

PROCEEDINGS OF A NATIONAL STAKEHOLDERS' FORUM ON PETROLEUM REVENUE MANAGEMENT



***Theme: Two Years into Petroleum Revenue Management:
Achievements, Challenges and Lessons Learnt***

September, 2013

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Cover Photo: Dignitaries on the high table at the beginning of the forum

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List of Acronyms

ABFA	Annual Budget Funding Amount
ACEP	Africa Centre for Energy Policy
ACET	African Centre for Economic Transformation
CEMAG	Community Environmental Monitoring and Advocacy Group
CEO	Chief Executive Officer
CEPIL	Centre for Public Interest Law
CSOs	Civil Society Organisations
CSR	Corporate Social Responsibility
DfID	Department for International Development
E&P	Exploration and Production
EIA	Environmental Impact Assessment
EITI	Extractives Industry Transparency Initiative
EPA	Environmental Protection Agency
ESIA	Environmental Social Impacts Assessment
FIA	Fisheries Impact Assessment
FoN	Friends of the Nation
FPSO	Floating Production Storage and Offloading
GHEITI	Ghana Extractives Industry Transparency Initiative
GIZ	Gesellschaft für Internationale Zusammenarbeit
GNPC	Ghana National Petroleum Commission
GRA	Ghana Revenue Authority

HF	Heritage Fund
HSE	Health, Safety and Environment
IAC	Investment Advisory Committee
IMO	International Maritime Organisation
IOCs	International Oil Companies
ISODEC	Integrated Social Development Centre
MESTI	Ministry of Environment, Science, Technology & Innovation
MoFAD	Ministry of Fisheries and Aquaculture Development
MP	Member of Parliament
NHIS	National Health Insurance Scheme
PIAC	Public Interest and Accountability committee
PITL	Petroleum Income Tax Law
PRMA	Petroleum Revenue Management Act
PWYP	Publish What You Pay
SF	Stabilisation Fund
STAR	Strengthening Transparency Accountability and Responsiveness
SWF	Sovereign Wealth Fund
TEN	Tweneboa, Enyenra and Ntomme
USAID	United States Agency for International Development
W/R	Western Region

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EXECUTIVE SUMMARY

The commencement of oil production in commercial quantities at the Jubilee field in the last quarter of 2010 has raised expectations among the populace of increased economic growth in terms of revenues, jobs, infrastructural development and downstream economic opportunities. To achieve this, the harnessing of Ghana's Petroleum Resources need to be designed to secure the maximum social and economic benefit for the citizens without compromising on environmental sustainability. This therefore requires putting in place comprehensive legal and regulatory frameworks to guide petroleum revenue management and exploration as well as production activities.

Towards this, the Extractive Industry Transparency Initiative (EITI) was extended from the mining to the oil & gas sector to deepen transparency and accountability in the utilisation of petroleum revenues. Additionally, Ghana's Parliament enacted the Petroleum Revenue Management Act (PRMA), Act 815 in the first quarter of 2011 to provide a framework for the collection, allocation and management of petroleum revenues in a transparent and sustainable manner for the benefit of Ghanaians. As part of the PRMA, the Public Interest and Accountability Committee (PIAC) has been established to provide public oversight on the implementation of the PRMA.

Since the last quarter of 2010, the country has received its petroleum revenues and as a result, information on receipts and utilisation from 2011 till date has been published. The PIAC published two reports comprising an Annual report of 2011 and a Semi-Annual report of 2012. The GHEITI has also published the 2010/2011 Audit report of the Oil & Gas sector.

Against this background, Friends of the Nation, with the generous support of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) organised a two-day stakeholders' forum on Petroleum Revenue Management in Ghana under the theme "Two years into Petroleum Revenue Management; Achievements, Challenges and Lessons Learnt". Presentations were delivered by resource persons and participants discussed the presentations thoroughly. This led to participants:

- Having increased awareness on Ghana's Petroleum Revenue Management Framework as well as its receipts and expenditure.
- Making proposals for addressing the gaps in the Petroleum Revenue Management Framework and petroleum revenue spending to ensure good financial governance.

1.0: INTRODUCTION

On September 11 and 12, Friends of the Nation (FoN) in collaboration with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH engaged several stakeholders in a National Stakeholders' Forum on Petroleum Revenue Management in Ghana under the theme "Two years into Petroleum Revenue Management; Achievements, Challenges and Lessons Learnt". The two-day forum sought to, as part of FoN's advocacy strategies, provide a platform for citizens in the Western Region to discuss the achievements, challenges and lessons learnt since two years of Petroleum Revenue Management.

Participants of the forum were carefully selected from varying institutions to serve the purpose of policy makers interacting with citizens at the grassroots level and other constituencies. The institutions included Members of Parliament, Traditional Authorities, W/R coastal District Assemblies, State Agencies and Departments, Private Sector, Community Based Groups, National Level Partners and Donors, Media, Civil Society Organisations and Academic Institutions.

1.1: Objectives of the Forum

The specific objectives of the forum were to:

- Increase participants knowledge on Ghana's Petroleum Revenue Management Framework
- Share the details of the PIAC, GHEITI and Petroleum Fund reports with participants.
- Identify the gaps in the Petroleum Management framework and provide recommendations.

1.2: Methodology

The forum employed the use of Panel Presentations and Plenary Discussions to achieve its stated objectives. With the Panel Presentations, experts informed the participants on their chosen topics with interactive power point presentations, whereas with the plenary discussions, participants were given the opportunity to comment, criticize and seek clarity on whatever topic that was discussed. With each Panel Presentation, there was a different person to chair the discussions. This ensured a complete involvement of all participants in the discussions and brought to bear, a wide spectrum of experience in facilitation. Statements were also read on behalf of international donor agencies.

DAY ONE PROCEEDINGS



2.0: SPEECHES AND STATEMENTS

In addition to the Chairman's opening remarks, six other addresses and statements of support were delivered. These included the Welcome Address by the Executive Director of Friends of the Nation, Address by the Deputy Western Regional Minister, Keynote Address on behalf of the Minister for Energy and Petroleum as well as statements of support from DfID, USAID and GIZ.

2.1: OPENING REMARKS BY NANA KOBINA NKETSIA IV (CHAIRMAN OF THE OPENING CEREMONY)



Nana Kobina Nketsia IV, the chairman for the first session of the program gave his opening remarks shortly after self-introduction. He delivered a passionate presentation about the frustrations of the people of western region regarding the oil find and the revenues generated from the oil. Quoting Bob Marley's *'Rat Race'* lyrics, *'In the abundance of water, the fool is thirsty'*, the chairman expressed his displeasure about increase in unemployment and poverty in this Western Region (W/R) blessed with so many natural resources.

With a quick reaction to this phenomenon, he noted again, Bob Marley's 'Crazy Baldhead' lyrics 'Chase those crazy baldheads out of town'. He then stated "I'm wondering when we are going to chase the crazy baldheads out of this region". Emphasizing this statement, he noted that the interest of citizens in oil and gas issues is waning, and explained that attendance to oil and gas related meetings by the citizens is not encouraging of late, which hitherto was not the case. He correlated this to the fact that the average Ghanaian in Sekondi-Takoradi sees nothing happening and also state agencies granting more protection to the oil companies as against the citizens. He provided an example of the recent death of whales in the marine space and noted that when the whales started appearing dramatically on the coasts, without any laboratory test, the first thing was that the petroleum activities were extricated. He added that *five whales appear suddenly on their coast line and nothing is said about it*, noting that there are imports and meaning of that to the African culture. He indicated that *16 whales have been washed ashore in the past few years since the discovery of oil in the ocean, and there has not been any explanation, being it scientific, spiritual or somewhat mystical; there is absolute silence*. He wondered then if there has been an ecological audit for the western region of all that is being taken out, since by his explanation, the ecology of the region remains their life, substance and future.

16 whales have been washed ashore in the past few years since the discovery of oil in the ocean, and there had not been any explanation, being it scientific, spiritual or somewhat mystical; there is absolute silence.

He also announced that there is a very strong rumor about LONRHO signing a contract to site a bigger facility in the region. Yet the leaders and other people in the region are unaware of the details of the contract including commencement time and the ecological details. He prayed this remained a rumor and nothing more. He again questioned why most of the oil companies have their headquarters in Accra whereas the constitution informs the government about location of industries, headquarters and services; doubting what has been done about this section of the constitution. According to him, it seems people in the region only talk about situation, laugh about it and cry about it; and all that the oil companies do is to site their headquarters in Accra.

He admired the fact that the local content bill after so long has gained recognition and been accepted as a good idea. He however noted that in a society where there so much mistrust and

suspicion, citizens could go wrong; making reference to a scenario about a faulty flow meter on the FPSO Kwame Nkrumah, and also the fact that no coastal district was noted to be benefiting from the petroleum revenue spending allocation. For him, the people of the region could not give up advocating for decency in the oil and gas activities, for which reason they were present to discuss and find out about what is going on. He finally appreciated Friends of the Nation's effort to keep citizens awake and on that note accepted the chairmanship position.

2.2: WELCOME ADDRESS BY DONKRIS MEVUTA, EXECUTIVE DIRECTOR OF FRIENDS OF THE NATION



Mr. Mevuta appreciated the chairman for his inspirational opening statement and indicated that since the last six years when commercial quantities of oil & gas were discovered at the Jubilee field and subsequently many other locations, the dynamics of Western Region's capital and the Region as a whole had changed significantly. He noted that *"Sekondi-Takoradi which used to be called the Twin City has now been christened the Oil City"* and added that this is an indication of the citizenry's expectancy to enjoy from the proceeds of the oil.

He brought to the attention of participants some impacts that the people have been experiencing. Among these were positive impacts such as a boost in economic activities in the region particularly in the hospitality, aviation, real estates and many other industries. He also elicited some negative effects like hype in the prices of goods and services, coastal and fishing communities complaining about the interference of oil production with fishing activities (reports of destruction of fishing gears and vessels by support and oil exploration and support vessels, some minor pollution, and complaints of receipt of low compensation for the destruction of community folks' farms for oil & gas projects). He inferred that these impacts draw attention to the fact that the revenues that are generated from the oil & gas resources need to be used judiciously to address the numerous development challenges facing the people; and noted that many of the citizenry keep asking the question *"where is the oil money? And what has it been used for?"*(Read full Address in Appendix 1)

2.3: STATEMENT BY MICHEAL OHENE-EFFAH, DFID's GOVERNANCE ADVISER



Mr. Ohene-Effah began his statement by pointing out that Ghana's laws are sufficiently robust and the framework for revenue management okay. He referred to these as achievements. He went ahead with a proposed program by the Department for International Development (DfID) to address the current situation whereby a lot of CSR funds are being pumped into the Western Region by oil and gas companies and service providers. He made reference

to the mining industry and noted that a total CSR expenditure in the mining industry in 2011 was reported to be \$24 million, but these initiatives, he explained were not joined-up; not inclusive of all segments of society and not geared towards sustained transformational growth.

He then talked about the Coastal Foundation which he explained as a catalytic program about effective use of Corporate Social Responsibility funds for development, conflict-prevention and growth in Ghana's oil-producing Western Region. He added that the main feature is a structured dialogue mechanism which brings together civil society, the private sector, regional and local governments. He noted again that through an innovative community dialogue structure, ideas, suggestions and concerns from all of the region's concerned residents will be channeled regularly to the Foundation dialogue forum. He occasioned the three core objectives of the Coastal Foundation as to:

- Manage the dialogue forum.
- Discuss and influence development priorities for the Western Region, including how best Oil and Gas companies' Corporate Social Responsibility funds can contribute to stable and inclusive development of the region.
- Provide resources to explore options for adding value to new or already existing initiatives in the region in areas such as private sector development, education and skills training and livelihood.

He discussed the implementation strategies and prompted that a one year Inception Phase will allow for operational analysis to identify exact focus and additional opportunities. (Read full statement in Appendix 2)

2.4: STATEMENT BY ANDREW KARAS, ACTING COUNTRY DIRECTOR OF USAID



Mr. Karas commended FoN for holding such an important forum. He also commended chairman for so eloquently hammering on the issues just as they are. Deducing from the Chairman's passionate opening remarks, Mr. Karas was hopeful of fruitful discussions in the course of the two days.

