



REPUBLIC OF GHANA

MINISTRY OF FINANCE

KEYNOTE ADDRESS

BY

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DEPUTY MINISTER FOR FINANCE**

AT

**THE LAUNCH OF THE 2017/18 GHANA EXTRACTIVE
INDUSTRIES TRANSPARENCY INITIATIVE (GHEITI) REPORTS
ON THE MINING, OIL AND GAS SECTORS**

COCONUT GROOVE HOTEL, ACCRA





REPUBLIC OF GHANA

MINISTRY OF FINANCE

WEDNESDAY, 11TH MARCH 2020



**THE LAUNCH OF THE 2017/18 GHANA EXTRACTIVE INDUSTRIES
TRANSPARENCY INITIATIVE (GHEITI) REPORTS ON THE MINING, OIL
AND GAS SECTORS**

Mr. Chairman,

Hon. Ministers and Deputy Ministers,

Chief Directors and CEOs,

Members of the Ghana EITI Multi-Stakeholder Group (MSG),

Development Partners,

Representatives of various Institutions,

Civil Society Organisations present,

Friends from the Media,

Ladies and Gentlemen.

Good morning,

1. I extend the warmest regards of my Hon. Minister, Ken Ofori-Atta and also welcome all of you to this very important programme, which is the launch of the 2017/18 Ghana Extractive Industries Transparency Initiative (GHEITI) Reports on the Mining, Oil and Gas Sectors.
2. I want to first of all express my sincere thanks and appreciation to the Ghana EITI Multi-Stakeholder Group (MSG) members and all other institutions who have worked tirelessly to ensure that GHEITI delivers on its mandate to publish these reports within the deadline set by the EITI Standard. We could not have come this far without the able guidance from the leadership of the Ministries of Finance, Energy and Lands and Natural Resources which provide the required Political leadership and direction to drive the EITI implementation in Ghana.



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3. Mr. Chairman, given the strategic prominence of the minerals, oil and gas sectors to the economy of Ghana, there is the need for a more transparent and judicious management of revenues from these strategic sectors, and to equally ensure that our natural resource revenue data are widely available to empower the general public with the requisite information to be active participants in the decisions around the natural resource governance in the country.

4. The mining and oil and gas sectors make significant contributions to the economy of the country. Data from the Bank of Ghana on export proceeds on the mining sector declined by 3.7 percent, that is from US\$6.004 billion in 2017 to US\$5.779 billion in 2018. The mining sector's contribution to Ghana's total revenues recorded a marginal increase until 2018 when it dropped from GHS2.1bn in 2017 to GHS1.44bn in 2018.

Gold export earnings in 2018 amounted to US\$5.46 billion compared to US\$5.79 billion in 2017. The decline was largely driven by a shortfall in volumes. The volume of gold exported decreased by 7.6 per cent to 4,264,664 fine ounces, while the average realised price increased by 2.1 per cent to US\$1,280.61 per fine ounce during the period.

Ladies and Gentlemen, like the mining sector, the contribution of the oil/gas sector to the economy cannot be overemphasized. The consolidated annualized average production of crude oil in 2018 was 171,975 bopd, compared with 160,711 bopd in 2017. Natural gas production also came to 278 MMScf/d in 2018, compared with 83



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MMScf/d in 2017. In other words, total crude oil production from the three producing fields (Jubilee, TEN and Sankofa-Gye Nyame) in 2018 was 62,770,787 barrels, representing an average daily oil production of 170,233 barrels, compared to 58,659,625 barrels representing an average daily oil production of 160,711 barrels for the same period in 2017. This was an increase of 6.55 percent and it is attributable to increased production from the TEN and Sankofa-Gye Nyame Fields.

According to the 2018 Annual report of Bank of Ghana, the value of crude oil exported was estimated at US\$4.57 billion in 2018 compared to US\$3.12 billion in 2017. The average realised price of oil increased by 31.1 per cent to US\$71.64 per barrel in 2018. Volume exported also improved by 12.0 per cent to 63,838,138 barrels in 2018.

5. Mr. Chairman, the outbreak of the Coronavirus (Covid -19) has punctured rising oil markets and cast doubt on the size of world energy demand in the year ahead. According to the Financial Times Stock Exchange (FTSE) 250 group's analysis in January this year, it would take about 1.5 billion British Pounds Sterling write-down due to the economic impact of the virus, which has stalled growth in China and threatens productivity across the globe. As a result, oil prices have tumbled to a one-year low of below US\$50.0 a barrel, from almost US\$69.0 at the beginning of the year. The declining oil prices provide both opportunities and risks to the economy of Ghana. While the country makes savings on the imports of crude oil it would also impact negatively on the government revenues from the export of crude oil. Generally,



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price volatility would harm both importers and exporters of oil as it lowers, for instance, the predictability of marginal costs of production for companies. The uncertainty regarding their cash flows may induce companies to reduce their investments and limit job creation which can, consequently, harm economic growth in Ghana in particular, and globally in General.

