

 Accra, Sept. 27. GNA

Vice-President Kwesi Amissah-Arthur on Thursday said Ghana has instituted various measures to strengthen its public financial management systems as a way of finding long term solutions to the problem of weak institutional capacities and government ineffectiveness.

In an address read on his behalf at the opening of a two-day regional conference on Extractive Industries Transparency Initiative (EITI), Mr Amissah-Arthur said the implementation of appropriate initiatives such as reforming the national budgeting processes, implementing fiscal decentralisation regime and sanitising the national payroll systems, among other initiatives and objectives, were adopted to help in addressing obstacles militating against institutional and government effectiveness.

The conference is under the theme: Natural Resource Governance Setting Standards with EITI.

The conference is expected to provide participants with the opportunity to share their rich experiences of EITI implementation and develop a framework for regional EITI cooperation.

He observed that the EITI has been of an immense benefit to countries, including Ghana, and called on nations to use this excise to resolve the fundamental systemic weaknesses in their economies by finding long term solutions to the problem of our weak institutional capacities and government effectiveness.

The Vice President commended the mining conglomerates and international oil and gas companies for showing exemplary corporate citizenship commitment in supporting the Ghana Extractive Industries Transparency Initiative (GHEITI) and helping the country to overcome its development challenges.

In an address read on his behalf, Dr. Kwabena Duffour, Minister of Finance and Economic Planning, stated that Ghana has been mining for over 100 years, stressing that, over the past decades, the mining sector contributed 12.7 per cent of government revenue, 3.2 per cent of corporate tax and 40 per cent of total merchandise export revenues.

In 2010, the sector contributed seven per cent of Ghana's total corporate tax earnings, 49 per cent of total export revenues, 23.7 per cent of government revenues and six per cent of Gross Domestic Product (GDP), he added.

Dr. Duffour said total foreign direct investments (FDI) into the minerals and mining sector, from 1984 to 2011 amounted to some USS11.2 billion with the large scale mining and the mine support services sub sector employing about 27,000 people.

He noted that the full range of transparency initiatives so far implemented by government has deepened its capacity to make sound fiscal and overall macroeconomic policies toward economic growth and development. He said Ghana has attained the status of EITI compliance and therefore one of the leading EITI implementing countries in the world, taking serious the recommendations of the EITI reports and indeed have implemented them.

Dr Duffuor said EITI recommendations have informed a wide-range of policy reforms in the mining sector, including the review of mineral royalty payments from a range of three to six per cent to a fixed rate of five per cent and an on-going upward review of ground rent as well as increase in the corporate tax rate from 25 per cent to 35 per cent, among others.

He said the government was also working assiduously to ensure that the enhanced revenues are prudently managed and utilised for the benefit of the people especially those immediately and negatively impacted by the activities of extractive sector companies, adding that, government had developed guidelines for the utilisation of mineral royalties at the sub-national level.

This is to avert the potential misuse of the districts share of royalties and to ensure that projects financed by royalty transfer from central

government to mining districts are those that are consistent with the development priorities established by the people in these communities, the Minister said. Naa Prof. John S. Nabila, Wulugunaba and President of the National House of Chiefs, who presided, said the conference offered a great opportunity for countries which have signed onto the initiative to reflect on the procedures and processes and identify the gaps in these procedures and processes to inform changes in policy to engender optimal benefits for EITI implementing countries.

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