He noted assistance given to Friends of the Nation in a Coastal and Fisheries Governance Project through a partner, the Coastal Resources Center of the University of Rhode Island in the United States of America. He indicated that this project was geared towards protection and conservation of the Fisheries and Coastal livelihood. Through this, he stated that the USAID has supported the development of a digital imagery of the entire western region.

He added that USAID is working closely with the Ghana Education Service and the Ghana Health Service to ensure the upcoming generation are well equipped to take up the leadership role of Ghana. He stated how happy USAID was to be in partnership with Ghana in a new program called Partnership for growth, which Ghana is one of the five countries USAID has entered into partnership with.

He added that within the partnership for growth framework, as President Obama visited Africa and announced the initiative of power Africa, Ghana would be assisted to advance the current reforms. He announced that in the next few months, USAID in advancement of the President's initiative would be working closely with the communities, private sector and government to ensure responsible inclusive course of action relative to benefits of the communities along the value chain.

2.5: STATEMENT BY SIEGFRIED LEFFLER, COUNTRY DIRECTOR OF GIZ



Mr. Leffler indicated that the discovery of oil and gas in commercial quantities and subsequent production over the last two years is an important landmark in Ghana's history. Following this, and having many other examples throughout the world in mind, "*Ghanaians and the international community are looking at Ghana on how it decides to use the petroleum*

revenues to further transform its economy". He explained that managing expectations and introducing legal and regulatory framework to ensure transparency and accountability for this sector are two of the many challenges with which Ghana is faced. As Ghana is in the process of developing the necessary frameworks to manage its petroleum resources, we are happy to note the progress made so far, he continued. He congratulated Ghana for passing the Petroleum Revenue Management Act, 2011, Act 815; that determines the framework within which the country's petroleum revenues will be managed in an efficient, transparent and accountable manner and also commended the government for establishing the Public Interest and Accountability Committee (PIAC) as part of the framework to serve as a public oversight body to ensure compliance with the Act. He noted that these significant cornerstones of the overall framework are definitely in line with international best practices and set a good example for other oil producing countries to emulate.

He stated that this stakeholder's forum and GIZ's cooperation with FoN are integral parts of the Good Financial Governance Program of GIZ, which offers technical advisory services and training on public financial management systems to the Ministry of Finance and Economic Planning and the Ghana Revenue Authority, and thus contributing to Ghana's Shared Growth and Development Agenda beyond 2013. (Read full statement in Appendix 3)

2.6: ADDRESS BY HON. ALFRED EKOW-GYAN, W/R DEPUTY MINISTER



Hon. Gyan noted that the discovery of oil in commercial quantities has raised expectations among the citizenry, especially with regards to increased economic growth in the areas of revenues, jobs, infrastructure development and downstream economic opportunities. He added that for the region to maximize the benefits from the oil and gas industry, it will need a very high-

skilled man power that can be engaged in the technical, administrative and managerial echelons of the oil industry. Adding to this, he indicated that the region will manage the development of supply chain strategies that maximize value, provided clear coherent and effective supply chain management processes from requisition to contract close out to reap full benefits from the sector.

He drew the attention of participants to the fact that most companies in the oil and gas industry are not readily prepared to go into real estates, yet eager to house their workers in hotels and apartments. He advised therefore that people of the western region could invest in hospitality through mergers and partnerships, and noted that improved hospitality industry with best practices and high quality customer care will tilt benefits in favor of the region.

He noted that since the oil production is likely to affect the livelihood of the people in the catchment area, government is in collaboration with development partners and NGOs to fashion out an alternative and sustainable means of livelihood for the people who will be directly affected so as to mitigate any adverse effects thereof. (Read full address in Appendix 4)

2.7: KEYNOTE ADDRESS BY REP. OF ENERGY AND PETROLEUM MINISTER

Mr. Alexander Kyei extended the apologies of the Minister for Energy and Petroleum, Hon. Emmanuel Armah-Kofi Buah, for not joining the meeting in person but was unable to do so because he had to accompany the President on a foreign assignment.

In his presentation, Mr. Kyei noted that it was sad to state that the impact of continued natural resource exploitation in Ghana and Africa, on the socio-economic development of our countries, has been minimal, if not negative, in most cases. He cited the mining activities which have made very little impact on the transformation of Ghana's economy and noted that the degree of backward integration from the exploitation of minerals to the domestic economy had not been significant.

He explained then that the Petroleum Revenue Management Act 2011 (Act 815) provides clearly defined guidelines for managing revenues from the upstream petroleum sector. He added that it also commits the bulk of the oil revenues to finance investments in human resource development and other productive infrastructure such as education, health and agriculture. He pointed out some measures taken by the Ministry of Energy and Petroleum to ensure transparency in the oil and gas sector to include:

- Publication of all Petroleum Agreements on its website;
- The establishment of an Independent Information Centre to provide information on oil and gas; and
- The training of journalists and parliamentarians on oil gas under Oil and Gas Capacity Building Project (OGCBP).

As part of government policy, he noted that the ministry recently organized training in Corporate Social Responsibility under the Oil and Gas Capacity Project; and also plans to create Community Information and Recourse Centers in coordination with the Regional Coordinating Council at the regional level in Takoradi, as well as through satellite offices in the six coastal districts of the Western region. He went ahead to discuss the necessity for industry reforms to reflect the vision for the energy and petroleum. He talked about some achievements as well as challenges and lessons learnt. (Read full address in Appendix 5)

2.8: Reactions from the Chairman

After the statements and speeches, the chairman made a few comments. He appreciated the Executive Director of Friends of the Nation for creating such a platform to expose citizens to information and also extended his gratitude to the donor agencies, notably GIZ, for their support. He went ahead and explained how hard the chiefs of the Western Region fought before GNPC would open an office in the region; and noted that there were such and other difficulties of the citizens regarding the petroleum activities. He also made mention of the DfID's Coastal Foundation and indicated that the idea was quite positive. He indicated that partisan politics needed to give way to independence of mind where the sovereignty of the parliamentary body would speak and bring everybody together especially in the Petroleum industry.

He advised that the public was not well informed because the information sector was not working too well, hence the need for improvement in information dissemination. He made this

“All the mess created by colonialism was because of land and the present generation is continuing the act by having corrupt land commissions all over the place, allocating public lands to their own friends”

analogy making reference to the achievements spelt out by the Keynote address by Mr. Alexander Kyei on behalf of the Honorable Minister for Energy and Petroleum. Touching on the address delivered by the Deputy Regional minister, he commented on the proper management, use and lease of lands. He noted that all the mess created by colonialism was because of land and the present generation is continuing the act by having corrupt land commissions all over the place, allocating public lands to their own friends, abusing relationships. He added that no chief had the capacity to lease or sell land, because chiefs are only custodians managing the lands for the future. Let us not dispossess the future of their lands, he warned.

Ending his comments, he stated that *“if we do not have the emotional integration of the people in the various industries that come up, there will always be a disconnect between the people and the industries”*.

3.0: OPENING CEREMONY PRESENTATIONS



There were two Power Point presentations in this session. These presentations, Western Region in the Perspective of a Changing Economy and Transparency and Accountability in Extractive Industry Governance, set the precedence for the other panel presentations. The presentations were delivered by Solomon Kusi-Ampofo and Mohammed Amin-Adam respectively.

3.1: Presentation by Solomon Kusi-Ampofo (Friends of the Nation)

Western Region in the Perspective of a Changing Economy: Expectations and Experiences



Key messages

- The Western Region is endowed with many natural resources including minerals, forestry, fisheries, as well as a lot of tourist attractions.
 - The benefits from the exploitation of these resources have been jobs, provision of social infrastructure and revenues.
- The negative impacts recorded so far human rights abuse, social conflicts, water and air pollution, displacement of communities, loss of livelihoods and payment of low compensation to affected people.
 - In spite of the negative impacts of mining on host communities, only a small portion of the mineral revenues are appropriated to communities through the District Assemblies. This is unfair and it does not address the development challenges of these communities.
 - The emerging oil & gas industry adds to the natural resource wealth of the Western Region.
 - The positive experiences from the Western Region in the wake of the oil & gas sector are brisk commercial activities in the central business district, emerging real estate industry, increased patronage of air transport and employment.
 - Negative experiences of the petroleum sector are increased cost of living; restriction of fishing activities around oil & gas installations; destruction of fishing gears and vessels by oil exploration, supply and support vessels; death of whales, minor pollution etc.
 - In this regard, expectations from the citizenry of the Western Region are fair distribution of petroleum revenues, participation in policy formulation and implementation, transparency and accountability in resource management and environmental sustainability.

Selected Slides

Profile of the Western Region



4

Tourism



This slide projects the background of Western Region and its enormous natural resources such as tourist attraction sites, coastal resources, forestry and agricultural as well as mineral resources.

The new entrant



13

King of the Jungle



Oil & Gas



The slide describes the entrance of a new industry, 'the oil and gas industry' which has literally become the king of the jungle, scaring all other jungle dwellers away

Expectations



32



Citizens expect to be involved in all aspects of the petroleum industry in order to promote a fair share of the petroleum revenue, transparency and accountability; and on top of it ensure environmental sustainability

3.2: Presentation by Mohammed Amin Adam (Africa Centre for Energy Policy - ACEP)

Transparency and Accountability in Extractive Industry Governance

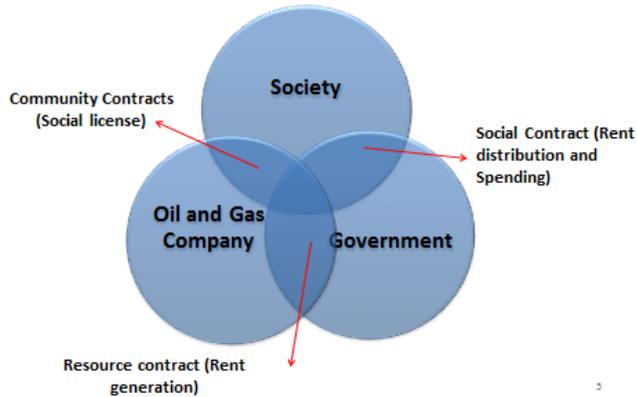


Key messages

- In terms of governance, resource wealth has the tendency to increase likelihood of weak democratic development, Corruption and Civil war.
 - The challenge of resource-based national income is that resources are depletable; and irreplaceable once wasted through mismanagement and corruption.
- Unfortunately, most resource-rich African countries reveal a trend of massive looting of oil wealth, entrenchment of elite capture, and unaccountable governance.
 - Most of resource-rich countries in the developing world have therefore created class societies, vested interest and the political capture of state institutions. Citizens neither have access to information about the management of the resource wealth nor contribute to decision-making on priorities for spending revenues. They are not aware of the process of contract award, the terms of contracts, the country's share of resource produced, and how much revenue is generated.
 - Information on contracts is further protected by confidentiality clauses. This way of resources management has led to resource nationalism, violent conflicts between citizens and between citizens and government, underdevelopment, etc – and that is what is referred to as resource curse.
 - Contract governance requires that the process for licensing should be open and competitive, disclosure should be mandatory and without non-time bound confidentiality clauses. There is the need for Freedom of Information Legislation so that citizens can freely monitor the implementation of contracts - production data, prices, revenues, environment, etc.
 - “Open Contracting” or “Open Door” is what most of the emerging resource production countries in Africa are adopting - Sierra Leone, Liberia, Kenya and Ghana; whilst the mature countries are experiencing governance reversal - Nigeria, and DRC.

Selected Slides

The Context of Resource Governance – Stakeholder Perspective



The slide, which provides the context of Resource Governance, captures the stakeholders' perspective which seeks to bring to the table the government together with the oil and gas companies and the society.

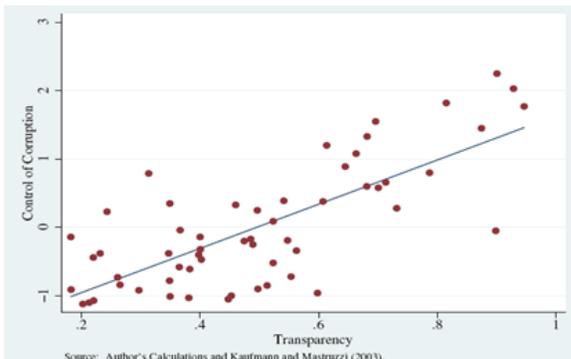
Costly Extensions – the case Study of Navrongo-Tumu Road



- Awarded in 2010 with a schedule completion in April 2013 but was about 60% complete as at June 2013.
- The base of the total 25km stretch was done, with prima on 14km.
 - 11km of the 14km was first sealed.
- The contractor indicated that it needed an additional year
- Blamed on irregular payments and weather conditions

This slide depicts the effects of not committing resources to complete one project at a time. It uses the case study of the Navrongo-Tumu Road which completion exceeded the set time. The contractor in this case blamed the incompleteness on irregular payments and weather conditions.

