)

The Minerals and Mining Policy published in the latter part of 2015 and launched in early 2016 has a beneficial ownership disclosure provision. This is an added impetus as the Ghana EITI made an

earlier attempt to capture some beneficial ownership information in the 2010/2011 reports. This effort, among other initiatives currently being pursued by GHEITI and other stakeholders on BoD will deepen good governance, transparency and accountability mechanisms in the extractives and other related sectors.

12.0 Conclusion

The Ghana EITI is seeking to strengthen and increase transparency and accountability in the management of Ghana's extractive resources particularly in the oil, gas and mining sectors for improved developmental outcomes. The Secretariat under the competent guidance of the MSG made remarkable achievements in the year 2015 as evidenced by the execution of its programmes and activities for the year, despite its funding challenges.

Policy reforms in the sector continue to be greatly influenced by GHEITI's activities and its report findings. The fiscal regime in the sector, for instance, has been honed with the new Income Tax Act (Act 896) which has helped clarify issues related to Capital Gained Tax, and Ring Fencing in the sector. The commitment to beneficial ownership disclosure in the Minerals and Mining Policy of Ghana attests to the Initiative's impact on reforming the extractive sector of the country.

The sub-national engagements, specifically the community durbars, continue to provide the needed information and platform for demand-side accountability at the local level. The growing interest in EITI activities at both national and sub-national levels manifests the continued trust of the people in the Initiative. Community members who hitherto had little room to table their concerns have the opportunity to express their concerns on issues bothering on land, compensation and the inefficient utilisation of royalties by their local Assemblies, thereby, giving voice to the people and enabling their participation in decision-making.

Despite the level of reforms and impact on the extractive sector governance, the implementation of the Initiative has been fraught with some funding challenges, which impede efforts at enhancing transparency and accountability in the sector. In spite of this, the MSG and the Secretariat remain resolute in their quest to ensure transparency and accountability in extractive sector governance.

LIST OF MSG MEMBERS

- | | | |
|---------------------------------|---|-------------------------------|
| 1. Major (Rtd.) M.S. Tara | - | Chair, Chief Director (MoF) |
| 2. Dr. Steve Manteaw | - | Co-Chair, ISODEC |
| 3. Alhaji Wayo Abubakari | - | Office of the President, FLSH |
| 4. Mr. Franklin Ashiadey | - | MoF |
| 5. Mr. Sulemanu Koney | - | Ghana Chamber of Mines |
| 6. Dr. Gad Akensivie | - | OASL |
| 7. Mrs. Philomena Johnson | - | PWYP-Gh. |
| 8. Mr. J.B. Okai | - | Ministry of Petroleum |
| 9. Mr. B.C.D. Ocansey | - | GRA |
| 10. Mr. Chris Afedo | - | GRA |
| 11. Mr. Dela Klubi | - | GRA |
| 12. Mr. Amponsah Tawiah | - | Minerals Commission |
| 13. Mr. Sam Addo-Nortey | - | GNPC |
| 14. Mr. George Addy-Morton | - | Petroleum Commission |
| 15. Mr. George Sarpong | - | Kosmos Energy |
| 16. Mr. Kwasi Boateng | - | Tullow Oil Ghana Ltd |
| 17. Mr. Baluri Kassim Bukari | - | ENI Ghana Ltd |
| 18. Mr. Frank Turkson | - | Ghana Manganese Co., Tarkwa |
| 19. Mr. Simon Attebiya | - | MLNR |
| 20. Mrs. Hannah Owusu-Koranteng | - | Wacam |
| 21. Mr. Gabriel George Andoh | - | Jomoro Dist. Assembly, W/R |

GHEITI Secretariat

- | | | |
|-------------------------|---|------------------|
| 1. Mr. M.B. Abdul-Razak | - | Coordinator, MoF |
| 2. Ms. Victoria Benson | - | MoF |
| 3. Mr. Kwesi Asante | - | MoF |
| 4. Mr. Emmanuel Nyarko | - | MoF |

Appendix 1a-Mining: Update on Recommendations Made in 2010-13

Issue	Recommendation	Status	Remark
Receipting and reporting Currency for EITI	Companies to maintain records of receipt currency by GRA for EITI Reconciliation	Complied	
Frequency of Royalty Payments	Regularisation of monthly and split quarterly payments	Partially Complied	
Irregularities in OASL funds transfer to Assemblies	OASL to fully implement recommendations on funds transfer	Complied	
Management of MDF	Appointment of MDF Oversight agency	On-going	Bill passed and assented to. Awaiting the establishment of the oversight agency.
Award of Mineral Right Licences	Open and Transparent Bidding Process	Complied	Awaiting outcome of new committee on Mining Agreements
Improvement in Mining Cadastral System	On-line cadastre system	On-going (currently on pilot)	
Royalty on mineral output of Small Scale Mining	Levying royalty on ASM Production to be attempted	On-going	
Request and release of mineral royalty to Asutifi District	No recourse to Coordinating Council on royalty releases	completed	
Mineral Royalty Payment by Prestea Sankofa Gold Ltd	GRA to follow through	Partly paid (Arrangement with GRA on payment schedule)	
No Transfer of Mineral Royalty to Assemblies in 2013	Regular transfer advocated	2013 Royalty Funds partly released	

Appendix 1b-Oil & Gas: Update on Recommendations Made in 2010-13

Issue	Recommendation	Status	Remark
Thin Capitalisation	Petroleum income tax law should be harmonized with Act 592, with regards to interest charges	(Addressed by New Income Tax Act, (Act 896)	GRA applies thin capitalization provision in Act 592 to the Petroleum sector
Ring Fencing	Ring Fencing should be applied at the production field level.	Completed	
Carry Forward Losses	Carry Forward losses to be capped at 5 years	Addressed in Act, 896	
Lack of On Line Repository	Upstream On line Repository to be established to improve efficiency	On-going	
Licensing Regime	Licensing Round of bidding	Outstanding	
Publication of Contracts	All Upstream Contracts and Agreements to be disclosed publicly	Selected Contracts are made public	
GNPC Expenditure	GNPC Investment plans to be published	complied	Published upto 2013
ABFA Expenditure	Progress report on ABFA Expenditure to be furnished	Not detailed	Itemized Expenditure breakdown broad.
Crude Oil Lifting	Provision on Carry Forward Crude Oil Volumes in the PRMA	Outstanding	
Performance of Ghana Petroleum Funds	Investment guide to be furnished	Outstanding	
Revenue Stream Computation	Royalty and CAPI computations from GRA and GNPC. Singular methodology to be employed	completed	