

Press Release - 15th May, 2018

Ghana launches 2015 EITI Reports

Accra, May 15, 2018. The Multi-Stakeholder Group (MSG) of the Ghana Extractive Industries Transparency Initiative (GHEITI) has produced and will formally launch the country's 2015 mining, oil and gas EITI audit reports, published on April 30th, 2018. The MSG is a tripartite body made up of Government, Industry and Civil Society that has the responsibility of steering the affairs of GHEITI. The mining report brings to twelve (12th), the total number published since Ghana acceded to the initiative in 2003. For oil and gas, the 2015 report is the fifth (5th) since the initiative was extended to cover the sector. The production of the 2016 reports for the mining and oil/gas sectors have also been initiated and expected to be completed in July, 2018.

The reports, which are published in conformity with the EITI Standard adopted by the Peru Global EITI Conference in 2016, goes beyond the mere reconciliation of payments and receipts, to include contextual information such as summary description of the legal framework and fiscal regime, the sector's contribution to the economy, production and export data; state participation in the extractive industries; revenue allocations; sustainability of revenues, license registers and license allocations to mention but a few.

Commenting on the 2015 reports ahead of the Launch on 16th May, the Co-chair of GHEITI, Dr. Steve Manteaw said: "It's been a difficult journey, but I'm excited that at long last the report is finally out".

He explained that, the compilation of the report had suffered some setbacks, occasioned by the non-disbursement of approved funding from development partners, and more particularly by the impact of the electoral cycle on the country's fiscal space

He added that: "The reports this time around provide better context, which in my view will lead to a more informed debate on what contribution the extractive sector is making to our nation's development; and what policy reforms are necessary to address challenges faced by both government and industry; so that the extractive enterprise becomes a win-win venture for both resource owner and investors".

The Oil and Gas companies that participated in the 2015 exercise were: Tullow (Ghana) Limited; Kosmos Energy Ghana; Ghana National Petroleum Corporation(GNPC); Anadarko WCTP (Ghana) Limited; Petro SA; Ghana Gas Company Ltd and Hess Ghana exploration Ltd.

A few companies were excluded from the exercise because they did not meet the materiality threshold of US150,000 established for the exercise during the scoping. They are: ENI Ghana Exploration and Production Ltd; Vanco Ghana Ltd (Shallow Water Basin); Amerada, and Tap Oil Ltd.

On the government's side, reporting entities whose data were reconciled with those of the companies were: Ghana Revenue Authority (GRA); Ghana National Petroleum Corporation (GNPC); Ministry of Finance /Bank of Ghana; Petroleum Commission; and Ministry of Energy.

For the mining audit, 14 companies made up of 12 gold mining, 1 bauxite and 1 manganese took part in the exercise.

State agencies which provided data and information for the mining audit were: Ghana Revenue Authority; The Office of the Administrator of Stool Lands; The Minerals Commission; The Municipal and District Assemblies within the areas of operation of the mines; The Ministry of Lands and Natural Resources; and Ministry of Finance.

Ghana Escapes Suspension

The delay in producing the 2015 report has been a great source of concern for the MSG as Ghana risked being suspended from the EITI. A request for an extension of the deadline for both the report and validation was however granted on the grounds of the extenuating circumstances that made it difficult to produce the report on time. The EITI at its Board meeting in March, 2018 extended Ghana's deadline for producing the report to 1st May, 2018, and to undergo a second validation in September, 2018. Ghana's last EITI validation was conducted in 2016, following which the country was adjudged by the EITI Board to have made 'meaningful progress. Validation is the quality assurance mechanism set out to measure an EITI implementing country's progress based on the EITI Standard and an agreed process. The follow-up validation in September, 2018 is intended to assess the progress Ghana has made in addressing recommended corrective measures from the last validation.