Transparency-Corruption Nexus



This slide shows how increase in transparency could control corruption.

3.3: COMMENTS AND CHAIRMAN'S CLOSING REMARKS

At the end of the open ceremony presentations, the chairman delivered his remarks, but prior to that he gave an opportunity for Nana Kwasi Agyeman to make a comment.

Nana Kwasi Agyeman

Why did Parliament refuse the 10% demand by the Chiefs of the Western Region? This issue is still relevant to the people of the region as well as we the chiefs. He pleaded with Hon. Dr. Kwabena Donkor to carry the sentiments of the chiefs regarding the 10% revenue shares on to Parliament House. *"I think this is just fair and it is natural justice for the region to obtain a 10% share"*.

Response

Hon. Dr. Kwabena Donkor agreed perfectly to the claim of 10% share and noted that the 10% was a value the western region would have been entitled to, considering the fact that there are ten regions in Ghana. He however advised that instead of demanding the 10% which he thought was no added benefit, the region could make a case of specific development projects which would have multiplied effects on the lives of the people.

Chairman's remarks

In his closing remarks, the chairman wondered why Takoradi was still referred to as the oil city when it seemed not to be benefiting from the oil revenue. According to him, "logic has overturned on its head". He however took consolation from the fact that "overturned logic is still logic" and therefore advised that as a nation, there is the need to learn how to do things right because according to him, "a dirty fish remains dirty in dirty waters". He pleaded therefore that the leaders, including the chiefs must stand up for their people. With this, he educated that *"the greatest symbol we have which overtakes all European things learnt is the mother hen and her chicks; when you see that staff come out, it always says we need to preserve the future; the mother hen will give up her life for the chicks, that is what chieftaincy is about and that is what as a people we should be about"*. By this, he was very hopeful the debate would lead to a fruitful consensus to improve on the revenue allocation and utilisation to benefit the people of Ghana.

4.0: PANEL PRESENTATIONS

The panel presentations were divided into three sessions with two presentations each. Each session was facilitated by a different chairman. Resource persons were drawn from various institutions to educate participants accordingly. The institutions included, Center for Public Interest Law (CEPIL), African Center for Economic Transformation (ACET), ISODEC, African Center for Energy Policy (ACEP), Boas and Associates, as well as the Public Interest and Accountability Committee (PIAC).

4.1: PANEL PRESENTATION ONE

The first panel presentation was the only panel presentation for day one, and was chaired by Awulae Annor Adjaye III, the Paramount Chief of the Western Nzema Traditional Area. The presentations were delivered by Dr. Joe Amoako-Tuffuor (Prof.) of ACEP and Mr. Augustine Niber of CEPIL.



4.1.1: Presentation by Dr. Joe Amoako-Tuffour (ACET)

Ghana's Petroleum Revenue Management Framework

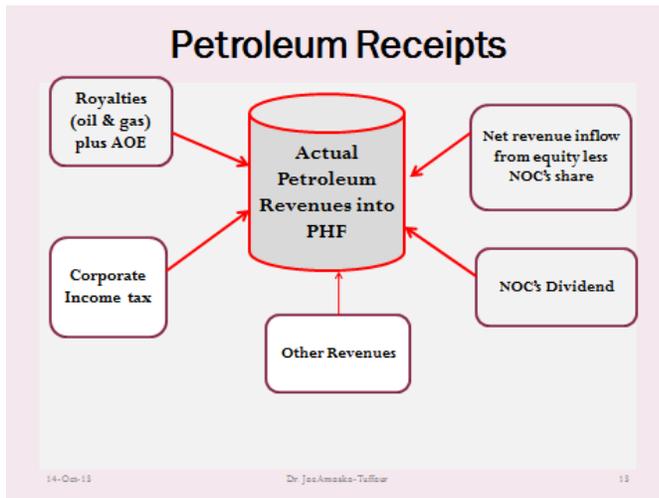


Key messages

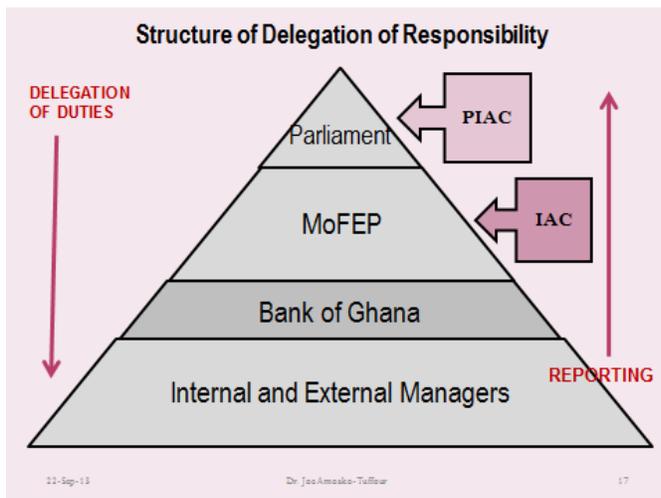
“When hungry, be careful not to consume all your eggs and seeds: because that is a sure recipe for famine” was a saying Dr. Amoako-Tuffour opened his presentation with.

- Ways and means of managing public resource or wealth is prone to group capture. Therefore some framework for managing common wealth, especially resource revenue is necessary. Distribution of Gross Oil: Production Sharing Arrangements should factor in “how much to spend on what & how” and; “how much to save & how”.
- Resource revenues and tax revenues are not the same. They are a collective fund which belongs to all of us (both current and future generations). Therefore revenue benefits must cater for the living and the unborn. The situation where a school is built yet furniture can't be put in the school does not make sense. However, resource revenue is a low hanging fruit which every government wants to pick. The law is only as good as we have the administrative capacity and will to enforce.
- Some best practices include development of Revenue Management Law and Establishment of Sovereign Wealth Funds (SWF). Act 815 is a simple, logical, flexible framework. It uses the budget as a central instrument of executing and implementing national development plans. It has sensible savings framework with clear assignment of responsibility, clear reporting and accountability guidelines and strong public oversight
- But it has some challenges depicted by these questions. Where is the Fiscal Regime?; Where is the Petroleum Income Tax Law? PNDC Law 88 (1987); Where is the Income Tax Amendment Law?; What about the treatment of the Capital Gains Tax and the Operations Management Agreement?
- There is therefore the need for Regulations to back implementation of Act 815

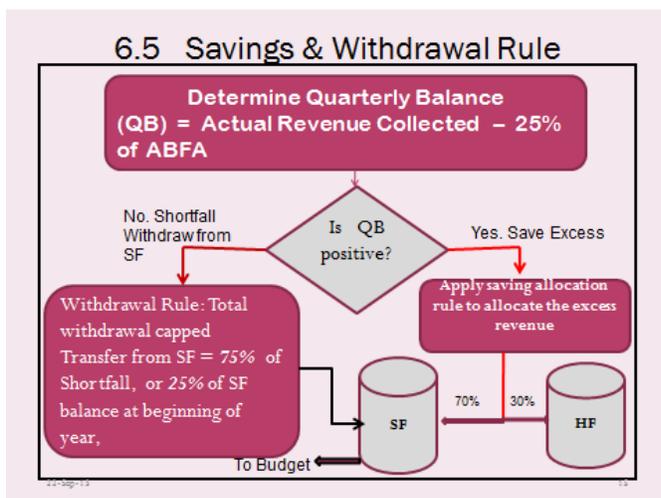
Selected Slides



This slide shows how the petroleum receipts are done and indicates that the actual petroleum revenues go into the Petroleum Holding Fund.



This slide depicts responsibility delegation structure and shows that the internal and external managers report to the Bank of Ghana, then to the Ministry of Finance and Economic Planning through the Investment Advisory Committee and finally to Parliament through the Public Interest and Accountability Committee. In terms of delegation of duties, it is vice-versa.



This slide provides a formula for savings and withdrawal and zooms in to the determination of Quarterly Balance which is calculated as 25% of the Annual Budget Funding Amount subtracted from the Actual Revenue Collected

4.1.2: Presentation by Mr. Augustine Nieber (CEPIL)

Implementation Challenges of the Petroleum Revenue Management Act

Key messages

- The Act 815 provides a clear description of the purposes of the Stabilisation and Heritage Funds and spells out strict controls on withdrawals. It is a conservative range of investment instruments. It is also mandatory for periodic auditing and reporting to be carried out and maintains a strong theme of transparency by encouraging public access to information about petroleum revenue management. We need detailed regulations and procedures governing Right to Information under this law and empower committees to investigate issues on its own including power to compel information provisioning and calling official to answer queries.
- Indirect payments disclosed in aggregates are difficult to track and verify. Though tax havens may limit the country's ability to scrutinise accounts for over-pricing and transfer-pricing, there is also an increased likelihood of companies adopting strategies that facilitate avoiding paying what taxes they owe government. Meanwhile, the Petroleum Income Tax Act 1987 (PNDCL 188) has no provision on - Capital Gains Tax (Act 592) with the Minister having considerable discretion to direct funding to suit political needs and pet projects, rather than to meet true community needs or the needs of the country. There is the possibility therefore that the Minister may (*with the support of parliamentary majority*), place ridiculous upper ceiling on the Stabilization Fund so as to have the excess revenue transferred to the Contingency Fund where he/she has the discretion to spend.
- An under or over-estimation of the benchmark revenue will affect the Petroleum Holding Fund and what goes into ABFA, SF and HF (*the Act permits compensation to be paid out of the Petroleum Holding Fund to communities that are adversely affected by petroleum operations (section 24 (2)).* At the moment, there is lack of clarity on how, and from what pool of funds communities adversely affected by petroleum exploration and production activities can be compensated. There should be clarity on how companies pay for pollution and other related adverse effects (Polluter Pays Principle). There is a need for a guide on how communities can access this fund if adversely affected.
- There is the need for a time limit for Minister to make the necessary subsidiary legislation as well as rules, regulations and procedures for implementation of the Act.

Selected Slides

Positive Aspect of Act 815

- ▶ The Act provides a clear description of the purposes of the stabilisation and heritage funds;
- ▶ strict controls on withdrawals;
- ▶ a conservative range of investment instruments;
- ▶ Mandatory auditing and reporting;
- ▶ It maintains a strong theme of transparency; and
- ▶ encourages public access to information about petroleum revenue management.

This slide provides some positive aspects of the Petroleum Revenue Management Act, 2011 (Act 815).

Collateralization of ABFA

- ▶ *Section 18(7) ABFA may be used as collateral for debt & other liabilities not exceeding a period of more than 10 years*

- Tendency to collateralized ABFA for more than 10 years
- The use of the revenue for which the ABFA is used a collateral for debts not used in any of the priority areas under the Act

The slide the tendency to collateralize the Annual Budget Funding Amount (as indicated in the section 18(7) of the Act) for more than ten years

Recommendation

- ▶ Need a reference price, maybe a regional or global spot price.
- ▶ Specify indirect payments and their treatment and all payments must be disaggregated and reported in a disaggregated manner
- ▶ The Ghana Revenue Authority needs adequate capacity to be able to verify tax returns to avoid this weakness in mining being repeated in petroleum.
- ▶ Harmonized tax laws ,especially those relating to capital gain tax.

This slide provides some recommendations that could counter the potential implementation challenges of the PRMA

4.1.3: OPEN FORUM: DISCUSSIONS, COMMENTS AND QUESTIONS

Dr. Kwabena Donkor

- *GNPC's funding*; even though generous, comes with serious challenges. The process of GNPC getting a part of their allocation is clustered in administrative components. It's so cumbersome that GNPC cannot go to the market to borrow against its share of revenue. This is a challenge that GNPC has raised consistently, because its share does not come directly; the process it has to undergo does not give for certainty. In future, GNPC will be borrowing to meet these commitments, rather than depending on this budgetary allocation. We may therefore have to streamline and create certain certainty as to which end of the revenue stroke belong to GNPC, so that at the back of it, they can go to the capital market and borrow for future investments. The way it is, they now have to pay a premium before they could borrow because of the way the Act has been drafted.
- *Treatment of gas*: when gas was under GNPC, it was easy to see all of it as petroleum revenue. With the creation of Ghana Gas, will Ghana Gas' Operational Profit come into the Revenue Management Formula or as a Private Limited Liability Company? Even though owned by the state, it is seen as outside the Petroleum Revenue. Regarding the questioning of the minister's responsibility for managing the investment and the call for his powers to be curtailed, if we want to enhance democratic accountability, we should be careful of the pendulum moving from one extreme to the other. The minister is accountable to parliament and therefore to the people of Ghana.
- *Petroleum funds*: regarding where both the Stabilization and Heritage funds would be invested, I think we should look at opening this up for other forms of investments.
- *Parliament's oversight* should rather be strengthened other than it being reduced from the fifteen year provision, as being recommended.