6. Mr. Chairman, in the face of price volatility and current challenges with respect to international commodity prices, Government is working assiduously to ensure that the revenues from our extractive resources are prudently managed and utilized for the benefit of our people, especially, those immediately and negatively impacted by the activities of extractive sector companies.
7. Government would not only ensure that the allocation of revenues best promote sustainable development but would also ensure value addition of the extractive and natural resource-based activities which will be fully integrated into community development planning in order to maximize their contribution to sustainable livelihoods in the areas where these resources are extracted. This is evidenced by ongoing Government policy interventions in the establishment of structures such as the Ghana Integrated Aluminum and Bauxite Development Authority, the one-District one-Factory initiative among others.
8. Mr. Chairman, the EITI continues to evolve over time, and as a result, new EITI standard was adopted at the 2019 EITI Global Conference held in Paris and will be used for the production of 2019 reports to be published from January 2020 onwards. The new EITI Standard replaced the 2016 version adopted in Lima, Peru in 2016 which at the time was the document for all EITI implementing countries and for the publication of



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reports ending 31st December, 2019. Therefore, Ghana's 2017/18 reports which we are privilege to launch today were published on the basis of the 2016 Standard.

9. Ladies and Gentlemen, some of the key provisions in the new requirements include the establishment of beneficial ownership disclosure register, mainstreaming EITI Data reporting by government and companies, environmental reporting, gender consideration and contract transparency.
10. Ghana may have missed the EITI January, 2020 deadline for the establishment of a Beneficial Ownership (BO) register of companies in the country, nevertheless, significant progress has been made by the country in this regard. Some of them include, successfully passing a new Companies Act in 2019 (Act 992) which addresses all the BO disclosure requirements, developing BO templates and thresholds, captured some BO information in the EITI reports, completed and tested the BO disclosure Register/software which is expected to be deployed by the end of April this year, among others. The beneficial ownership disclosures are not only for the extractive sector but also for the other sectors such as the financial sector among others. The implications of lack of Beneficial Ownership disclosures in the country can lead to information gaps that allow financial corruption, transnational crime, and tax evasion to flourish.
11. Ghana has so far produced fourteen (14) EITI Reports in the mining sector and seven (7) reports for the oil and gas sector in order to make up to date contextual data and revenue information along the entire extractive sector value chain available to the general public. The findings and recommendations from these reports are significant. Government



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has taken seriously the recommendations of the earlier EITI reports and has implemented most of them. The recommendations of the EITI reports have informed a wide-range of policy, legislative, fiscal and institutional reforms in both the mining and oil/gas sectors.

12. Apart from the above, a number of other measures currently being pursued by Government include the review of the PRMA, 2011 (act 815) as amended Act, 893 with a view to responding to the changing dynamics of petroleum sector including the need to expand the scope of options of investment instruments of the petroleum funds. Again, Government is considering having an Extractive Governance bill which seeks to strengthen the transparency, accountability and mainstreaming data reporting as well as harmonise existing and/or similar governance frameworks in the natural resources sector.

13. Ladies and Gentlemen, we are happy, therefore, that, the lessons the EITI presents us today have become a useful guide on how best to manage our hydrocarbon resources. Transparency will help to demystify the oil industry. Oil and gas companies must be open about their contributions or payments. This is key to managing expectations and building trust with government, civil society and communities.

14. So far the EITI engagement with the oil and gas companies (IOCs) has been encouraging despite the challenges we MSG faces in terms of the getting data from some of them for reporting We wish to encourage the oil and gas companies to work and collaborate more with the newly established Ghana Upstream Petroleum Chamber (GUPC) to strength its operation. GUPC should also continue to collaborate with the Ghana Chamber of Mines to learn from each other and to share experiences.



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15. Government will continue to support and strengthen the work of governance mechanisms such as the Ghana EITI to provide regular information on all material revenues received by government from the extractive sector. We will also ensure that such information is made available to all the stakeholders in a publicly accessible, comprehensive and comprehensible manner.
16. Mr. Chairman, let me conclude by saying that with today's event, the Ghana- EITI Reports have become public documents and I wish to entreat you all to educate yourselves on their content. We, as a Government, will be proactive in arranging public discussions around the issues in the reports for the various stakeholders. We strongly believe that for EITI to be effective, key stakeholders, including civil society, Private Sector and MDAs should be able to discuss, evaluate and interpret the results. These discussions will signal our willingness to be responsible and accountable for extractive sector revenues. We are convinced that it is only through creating awareness among relevant stakeholders that maximum benefit will be derived from these publications.
17. At this juncture, I wish to declare the 2017/2018 Ghana EITI Reports duly launched.
18. Thank you for your kind attention.