Key Findings – Petroleum

1. Carried interest accounted for over 50% of the government receipts in 2015 and remains the highest contributor to government revenue. It is followed by royalty and additional participating interest in second and third places respectively.
2. An amount of US\$ 387,219,927 was obtained as total government receipt at reconciliation. The total receipt into the Petroleum Holding Fund (PHF) as declared by the GRA amounted to US\$396,142,411.72. The difference between the amount received into the PHF and the Government receipts at reconciliation resulted from the exclusion from reconciliation of Unipet's price differential (US\$419,386.97); Corporate tax payment by Anadarko Ltd (US\$8,680,725); Surface rental (US\$297,372); and the inclusion of Training fees (US\$475,000) in the reconciliation.
3. A net Discrepancy of US\$ -289,381 was obtained between company payments and Government receipts representing 0.07% of government receipts at reconciliation. The main causes of the discrepancies were training/technology fees paid by Hess Exploration (Ghana) Ltd and Corporate tax payment by Kosmos Energy HC. GNPC reported receiving an amount US\$300,000 from Hess Exploration (Ghana) Ltd as training fees, whereas Hess Exploration (Ghana) Ltd did not report any such payment. Also, Kosmos Energy HC reported corporate tax payment of US\$11,740,696 against US\$ 11,730,107, a difference of US\$10,589. Kosmos attributed that to tax credit that it reported.

4. Tullow (Ghana) Ltd and Anadarko WCTP Ltd did not submit any template for reconciliation as required by the EITI Standard.

Key Findings – Mining

1. A total of fourteen (14) mining companies were covered during the period under review out of which thirteen (13) reported, with one – Prestea Sankofa, a subsidiary of GNPC, failing to report. The companies which reported are: AngloGold Ashanti (Obuasi) Ltd, AngloGold Ashanti (Iduapriem) Ltd, Adamus Resources (Ghana) Ltd, Golden Star Wassa Ltd, Golden Star Bogoso-Prestea Ltd, Goldfields Ghana Ltd, Abosso Goldfields Ltd, Chirano Gold Mines Ltd, Newmont Golden Ridge Ltd, Newmont Ghana Gold Ltd, Ghana Bauxite Co. Ltd, Ghana Manganese Co. Ltd, and Perseus Mining Co. Ltd. These are companies that made a minimum annual payment of GHS5 million and above to the state.
2. Prestea Sankofa, according to the unilateral declaration by Government Agencies, paid an amount of GHS 827,506.00. This represents 0.098% of Government receipts at reconciliation. This is insignificant and had no effect on the reconciliation.
3. The revenue streams that were considered for reconciliation were: Mineral rights licensing fees (Reconnaissance licence, Prospecting licence, Mining Lease); ground rent, property rate; mineral royalty; corporate tax; dividend and environmental permitting fees.
4. In 2015, government receipts amounted to GHS 846,331,439 whilst company payments came to GHS 810,937,918 creating a net discrepancy of GHS -35,393,521 representing 4.18% of government receipts.
5. The causes of the discrepancies included the following:
 - a. Some companies such as AngloGold Ashanti (Obuasi), AngloGold Ashanti (Iduapriem) and Newmont Ghana Gold Ltd reported in US dollars without stating the cedi equivalent of the payments as indicated on receipts provided by the GRA. The GRA reported in cedis as indicated on receipts given to companies and did not therefore provide the dollar amounts paid by such companies.
 - b. There was no reporting by government agencies (Minerals Commission) on specific revenue streams eg mineral rights.
 - c. Some companies provided data on accrual basis instead of actuals. In some instances, such companies have accounting periods which did not coincide with the calendar year.

The full report is available on: www.gheiti.gov.gh

NOTE TO EDITORS

The Extractive Industries Transparency Initiative (EITI) is the global community's boldest response to the under development, conflict, and deprivation which have become characteristics of natural resource dependent countries. Its mission is to promote transparency and accountability in the

generation and use of extractive sector revenues. It is premised on the belief that implementation will lead to policy reforms and improvement in the impact of extractive revenues on national development.

The Ghana version of the initiative is called the Ghana Extractive Industries Transparency Initiative (GHEITI). A twenty-one (21) member Multi-Stakeholder Group (MSG) made up of representatives from government, mining, oil and gas companies, and Civil Society Organisations (CSOs) exercise oversight responsibility over the implementation of the initiative in Ghana.

The specific objectives of the Ghana EITI are to:

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

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