Hon. Klutse Avedzi James

- There were about 400 amendments to the bill and it took about 8 months to a year before it was passed into law. It has become one of the best laws for those of us in Ghana and also other countries. It is very good that we are doing this kind of review to look at how we can improve upon the law in terms of its management or jurisdiction.

Mohammed Amin-Adam

- *Allocation of oil revenue to the Ghana Gas Company:* when the law was passed, the Ghana Gas Company had not been established by then; and therefore the law could not have anticipated that a company like the Ghana Gas Company would be established and consequently the need to make provision for its revenue allocation in the law. What I see the Minister of Finance do is to use the four priority spaces given him for the spending of the ABFA to allocate money to the Ghana Gas Company.
- *The delay of the Benchmark Revenue:* after giving examples of some countries' strategies of managing their Benchmark Revenues, Amin noted that Ghana is indirectly threatening the petroleum funds by means of overestimating the Benchmark revenue due to challenges. He added that if the ABFA is overestimated as a result of overestimation of the Benchmark Revenue, then there would be no money going into the petroleum funds.

Anonymous:

- Why does our investment with the oil and gas revenues yield small returns but we borrow with high interest rates?

Response from Dr. Amoako-Tuffuor (Prof.)

- He began by quoting section 10 (4) of the law to explain the fact that the law does not give parliament the authority to increase the fund. He added that a part of the interest may be touched though, but never the principal.
- With the *minister's authority*, the executive powers are delegated to the minister and he has been given the responsibility; the Investment Advisory Committee is only there to help the minister make good investment decision. In this regard, he drew the attention of participants to the fact that any minister who ignores the IAC does so at his own peril.
- With the GNPC funding, he quoted Section seven of the law which he explained that the section may not be perfect but immediately throws a challenge to revisit and open up the whole issue of how to manage the national oil company. He added that it should be no different from Cocoa Marketing Board.
- On treatment of Gas, he explained that estimation of the Benchmark Revenue and section six of the law existed to take care of treatment of gas. He added that what complicated matters were how the Ghana Gas Company was given birth to. He went on

to explain that if the Legislative Instrument was used, there would have been a precise definition of all the terms as far as funding, accountability and oversights were concerned, but for some reasons, this was not done.

- Regarding the country saving some of the petroleum funds at a low interest rate, Prof. indicated that there is something called liquidating precautions and therefore, regardless the profit margin, the country needed to save some money for national security, and not for income benefits.
- He appreciated the fact that there were interventions on an on-going development, but pointed out that it was taking too long. With reference pricing, he informed participants that section 60 of the law indicated that the Minister was charged with the responsibility of making regulations. He added that the regulations include in the law, as stated in 60 (2) (a) and (b) the determination of reference pricing formula and Measurement of quantity of petroleum respectively; and concluded by saying “It is in the law that we should do so, but we have just failed to do it”.

In conclusion, he advised that Ghana must learn by doing in the case of petroleum revenue management.

Alhaji

- My understanding is that 99.9% is also a portion, so if parliament has power to enact a law so that a portion of that interest accrued from the Benchmark revenue could be used, couldn't there be a greater portion like the 99.9% being used judiciously? But the areas of usage are not stated.

Response from Prof.

- 99.9% is a portion, but a very terrible portion. I only expect a collective willingness to do the right thing, and if this is not in place, then it would be good, but I don't want to underestimate the capacity of our parliamentarians. He, by this, urged some parliamentarians around (specifically, Hon. Kwabena Donkor and Hon. Afedzi) to ensure a collective willingness since according to him, there is no law but only moral sense of what was right and could protect all of us.

Mike Abaka-Edu (Fisherman)

- Would fishermen benefit from the oil and gas funds, since because the livelihood of fishermen is being threatened? “In the Agricultural modernization of the priority areas of spending the ‘oil money’, I don’t think fisheries was made mention of”, he noted.

Response from Prof.

- There is no explicit money set in the revenue management. Anticipation is therefore that the minister of finance by the national budget should deal with these matters. Therefore expectation is also that the respective Members of Parliament (MPs) and the sector minister (Ministry of Fisheries and Aquaculture Development – MoFAD) have the responsibility to make sure that in their annual budget that they present to the Minister of Finance, issues of fisheries are not only made prominent but a specific allocation of funds are made; this is the best way to tackle this matter. “The National Budget is a powerful instrument to do this, and therefore the door is not shut on you; you have plenty of doors to open in order to ensure that your needs are taken care of”, he concluded.

Major (Rtd) Ablorh-Quarcoo (Chairman- PIAC)

- Major clarified a point which he thought was not so accurately presented. He explained that though the law gives the minister the power to appoint, he cannot take off any member of the PIAC. He added that members of PIAC are nominated by the group they represent, so it’s only that group that could change the members not the minister. After the clarifying the point, he made reference to section 23¹ and posed a question that how come there was no deliberate section of the law that dealt with the direct transfer set aside even before the ABFA was instituted.

Response from Prof.

- As far as section 23 is concerned, the interpretation might create problems. After discussing our law extensively, many people think that in terms of clarity, though not perfect, a lot has been done. It is only the question of the willingness to implement the law that opens up all kinds of ambiguity and interpretations. After stating this, Prof then quoted Section 19 (2) which states that “*The total amount withdrawn from the Petroleum Holding Fund for budget Funding Amount approved by Parliament for that financial year*

¹ Section 23 talks about the transfers into the Ghana Heritage Fund and the Ghana Stabilisation Fund

shall not exceed the Annual Budget Funding Amount approved by Parliament for that financial year.” By this, he explained that unless the Government decides to do something else, this law holds.

New Takoradi Assembly member

- There should be a fund set aside for fishermen to secure and sustain their future. If possible, students from the basic schools should be introduced to petroleum studies (inculcated in their syllabus) to win their interest in the oil and gas activities so as to encourage the local content component. In doing so, let the lessons be taught in our local languages.
- There should be an oil refinery to add value to our crude oil.

MP for Jomoro District

- With issues of the Heritage Fund, which institution, apart from parliament would be able to safeguard the funds?

Nana Adam Eduafo (Chief Fisherman)

- In addition to the Environmental Impacts Assessment (EIA), can we know whether the Oil and Gas companies have done their Fisheries Impacts Assessment (FIA)? Is it also not possible to have an oil refinery to utilize our oil?

Daniel Ntiakor (CEMAG)

- Is there any L.I or law governing the Ghana Gas Company? And what has been done to the alleged sinking ship? (Daniel noted that a few days to this meeting, there were speculations of a sinking ship which had a relation to the Ghana Gas Company).

Response from Dr. Kwabena Donkor

- Ghana Gas is a legal entity. Only that it was registered under the Companies Act. But because of the provisions of PNDC Law 64, we should interface the need to have a separate gas entity which is the trend now in emerging oil developing countries. One way this could be done is to either amend Act 64 or to make Ghana Gas a subsidiary of GNPC.

Response from Adwoa Oye (Ghana Gas)

- No ship belonging to Ghana Gas has sunk. It is only a cargo that was destroyed during transportation.

Patience Attipoe (Green Earth Organisation)

- I am pleading with the Parliamentarians to take whatever we are discussing here into serious accounts and act upon them for the good of posterity and to avoid the mistakes of the past.

Dr. Kwabena Donkor

- If we don't hold government, CSOs and Traditional Authorities accountable, there would be rot in the land.
- Most of our petroleum laws were modeled after the Norwegian laws. In Norway, during the major fishing season, exploration ceases so as to protect the fisheries resources. In Ghana, what we could do is to look at the alternative source of fishing because if we do same here at this time, the cost-benefit would not add up and it will amount to a crisis. In the new E & P bill, we are making provision for fisheries so that some expectations would be met. The Fisheries Impacts Assessment being encapsulated would be taken on board when the new E & P bill comes to parliament.

Dr. Steve Manteaw (PWYP-Ghana)

- We have a law, and the law has been violated. The law calls for a FIA, and this has not been complied with. This does not translate to the EIA processes. The makers of the law knew there was an EIA and yet required that there should be the FIA. We therefore need to look at ways we could ensure compliance.

Mohammed Amin Adam (ACEP)

- The issue of Fisheries in the E & P Bill is a positive outcome, and I commend Hon. Dr. Kwabena Donkor and all those who contributed to this bill. What I see to be likely problematic is that the bill requires the minister in his declaration of open areas for the purpose of demarcating them into oil blocks to allow people to make presentations to the minister, why they think when the block is demarcated as an area, it will affect their economic and socio-environmental interest. But the bill also states that 'the minister may

consider the concerns presented by the interested parties'. The minister is obliged to say that because the communities complain about the potential effects on fisheries, he will not demarcate that area into the block. He may or may not; and that brings us back to discretion.

- What is EIA meant for? EIA as practiced in Ghana is not the same as practiced elsewhere. When an EIA highlights potential effects; in some countries, where the effect is significant, the project is abandoned. In Ghana it is not so.

Awulae Annor Adjaye III (Chairman)

- Who supervises the EPA and ensures compliance?

Response from Dr. Kwabena Donkor

- Administratively, they are supervised by the Ministry of Environment, Science, Technology and Innovation (MESTI), but in terms of subject area, the supervision is done by the appropriate agencies. For example under the Act 821 (Petroleum Commission Act), Environmental Social Impacts Assessment (ESIA) is a requirement, so without the Impacts Assessment being done, there are a number of licenses the Petroleum Commission will not issue, even though they are not authorized to carry it out.

Anonymous

- When this oil resource is gone, what will be the livelihood trend for the masses of people living around the coast? How are we going to ensure their existence by way of economic activity over the period that oil production is going on and the impact it's impeding on their survival till the time oil is depleted. In making it relevant to Petroleum Revenue Management, I suggest that we begin looking for to make sure that our research into aquaculture is triggered by part of the petroleum revenue.

Awulae Annor Adjaye III (Chairman)

- Before the oil drilling took place, did they do a Fisheries Impact Assessment; and if they did, what was the result; and what did they do with the findings?

Response from Dr. Kwabena Donkor

- It wasn't done

Augustine Nwolley (CEMAG-Jomoro)

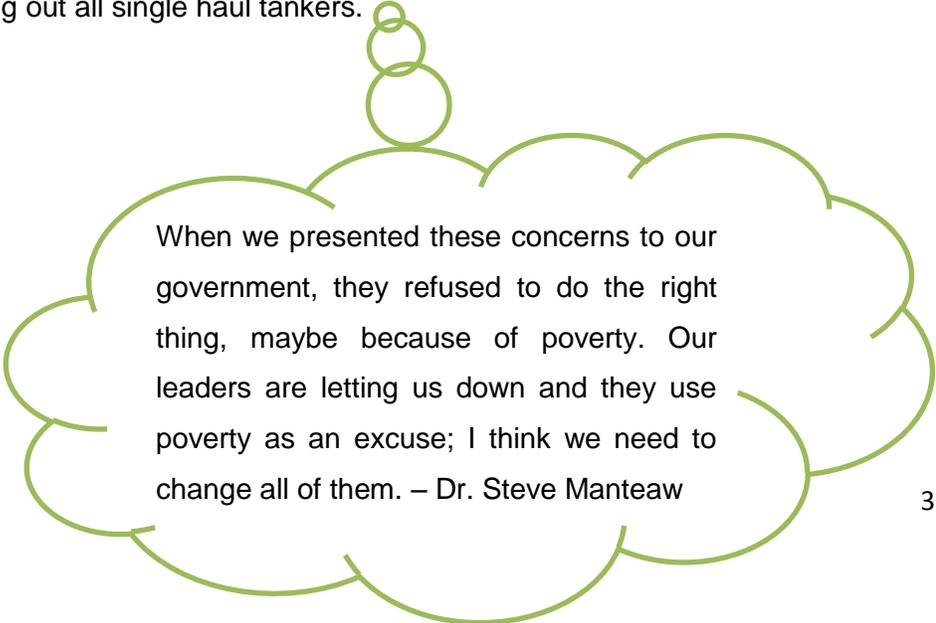
- I learnt Corporate Social Responsibilities (CSR) is not mandatory and not backed by any law, so the companies can decide what to do. Is that the case?
- As a member of CEMAG and protector of the environment, I want to find out whether the death of whales is a result of old age as speculated by the EPA? Augustine referred to the comments made by the Deputy Public Affairs Director of the EPA (Angelina Mensah) in response to the whale deaths' phenomenon, as reported by myjoyonline.com on September 6, 2013. She is quoted to have explained that 'old age of the whales and climate change factors must not be ruled out as possible causes of the current phenomenon in the country'.

Response

- Dr. Kwabena Donkor explained that CSR comes with a cost, and must not be confused with Corporate Philanthropy. In terms of the law, the Petroleum Commission under the Act has issued guidelines. As to whether the CSR must be put into legislation is another issue. The Chairman of the finance committee added that there is no law that could tell corporate institutions to be socially responsible.

Dr. Steve Manteaw

- We raised environmental concerns before production began at Jubilee. If you look at the quality of the EIA that was done, it's shoddy. The data they used was historical rather than trend data, so it doesn't allow one to see the changes over time.
- We also raised a concern that the FPSO is a second-hand oil tanker that has been converted into a production and storage facility. The International Maritime Organisation (IMO) is phasing out all single haul tankers.



When we presented these concerns to our government, they refused to do the right thing, maybe because of poverty. Our leaders are letting us down and they use poverty as an excuse; I think we need to change all of them. – Dr. Steve Manteaw

Response from Dr. Kwabena Donkor

- In almost every industry, there is the beginner's mistake. Mistakes have been made, but some of those mistakes were inevitable. However, we should be careful not to repeat those mistakes.

Robert (University of Professional Studies)

- Let us learn from the past (relative to mining) and control the current oil and gas industry. Most mining communities like Akwatia become 'ghost towns' when the miners packed their tools and left after depleting the resources. Let us be mindful of this fact and make sure it doesn't happen to the fishing communities with regards to the petroleum sector.

4.1.4: Chairman's Concluding Comments/Remarks

The chairman quoted Article 24(3) which notes that *"where petroleum operations adversely affect a community, appropriate compensation shall be paid for the benefit of the community in accordance with the relevant laws"*. He questioned that there had never been oil drilling in Ghana before the current one, so what relevant laws were being referred to? He continued that there is no law which explains that when there is drilling on land or off-shore, and the communities are affected there should be certain interventions. He advised then that the regulations must be interpreted because unless it is interpreted, nobody could use it to do anything. There has been 16 whales washed ashore the coasts of Ghana, and there has not been any provision to deal with those yet. The people living around such areas stand the risk of health hazards when they try to bury the whales, and there is no provision to protect these people who put their lives at risk. Therefore, there is the need to reduce the issues to the level that our people would understand – the technical terms are confusing, and must be reduced for the consumption of the people, especially those who would be affected. He pleaded with the Parliamentarians to ensure that during the interpretation and implementation of the act, certain terms are specific. For instance, he noted that the Section 24 (3) talks about adverse effect; and questioned that who determines how adverse the effect is. He then cautioned by stating that *"there is no existing relevant laws already; we are writing the laws; let us interpret them in a way that the people who would be affected could rely on the laws"*.

On his second point, he talked about amortization of loans with the 'oil money' and rhetorically asked who permitted the authority use the money for loans. In a passionate voice, he stated, *"we have surrendered our sovereignty to you people, and you sit there and allow one minister to say that we will continue to collect loans using the oil money; so what shall be left to deal with maternal health care and children who are dying in the hospitals? We are tired of loans"*. Discussions on day one were brought to a close at 5:45pm with a closing prayer by Kofi Nkumson (CEMAG-Jomoro).

DAY TWO PROCEEDINGS



Recap of Day One

Day two started with a recap of day one to refresh the memories of participants. In the recap, participants pointed out the key issues/lessons they learnt during the day one interactions. The following are the points raised by participants.

- Instead of government officials to tackle the issues of accountability at their level, most of them perceive CSOs to be corrupt, and that saddens my heart – *Patience Attipoe*
- Concerns and livelihood threats of fishermen had not been considered with much attention but there is currently the realization of the need for such consideration. Hence such issues are now being discussed in policy papers – *Mike Abaka-Edu*
- Fisheries Impacts Assessment has not been conducted till date – *Nana Kojo Konduah*
- I still don't know who supervises the work of Ghana Gas Company, because it came to my notice once that the CEO said he owes no allegiance to parliament – *James Fobah Bogoloh*
- PIAC is a body that has been set up to look at the interest in accountability – *Owusu Sekyere*
- I realized that developmental projects that are supposed to be funded by the petroleum revenue are scattered; and this was to portray that there have been a lot of projects. But this waste a lot of time and money, but if there are few projects that the government could commit to bring to completion, a lot of money would be saved, and the projects would be completed at the appropriate time – *Edward Bordes*
- Telling fishermen to leave the sea and go into aquaculture is not the best alternative – *Nana Kwame Weane*
- Upon all that Ghana is doing, she is not an oil refinery country yet – *Nana Adam Eduafo*

4.2: PANEL PRESENTATION TWO

The Second Panel Presentation was the first set of presentation for day two. This session was chaired by Awulae Amihere Kpanyile, President of the Eastern Nzema Traditional Area. Two presentations were delivered by Dr. Steve Manteaw of ISODEC and Mr. Kojo Asafo Aidoo of Boas and Associates.



4.2.1: Presentation by Dr. Steve Manteaw (ISODEC)

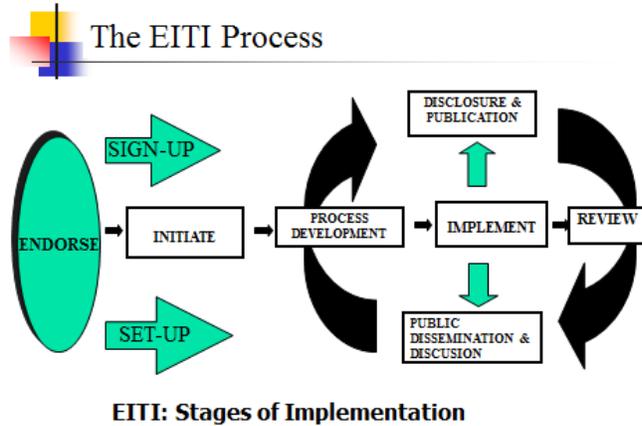
The Extractive Industries Transparency Initiative: Background, Principles, Criteria, Lessons and the New Standard



Key messages

- The Initiative is grounded in a shared belief that the prudent exploitation of natural resource wealth should provide the basis for sustainable economic growth that contributes to sustainable development.
- The key objectives of the EITI are to increase transparency and accountability in the receipt and utilisation of payments and revenues generated by Extractive Industry countries that depend heavily on these resources, in the hope that disclosure of revenue data will enhance the demand-side of accountability.
- There are 12 principles of the EITI which are woven around: Prudence and National Autonomy, Transparency and Accountability, Mutual Respect & Trust, Citizenship Rights & Sustainable development and Partnership & Participation
- The Criteria for implementing EITI include an effective oversight by the multi-stakeholder group, timely publication of EITI Reports that contains comprehensive and contextual information about the extractive industries. The reports should be comprehensible, actively promoted, publicly accessible, and contribute to public debate.
- The new EITI standard requires EITI reports to include contextual information about the extractive industries. This information should include a summary description of the legal framework and fiscal regime, the sector's contribution to the economy, production data; state participation in the extractive industries; revenue allocations and the sustainability of revenues, license registers and license allocations; and any applicable provisions related to beneficial ownership and contracts. Implementing countries are therefore encouraged to publicly disclose all contracts and licenses that provide the terms attached to the exploitation of oil, gas and minerals.
- The Ghana EITI Multi-stakeholder Steering Committee has reviewed the new global EITI requirements and is poised to rise up to the occasion.

Selected Slides



This slide presents the stages in the EITI processes. It includes Initiation, Process Development, Implementation and Review.

The New Standard and its Rationale (Contd.)

- The new standard was adopted in Sydney 2013
- It followed years of agitation by CSOs, discussions among stakeholders, and even though it did not take on board all the demands of CSOs, it is much more rigorous than the earlier requirements.
- The new standard provides much more clarity on some of the old requirements. For instance on regular reporting it elaborates that "EITI Reports must cover data not older than the second to last complete accounting period, e.g. an EITI Report published in calendar/financial year 2014 must be based on data not later than 2012 calendar/financial year"

This slide talks about reasons for the new EITI standard which has proven to be more rigorous than the earlier requirements.

Conclusion: key issues

- Clearly, the new standard aims at helping implementing countries to find a link between EITI and sustainable economic and social development;
- Ghana on its own initiative has already met most of the new requirements, such as disaggregation of data, sub-national reporting, production audit, expenditure information to some extent etc.
- Now that these have been mainstreamed into the new EITI standard we will have to be guided by the detailed instructions that accompany each of these new requirements;
- The new issues that must now be included in Ghana's EITI are: contextual information, documentation of reforms being undertaken as a result of EITI, budgetary information, contract information (beneficial ownership, license register and location).

Dr. Manteaw drew a conclusion in his presentation that the new standard had the aim of helping implementing countries to find a link between EITI and sustainable economic and social development

4.2.2: Presentation by Mr. Kojo Asafo Aidoo (Boas and Associates)

Highlights of the 2010/2011 GHEITI Reconciliation Report for Oil & Gas Sector



Key messages

- Revenue streams considered under the report include Royalty, Surface Rental, Profit (Corporate) tax, Dividends, Initial (Carried) Interest and Additional Participating Interest

- The challenge encountered during the assessment was the reluctance of companies and

government institutions to provide data on what is statutorily required. The terms of reference for the assignment however required the Reconciler to analyze and comment on some details including operating cost, capital allowance computation, prices and listings by GNPC and the IOCs.

- The findings identified gaps in the legal frameworks relating to capital gains tax, thin capitalization and ring fencing.
- The following recommendations were made to address the gaps:
 - GRA to pursue the issue of capital gains tax on the E.O Group's acquired 1.75% equity and other such acquisitions to its logical conclusion. It may also be prudent for the necessary legislation on capital gains to be streamlined as the E.O Group acquisitions may only be the beginning of such transactions.
 - There is the need to harmonize the provisions in the PITL and the Internal Revenue Act, Act 2000.
 - Legislation similar to the amendment on ring fencing in the mining sector should be introduced in the petroleum industry to production areas to ensure early corporate tax receipts.
 - Since, PRMA became operational, petroleum payments are to be made into the Petroleum Holding Fund. The Bank of Ghana should regularly update the GRA on all payments made by license holders to ensure that receipts are properly provided to these companies.

Selected Slides

OBJECTIVES OF AGGREGATED/RECONCILED REPORTS.

The objectives of the report include the following:

Collect, analyze and aggregate payments made by Oil and Gas companies to the Government of Ghana.

Reconcile Oil and Gas companies' submissions of payments to those received by Government.

Analyze the disbursements to the Ghana National Petroleum Company (GNPC), Annual Budget Funding Amount and the Ghana Petroleum Funds.

Utilize lessons learnt from the Reconciliation process to enhance Transparency in Payments, Receipts, Disbursements and Utilization of these benefits.



The slide gives a description of the objectives the reconciled report to include collection, analyzing and aggregating payments made by oil and gas companies to the Government of Ghana.

PARTICIPATING COMPANIES

Participants in the 2010/2011 reconciliation process:

OIL & GAS COMPANIES	GOVERNMENT AGENCIES
Tullow (Ghana) Limited	Ghana Revenue Authority (Domestic Tax and Customs Division)
Kosmos Energy Ghana HC	Ghana National Petroleum Corporation (GNPC)
Ghana National Petroleum Corporation (GNPC)	Ministry of Finance and Economic Planning (Bank of Ghana)
Saltpond Oil Fields Ltd	Petroleum Commission
Ardenco (Ghana) Limited	Ministry of Energy
Score Oil/Gas Ltd	
ED, Group Ltd	



This slide brings to book participating companies in the reconciliation process. They include Oil and gas companies as well as Government

RESULTS OF RECONCILIATION

Royalty: The Saltpond Offshore Producing Company Ltd paid royalty of US\$ 314,755.73 in 2010.

In 2011 royalty payment amounted to US\$ 123,074,172.40 and was made up of in-kind payment of 1,087,943.13 barrels which was sold by the GNPC for US\$ 122,941,180.00 and payment by SOPCL amounted to US\$ 132,982.40

Carried interest in 2011 was paid in kind with 2,067,087.91 barrels which sold for US\$ 233,587,963.67. There was no payment of carried interest in 2010.

Additional Paid Interest in 2011 was made in kind with 775,157.96 barrels which sold for US\$ 87,595,570.02

Surface Rentals: In 2010, Tullow (Ghana) Ltd, Kosmos Energy Ltd and SOPCL reported payments of US\$ 63,886.85, US\$ 48,753.00 and US\$ 907.00 respectively. In 2011 Tullow Ghana Ltd and Kosmos Energy reported surface rental payments of US\$ 63,886.85 and US\$ 29,427.00 respectively. SOPCL did not report of any surface rental payment in 2011.

Dividends: There were no payments of dividends in 2010 and 2011.

Corporate Tax: No participating company paid corporate taxes in 2010 and 2011 because of the tax status which had unutilized capital allowances and tax losses carried forward.



The slide provides results of the reconciliation. On dividends, it was noted that there were no payments of dividends in 2010 and 2011; and regarding corporate Tax, no participating company was noted to have paid corporate taxes in 2010 and 2011

4.2.3: DISCUSSIONS

Chairman

- All the presentations and discussions going on in this two-day forum are pointing to the fact that there is a bottom line which everyone here is trying to say “*Where is the money?*” Ghana is new in this business of oil and gas, but we have an experience from the mining sector which should guide us to further make rules as to what we should do and not do in the oil and gas industry. Today, we are having a very good indication as to where our country is heading. This exercise does not have the objective of bringing people together to blame which government or institution has not been doing its work, but to increase the knowledge of all of us here to become whistle blowers in a positive manner. In addition, it’s expected to help us explore and look forward as to what guidelines are good enough for the oil and gas industry, therefore nobody should look at transparency in a negative way.

Major Qarcoo (Chairman-PIAC)

- In some instances, companies would fold up or pretend to be folding up and come back as new entities in a short while. This should be checked in the oil industry so that such things are not entertained. Major used the opportunity to clear the air regarding three issues raised by Mr. Asafo Aidoo.
- First, he talked about the capital gain tax and said there is no capital gain tax omission in the Petroleum Income Tax Law (PITL). He added that in their petroleum agreements signed by the Ghana Government, because during the period of signing the agreements, no oil had then been found, the Ghana Government was a little bit too generous. Even though the capital gains tax regime was not affecting the companies, GRA could have used provisions in the Internal Revenue Act 592 to assess them. This could not happen because the Petroleum agreement insulated them from such an exercise. We even attempted to use other use other forms of taxation to see whether they could fall into it, but because of that clause in the petroleum agreement, they were not subjected to that. Hence there was no basis in the law to tax them; taxation is based on law.
- The second point was on Thin Capitalisation. He explained that Thin Capitalisation provisions are in Act 592 but not in the Petroleum Income Tax Law. He added that there is some level of negotiation going on between the Ghana Revenue Authority and the

International Oil Companies (IOCs) to find a common understanding to fix that and get an expression in our laws which would be used to assess them to tax.

- Thirdly on ring fencing, he pointed out the necessity to have a dialogue to find a way of addressing that.

Hon. Joseph Cudjoe (M.P. – Effia Constituency)

- One thing I am fascinated with is the core principles of sustainability of the EITI, because when you look at the financial report, as much as it becomes part of the activities to achieve the objectives of the EITI, it appears too narrow for me. If you are talking about sustainable industry and you use cash payment and receipts and do not include issues on the environment, “I have observed that as smart as any multinational financial expert can be, I can damage your environment at a very great cost and make cash payment to dazzle you”. That is to say, what is the cost of the environmental damage that gives us those kinds of receipts? Come to think of it, you will be surprised to even know that the amount in terms of revenue that could have accrued from fisheries far exceeds that which we are getting from the petroleum revenue. So such report should go back to the core sustainability principles and encompass environmental cost.

“Come to think of it, you will be surprised to even know that the amount in terms of revenue that could have accrued from fisheries far exceeds that which we are getting from the petroleum revenue” – Hon. Joseph Cudjoe

- Subsequent EITI report must seek to achieve high objectivity and clarity

Zakaria Yakubu (KASA)

- I want to understand the legal basis for royalties in the petroleum sector. In the mining sector, it's quiet clear in the law. Is the royalties in the petroleum sector the best practice? Can we begin to recommend a need for legal framework to guide royalties in the oil sector?
- Dissemination of the EITI report is a very good exercise, but my concern is with what we do beyond the report. To what extent have resources for the post-engagement of stakeholders on this report been made available?
- How do we strengthen institutional coordination and bring environmental perspective/cost? For instance, to what extent is EPA involved in these processes? Because EPA also has a different nautical role of monitoring the environment; so how are they coordinated so that we can have a holistic perspective on this?

Responses

Mr. Asafo Aidoo

- Unlike the case of mining, in the case of oil and gas, it is very difficult to get a certain targeted figure because the determination of royalties depends on:
 - whether it is on-shore or off-shore
 - how deep it is

GNPC is technically competent enough to determine the royalties based on these parameters pertaining to the particular oil block.

- The PRMA ensures oversight bodies such as the Investment Committee, which advises the Minister of Finance as to what should be done with the Heritage fund and the Stabilisation fund.
- This EITI report is the maiden one for the Petroleum sector. It was so tough getting data and information from relevant institutions for this report. Certain institutions were adamant. With the new EITI guidelines, the subsequent reports would increase in quality.

Dr. Steve Manteaw

- Dr. Steve Manteaw, on the quality of the EITI report, added that the integrity and credibility of the report is assessed on the basis of the accuracy of tax payers represented in that report. He explained that to the best of his knowledge, neither has the company, government nor civil society disputed the facts and figures presented in the report.
- On dissemination of the report, he indicated that the multi-stakeholder committee is working to it ability, and appreciated the support from the World Bank. He added that it is now left to civil society groups and interested people to make dissemination of the report as part of their work.

Chairman

- Which institution contracted the Boas and Associates for the aggregation/reconciliation?

Response from Mr. Aidoo

- The GHEITI which is head-quartered in the Ministry of Finance has a steering committee. The committee gives out the contract to private companies through advertisements in the newspapers, for the aggregation/ reconciliation. We therefore receive our mandate from the GHEITI steering committee.

Mohammed Amin Adam

- Because we do not have Thin Capitalisation in our PITL, we may have to diversify the rules to ensure that we are able to attract not just the big companies, but also the smaller companies that have demonstrated that they could find and produce oil in our country.

4.3: PANEL PRESENTATION THREE

This session was chaired by Hon. James K. Afedzi, Chairman of the Parliamentary Select Committee on Finance. There were two presentations in this session by Mr. Mohammed Amin Adam of ACEP and Major D.S. Ablorh-Quarcoo of PIAC.

Prior to the panel presentations, the chairman gave a brief presentation on the 2013 Budget Revenue. In his presentation, he observed among others that assuming the projected GH¢ 22,5bn total revenue is collected, Government will be able to pay the recurrent expenditure of GH¢ 20.1bn as and when they fell due. In addition to that, he noted that no new capital projects could be undertaken if loans were not contracted for that purpose.



4.3.1: Presentation by Mohammed Amin Adam (ACEP)

The Public Interest and Accountability Committee- Establishment, Challenges and Recommendations

Key messages

- PIAC was formed and inaugurated by Minister of Finance on 15th September, 2011
- PIAC membership is made up of 13 persons nominated from various organisations and interest groups
- The Committee was set up under the Petroleum Revenue Management Act 2011 (Act 815) with the following objectives:
 - Monitoring and evaluating compliance with the Act by the Government and other relevant institutions in the management and use of petroleum revenues.
 - Providing a platform for public debate on spending prospects of petroleum revenues in line with development priorities.
 - Providing an independent assessment on the management and use of revenues.

Challenges

- Inadequate financial resources for operation
- No functional secretariat until November 2012
- Misunderstanding of PIAC's composition and its role
- No follow-up actions from the Executive on the reports of PIAC until quite recently
- Absence of Legislative Instrument to operationalise the Act
- PIAC has not exploited the provision of consulting widely on best practice related to management and use of petroleum revenues; and the determination of the rules of procedure under which it will operate.
- No procedures on Public Meetings

Conclusions

- Monitoring role and independent assessment requires technical capacity.
- Committee should be transparent and accountable as well as its members to the public and its representative constituencies to build public confidence.
- There is need for a Legislative Instrument to clarify the role of the Committee, funding and its relationship with Parliament.

Selected Slides

The Role of the Public Interest and Accountability Committee

- Section 51 of the Act provides for the establishment of a Public Interest and Accountability Committee (PIAC) with the object to:
 - monitoring and evaluating compliance with the Act by the Government and other relevant institutions in the management and use of petroleum revenues,
 - providing a platform for public debate on spending prospects of petroleum revenues in line with development priorities;
 - providing an independent assessment on the management and use of revenues to assist Parliament in its oversight role

The slide provides the roles of the PIAC and indicates that the main objectives of the PIAC are spelt in Section 51 of the Act.

The Challenge of monitoring institutional compliance

- Access to Government Documents and Records (similar to Commissions of Inquiry in the Ghanaian constitution)
- Access to Documents and Records and communications or correspondences concerning the management and administration of the Petroleum Funds
- Power to compel sworn testimony in relation to officers involved in the management of the Petroleum Fund
- Authority to submit questions to Government institutions and officials regarding management of petroleum revenues and compel answers

This slide shows that the PIAC has several challenges in monitoring institutional compliance.

Challenge on PIAC'S Public Interest Role

53. (1) To achieve its objects., the Accountability Committee shall
- *(a) consult widely on best practice related to management and use of petroleum revenues; and*
 - *(b) determine the rules of procedure under which it will operate.*
 - PIAC has not exploited this provision
 - No procedures on Public Meetings
 - Procedures for announcing meetings in the Gazette or other means or publishing minutes of its meetings
 - As a Public institution, procedures for opening its meetings to public observation unless a close session is warranted by this law or any other laws of the country.
 - Procedures for public participation in such meetings, and through which members of the general public may raise issues for the Accountability Committee's consideration at such meetings or in writing.

In addition to PIAC's challenges to monitor institutional compliance, it also has a challenge of its role in Public interest, and this slide portrays some of the challenges

4.3.2: Presentation by Major Daniel S. Ablorh-Quarcoo (Rtd.) (PIAC)

Public Interest and Accountability Committee Report(s) and Issues Arising

Key messages

- PIAC is required by section 56 (a) of Act 815 to publish semi and annual reports
- Reports issued so far are Annual Report and Semi-annual report in 2011 and 2012 respectively
- Some Programs & Activities implemented include:
 - Publication and launching of first annual report released by PIAC for year 2011 in accordance with Section 56 (a) of Act 815
 - Development and launching of PIAC website (www.piacghana.org)
 - Successfully organised public fora in Takoradi, Kumasi and Sunyani in accordance with Section 56 (c) of Act 815
 - Establishment of PIAC secretariat
- Achievements:
 - Enhanced awareness of the roles and responsibilities of various institutions involved in Petroleum Revenue Management
 - Released of two high quality reports against backdrop of scarce resources
 - Development and Launch of website
- Issues from our reports:
 - Non-payment of Corporate Taxes and Over Estimation of Benchmark Revenue
 - Selection of Priority Areas of Spending by the Minister
 - Transfers to the Ghana Petroleum Funds - this was not done in accordance with the requirements of the law.
 - Dedicated Account to Receive ABFA
- Way Forward
 - The need for high levels of integrity and transparency in this sector cannot be over-emphasized. PIAC therefore has a responsibility to discharge its mandate faithfully in accordance with the requirements of the Law
 - PIAC proposes that there must be an agreed mechanism to fund its operations rather than being left to the discretion of the Executive

Selected Slides

PIAC - Mandate

- PIAC was set up under the Petroleum Revenue Management Act 2011 (Act 815) with the following objectives:
 - Monitoring and evaluating compliance with the Act by the Government and other relevant institutions in the management and use of petroleum revenues.
 - Providing a platform for public debate on spending prospects of petroleum revenues in line with development priorities.
 - Providing an independent assessment on the management and use of revenues.
 - PIAC is required by section 56 (a) of Act 815 to publish semi and annual reports

The mandate of PIAC is noted in this slide to had been set up under the PRM Act 2011 (Act 815) and required by Section 56 (a) of the Act to publish semi and annual reports

Challenges

- Inadequate financial resources for operation
- No functional secretariat until November 2012
- Misunderstanding of PIAC's composition and role resulting in threatened Court action, etc
 - Saltpond Offshore Producing Co. Ltd
 - Ghana National Gas in the Press
- No follow-up actions from the Executive on the reports of PIAC until quite recently
- Absence of Legislative Instrument to operationalise the Act

With its mandate, PIAC is challenged with inadequate financial resources for its operation. In addition to this, the PIAC face several other challenges as indicated by the slide

Way Forward

- The Committee is aware of the high public expectation regarding the utilisation of revenue from exploitation of petroleum resources in Ghana.
- The need for high levels of integrity and transparency in this sector cannot be over-emphasised. PIAC therefore has a responsibility to discharge its mandate faithfully in accordance with the requirements of the Law
- PIAC proposes that there must be an agreed mechanism to fund its operations rather than being left to the discretion of the Executive

In overcoming most of its challenges and living up to standard, the PIAC proposes that there is the need for an agreed mechanism to fund its operation rather than being left to the discretion of the Executive

4.3.3: DISCUSSIONS

Daniel Alimo (STAR-Ghana)

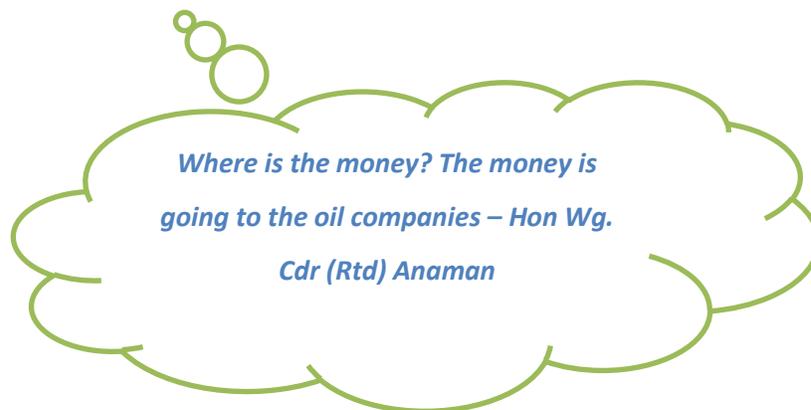
- Do we have a legal basis for allocation of oil revenue to traditional authorities and district assemblies in Ghana?
- Can the institutions of PIAC contribute in financial terms to take care of its activities to promote sustainability?

Dr. Steve Manteaw

- For the minister's discretionary powers regarding the petroleum revenue, there should be provided a time frame. Can the regulations deal with that and cause a long term development plan to be in place so that we 'kill' this abuse of discretion?

Hon. Wg. Cdr. Anaman (M.P. - Jomoro)

- "Where is the money? The money is going to the oil companies" looking at the composition of the PIAC, and considering the fact that from our short time in parliament, I realize that practically, it looks like the PIAC is under the Minister of Finance; and this is an institution that is supposed to be a watchdog for Ghanaians who parliament represent. There is therefore the need to look at the work of the PIAC again. Because, it may happen that maybe some of the institutions which the PIAC is supposed to check would end up funding them; and this would refute their core mandates. The teeth of PIAC would be removed and I wonder how it will be able to bite. The PIAC should be able to stand alone and maybe report directly to parliament.



Hon. Joseph Cudjoe

Is PIAC's role of auditing external or internal?

Nana Adam Eduafo

Is there any representative on the PIAC body who represents issues of fisheries?

Augustine Nwolley

Regarding the payment of compensation, PIAC may need to do something about it because for instance, in the on-going gas processing, some affected people still complain of no compensation.

Responses

Mohammed Amin

- The laws states that there shall not be statutory earmark. Apart from what is picked through the budget, you cannot put any of the oil revenue aside for something else. But section 24 makes provision of exceptional transfers.
 - (1) *Where a transfer is made from the Petroleum Holding Fund for exceptional purposes to refund tax overpayment and to pay management fees, the transfer amount shall represent a reduction of the Petroleum Holding Fund receipts and shall not be considered as part of the allowable transfer under the relevant Appropriation Act*
 - (2) *Where petroleum operations are carried out on-shore, appropriate royalties shall be paid in accordance with relevant laws.*
 - (3) *Where petroleum operations adversely affect a community, appropriate compensation shall be paid for the benefit of the community in accordance with the relevant laws*

Major Ablorh-Quarcoo

- With PIAC membership, the minister or the executive has no hand in picking members and has no authority to change any member. The minister's role is more of ceremonial because he has absolutely no way of influencing the committee as to the trend of work

or membership. The law allows the minister to appoint unto the committee just for purposes of administration.

Chairman

- Regarding the minister's discretionary powers and long term development plan, Section 21(3) states that *where the long-term national development plan approved by Parliament is not in place, the spending of petroleum revenue within the budget shall give priority to, but not be limited to programs or activities relating to (a) Agriculture and industry, (b) physical infrastructure and service delivery in education, science and technology;* among ten others. So in a way, we are limiting the minister to areas where we should use the money for. We should have a national development plan. But now that we don't have, we have these areas to choose from to spend the oil revenue. In the areas that minister chooses, he would select four and send it to parliament for it to be approved or disapproved. The first review would be done in 2014.

Hon. Wg. Cdr. Anaman (M.P - Jomoro)

- I believe that at any point in time, any government in power would pursue its manifesto agenda. I think it's about time that we come out with a long term plan; other than that, the minister will definitely pick something to reflect the manifesto. *"If we don't take care, our oil revenue will be wandering around party manifestos, and as a nation, we will not benefit; then we go back to the question, "where is the money?"*

-

Major Ablorh-Quarcoo

- If we don't take care we will dissipate the oil revenue without getting to see what concrete achievements we made; so it's very important that we focus. Ghana does not have a good rail way system and this could be an opportunity to improve and modernize our railways which will go a long way to help the economy.

Mohammed Amin

- Even though PIAC assists parliament, the standing orders of parliament does not allow them to add on cost to the government budget. So the initiative would have to come from the government and parliament approves. The only way that the executive can fund

PIAC is by discretion. The minister can take care of PIAC under the four priority areas he chooses to spend the petroleum revenue on. If we want funding to be secured outside the discretionary powers of the minister, then it can only be done by the amendment or review of the law.

Chairman

- Article 108 of the constitution did not give much power to parliament to increase budgetary allocations but to decrease. What could be done is that increase is in relation to the global standard. Parliament cannot increase but can make some changes within the various items; so with funding for PIAC, under the four priority areas the minister selects for instance the 2013 one, there was a portion for capacity building including oil and gas. Provisions can be made there to include funding for the activities of PIAC. This is one area we can consider when it comes to the parliament house.

Major Ablorh-Quarcoo

- Considering the law, PIAC's role is more of internal audit, but at the same time serves more as an external auditor. It is actually a hybrid.
- The minister of Fisheries and Aquaculture Development need to present a credible program so that resources would be allocated in the ABFA for fisheries because PIAC on its own can only bring attention to it.

5.0: CITIZENS' PROPOSALS FOR PETROLEUM REVENUE SPENDING

After all the panel presentations and their respective discussions, participants made proposals which were drafted as memo to the Minister of Energy and Petroleum. Dr. Peace Donkor who represented the Minister in the minister's capacity as the MP for Ellembelle District chaired this session. The points noted below were expected to be refined in a subsequent Stakeholders meeting that the organisers of this forum would hold later on. The following issues were proposed:



- The priority areas could be maintained but minister to ensure at least 20% on loans, 50% on roads, and 10% on Capacity Building which must include the Agricultural sector where fertilizer input in addition to fishing input subsidy would be a priority. Additionally, there must be capacity building on

fish farming and other alternative fisheries livelihoods. In the capacity building, it should be ensured that:

- The youth are trained in the oil and gas sector.
- At least, a training school is established in one of the six coastal districts
- More Ghanaians are trained to take over the oil and gas industry to achieve the local content quota
- Invest more revenue in the industrial sector of the economy, such as establishment of Agro industry as well as Waste management/transforming industry
- Infrastructure for Mari culture to be considered

- Health facilities for newly created districts in addition to resourcing the NHIS to cover more ill-related issues must be considered when spending the petroleum revenue
- No new road should be constructed until the already started ones are completed
- Institute scholarship schemes in the oil and gas sector for the youth
- Percentage of the petroleum revenue needs to be allocated to improve livelihood of fishermen (i.e. adequate provision of compensation for fishers who lost their livelihood)
- New skill development and entrepreneurship skills with start up capitals for youth in the fishing communities need to be considered
- Improve education through provision of text books, durable desks, computers, etc.
- Training fishers to adopt modern forms of fishing
- There is the urgent need for a long term development plan relative to the spending of the petroleum revenue; and must be programmed into medium term development plans.
- Need to train more nurses to work in CHPS compound to assist in reducing maternal mortality
- Some of the revenue needs to be used to demarcate Marine Protected Areas which would be devoid of any exploration whatsoever
- There may be the need to consider developing sea defense walls in some fishing communities
- Western regional hospital to be upgraded to the standard where emergency cases for petroleum and mining workers could be treated
- Road infrastructure in the western region need to be developed to accommodate the heavy equipment plying the roads as a result of the oil activities
- Long term national development plan to be made a priority
- Fisheries and aquaculture should be prioritized in the Agriculture area of spending
- Improve educational outcomes to reduce illiteracy rate in the coastal areas of Ghana
- Investment in Natural Resources and Environmental Governance – demonstrate commitment by committing resources through institutional strengthening
- Strengthen mechanism for the prevention and detention of corruption culprits especially in the oil revenue
- Railway infrastructure needs to be enhanced to reduce the pressure on the roads

6.0: COMMUNIQUE DEVELOPMENT

At the end of the two-day workshop, participants unanimously brought their concerns together into a communiqué which was thoroughly discussed and designed. It was then issued through sources like the website of Friends of the Nation (www.fonghana.org) and also circulated to all participants. Below is the finalized version of the communiqué.

COMMUNIQUE

NATIONAL STAKEHOLDERS' FORUM ON PETROLEUM REVENUE MANAGEMENT

SEPTEMBER 11-12, 2013 AKROMA PLAZA HOTEL, TAKORADI

We, participants comprising Traditional Authorities, Members of Parliament, Representatives of Government Agencies, Development partners, Civil Society and Community-based Organisations, Private sector and the Media who gathered at Akroma Plaza Hotel in Takoradi from September 11-12, 2013 to deliberate on the achievements, challenges and lessons learnt of implementation of the Petroleum Revenue Management Act, two years into its operationalization;

Having heard presentations on the achievements, challenges and lessons learnt pertaining to the management of Ghana's Petroleum Revenues;

Taking cognisance of the strengths of the Petroleum Revenue Management Act, 2011, Act 815 evident in provisions relative to strict controls for withdrawals, conservative range of investment instruments; mandatory auditing and reporting; strong theme of transparency; as well as provisions on public access to information about petroleum revenue management;

Appreciating that petroleum revenue receipts and allocations so far has been published as required by the Act;

Recognizing that without aligning petroleum revenue expenditure to a long term development plan and ensuring the efficient utilization of petroleum revenues, our dream of enhancing the development outcomes of petrol exploitation will be lost on us;

Convinced that the establishment of the Public Interest and Accountability Committee as an additional public oversight in the revenue management in Ghana is one of the surest way for escaping the resource curse trap that many oil producing countries have fallen to;

Acknowledging that the implementation of the Extractive Industries Transparency Initiative (EITI) re-enforces existing provisions in law and on-going initiatives to better management of resource;

Conscious of the fact that the offshore exploitation of petroleum resources poses significant threats to fishing, coastal livelihoods and the environment, evidence of which are manifesting themselves in current operations;

Appreciating the role that the German Development Agency (GIZ) and Friends of the Nation played in organising the Forum;

Acknowledging the role that Parliament plays in legislation, as well as ensuring the transparency and accountability in Petroleum Revenue Management;

Determined to exercise our democratic rights as citizens to participate in decisions around the management and spending priorities of petroleum revenues.

We recommend as follows:

1. Government reconsiders its decision on the Constitutional Review Commission recommendations relative to the development of a long term plan and to expeditiously take steps to develop a long-term development framework in line with the provisions of Act 815 to guide the productive and efficient utilization of petroleum revenues;
2. Government initiates action to amend portions of the Act such as Sections 21 to establish a time frame for the preparation of a National Development framework and the elimination of the phrase *but not limited to* in subsection 3 which opens up possible areas to infinitum and set aside statutory funds to mitigate the impact of the oil & gas on fishing and coastal livelihoods;
3. Minister of Finance expedites the development of regulations to supplement and strengthen the PRMA and to ensure the discretionary powers assigned the Minister are checked;
4. Government provides the necessary resources for PIAC and all institutions with responsibilities under Act 815 and ensures that it has the required capacity to carry out their responsibilities effectively;

5. Parliament should strengthen its oversight role on revenue management especially discussing PIAC reports, Auditor Generals' report and other relevant institutional reports;
6. Government as part of petroleum revenue allocations considers priority projects for the Western Region and especially communities within the six coastal districts since the impact of oil & gas operations are prominent in these areas;
7. Government provides enough resources for the development of the fisheries sector through capacity support for diversified livelihoods, subsidy on fishing input, establishment of marine protected areas, resourcing of Fisheries Commission to function efficiently.
8. Projects funded from loans collateralized against future oil and gas revenues must be guided by transparent procurement processes and strict time lines set for the completion of those projects.
9. There must be value for money audits on all projects funded with oil and non-oil revenues as pre-condition for the release of funds.

In conclusion, Civil Society Organizations as well as Members of Parliament who participated in this Forum resolve as part of their activities to disseminate and engage relevant stakeholders on EITI and PIAC reports.

Signed

Communiqué issued at the end of a 2-day National Stakeholders' Forum on Petroleum Revenue Management held from September 11 – 12, 2013 in Takoradi

NAME	INSTITUTION	SIGNATURE
Alberto Koko	Forest Watch Ghana	
Emmanuel Y. Kwofie	CEMAGS	
Wisdom Quakwa	UCSOND	
EDWARD BORDES	CEMAGS	
Zakaria Yakubu	KASA	
Cisca Sarfo Addai	CS Platform on oil and gas	
Banner Frank	PUSUP- Ghana	
Elizabeth Ayang	Public Agenda	
Steve Manteau	ISODEC	
Emelia Abaka -Edo	Fishmonger	
Augustine A. Nwille	CEMAGS	
Nana Oyo Tueda Dovi	Friends of the Nation	
Bernard Nab Yankum	Friends of the Nation	
Juliet Okyea	Friends of the Nation	
Kofi Mensah	Friends of the Nation	
Edward Taylor	Friends of the Nation	
Kwesi R. JOHNSON	Friends of the Nation	
Gladys Wetsi	FRIENDS of the Nation	
Sarah Agyiliha	PCC	
NANA KWESI ASYEMAN IX	Pr. Western Region ADUPE OF CHIEFS	
NANA ADAM EGUMFO	G.N.C.F.C / F.W.G	
NANA KIRIK MENSAH	Fishmonger West coast coast.	
NANA KWAMENA NINELUM	SHAMA TRAD. Council	
OSEI YAW OWUSU-BEKYERE	CONSERVATION FOUNDATION (CF)	
D. A. Mensah	Friends of the Nation	
Ambae Anwar Agye III	WIM Trad. Council Bayin	

Communiqué issued at the end of a 2-day National Stakeholders' Forum on Petroleum Revenue Management held from September 11 – 12, 2013 in Takoradi

NAME	INSTITUTION	SIGNATURE
Ng Cdr <u>FK Anaman (Retd)</u>	<u>Parliament</u>	
<u>Alima Sadiq A.S.</u>	<u>Dept Comm. Dev't</u>	
<u>John Ekabor</u>	<u>Cemag</u>	
<u>Abdul Salam Mohammed</u>	<u>Global Communities</u>	
<u>Emmanuel Osuablonie</u>	<u>Cemags</u>	
<u>Ayisha Matuamo Mahama</u>	<u>Akats West Dist. Assembly</u>	
<u>Marwin James Dadzie</u>	<u>The New Crusading Guide</u>	
<u>Yaw Sarko-Afraye</u>	<u>EPA</u>	
<u>Dr. Peace Donkor</u>	<u>Ellembeké MP/PPC</u>	
<u>Solomon Kusi Ampofo</u>	<u>Friends of the Nation</u>	
<u>Kennedy Kuni Marshall</u>	<u>Wa Com</u>	
<u>Daniel Ntiatchi Andoh</u>	<u>Cemags</u>	
<u>Ishmael Mensah</u>	<u>Cemags</u>	
<u>J. F. Sambey</u>	<u>GNCFC</u>	
<u>Nana Ekow Essoun</u>	<u>GNCFC</u>	
<u>Kweka Tankyi Kessie</u>	<u>Parliament</u>	
<u>Ellis Antomah</u>	<u>TVC (Ghana)</u>	
<u>Kyei Nyarko</u>	<u>CAED</u>	
<u>Henry A. Okunse</u>	<u>PENAF</u>	
<u>Alex Subah</u>	<u>Fisheries Comm.</u>	
<u>Nema Koko Kendra</u>	<u>GNCFC</u>	
<u>John D. Eshun</u>	<u>CEMAGS</u>	
<u>ASHTRKH M.B. IBN HASSAN</u>	<u>YOUNG MEN'S MUSLIM ASSOC'</u>	
<u>Patience Attipoe Gbogbo</u>	<u>Green Earth Org.</u>	
<u>Mike Abaka-Edu</u>	<u>GNCFC - CEMAGS</u>	
<u>Theophilus Boachie-Tiamon</u>	<u>Friends of the Nation</u>	

Communiqué issued at the end of a 2-day National Stakeholders' Forum on Petroleum Revenue Management held from September 11 – 12, 2013 in Takoradi

NAME	INSTITUTION	SIGNATURE
Daniel Alimo	STAR-Ghana	
John De Groot-Ababou	Sonnoo Bell	
Samuel R.O. Larbi	NRCC	
Timothy Ayemson	CEMAG (SDA)	
Joseph Isaiah Mensah	CEMAG (SDA)	
Francis Binney	CEMAG (SAA)	
Osei-Akoto Tiyantak II	COLANDEF (CSO)	
Jordan C. I. Ocran	ASSEMBLYMAN (PASI - NORTHERN)	
JAMES F. BOSOLOIT	CEMAG	
SMARI-ABBET APIMATU	WERENGO	
Kofi Nkumson	CEMAG	
Kyi Kwadwo Yamah	TOH	
Quame Mensah	WERENGO	
Ezebunawu G. N	Akpan Ikoku College of Education	

CLOSING

The two-day forum came to an end at 5:00pm on September 12, with Dr. Steve Manteaw moving for the closure of the forum and being seconded by Abdul Salam of Global communities. Much appreciation was expressed by most of the participants for the podium created for such information sharing. Most of the participants therefore requested more of such sensitization and information sharing platforms.

APPENDICES

Appendix 1:

Welcome Address by Donkris Mevuta, Executive Director, Friends of the Nation



STAKEHOLDERS' FORUM ON PETROLEUM REVENUE MANAGEMENT:

Two years into Petroleum Revenue Management: Achievements, Challenges and Lessons Learnt

Date: September 11-12, 2013

Venue: Akroma Plaza, Takoradi

Protocols: Honorable Minister for Energy and Petroleum, Honorable Western Regional, Members of Parliament, Awulaes, Nananom, Representatives of Government Agencies, Civil Society Organisations, the Private sector and the Media, Ladies and gentlemen

It is with great pleasure that I welcome you all to the Stakeholders' Forum on Petroleum Revenue Management.

Since the last six years when commercial quantities of oil & gas were discovered at the Jubilee field and subsequently many other locations, the dynamics of this city in particular and the Western Region has a whole changed significantly. Sekondi-Takoradi which used to be called the Twin City has now been christened the Oil City. This signifies the level of expectations that the people from this region has from the harnessing of our oil & gas resources.

Though many Civil Society Organisations such as my own Friends of the Nation have undertaken several outreach programmes to lower and manage expectations, the citizenry are still very expectant drawing from the many promises that Politicians continue to give them.

These expectations can only be realized if the country put in place sound economic and good governance policies to ensure the translation of the oil wealth into real socio-economic development and livelihoods enhancement for the citizenry.

Nana Chair, since the discovery and subsequent production of oil, there has been some positive and negative impacts. The positives are a boost of economic activities in the region particularly in the hospitality, aviation, real estates and many others industries. In spite of these the prices of goods and services are relatively higher. Coastal and fishing communities on the other hand have also complained about the interference of oil production with fishing activities. There have been reports of destruction of fishing gears and vessels by support and oil exploration and support vessels. Some minor pollution has also been recorded and communities have also complained of receipt of low compensation for the destruction of their farms for oil & gas projects.

These impacts draw attention to the fact that the revenues that are generated from the oil & gas resources need to be used judiciously to address the numerous development challenges facing our people.

Many of the citizenry keep asking us where the oil money is and what it has been used for.

This two-day Forum therefore provides a platform to discuss achievements as well as challenges that have arisen from Petroleum Revenue Management in the past two years. We have the opportunity to share best practices and assess the chosen approach to manage the receipt and use of petroleum revenues. What have we learnt from the past years, and what needs to be changed or addressed further?

I strongly believe the discussions will be very rich and provide significant input for policy review or formulation and I am looking forward to interesting debates as well as a fruitful exchange of thoughts.

Thank you.

Appendix 2:

Statement by Michael Ohene-Effah, Governance Adviser, DfID

Stakeholders' Forum on Petroleum Revenue Management

Friends of the Nation

11 September, 2013

Takoradi

Michael Ohene-Effah

Governance Adviser

UK's Department for International Development

The Hon. Regional Minister

H. E. The German Ambassador

MPs

Nananom

Friends from Civil Society

Ladies & Gentlemen

Achievements

Ghana's laws are sufficiently robust. Framework for revenue management ok.

The Current Framework

In 2011, reports by the Government indicated that a total of USD 131.3 million was paid by the country's mining companies to the government as revenue, accounting for an estimated 14% of the country's total internal revenue.

All of this mine revenue is paid to the Large Tax Unit of the Internal Revenue Service, which then dispenses the money into the Consolidated Fund.

Of this sum, 80% is retained by the government and used for general budget support. 10% is dispensed into the Mineral Development Fund (MDF), which is ostensible used to help fund public mining sector institutions and for funding ad-hoc flagship projects in mining communities. It is important to note that the MDF was explicitly formed not only to promote development in

local mining communities, but also to *compensate* the same communities for the costs associated with mining.

The remaining 10% of the mining revenue is transferred on a quarterly basis to the Office of the Administrator of Stool Lands, which, in turn, dispenses the money directly to beneficiaries at the grassroots, according to a formula outlined in Section 267(6) of the Minerals and Mining Act 2006.

- This stipulates that the office retains 10% of the monies awarded to cover administrative expenses,
- 25% is provided to the traditional authority for “the maintenance of the stool”
- 20% to the traditional authority himself; and
- 55% to the District Assembly located within the area of authority of the stool lands.

In 2011, out of the USD 131 million received by the government from mining royalties, USD 13.1 would have been dispensed into the MDF and an additional USD 13.1 awarded to the Office of the Administrator of Stool Lands, who retained USD 1.31 million for covering their running expenses and distributed USD 3.275 million to the traditional authorities for the maintenance of the stool, USD 2.62 million to the chief themselves, and USD 7.205 million to the District Assemblies within the jurisdiction of the traditional authority.

Challenges

‘The framework followed in Ghana for decentralizing mineral revenues faces serious criticisms in being able to catalyze local economic development in communities affected by mining. The system puts into the hands of traditional authorities and district assemblies a share of the mine royalties earmarked for local economic development. It is a setup, however, that is undermined by a tendency for elite capture, and it may contribute to political corruption at the community level. While we lack extensive evidence for these problems, because of the difficulties in undertaking more thorough empirical research, there is certainly a widespread view that the use of mining wealth at the community level lacks basic accountability and it leaves decision making processes almost entirely ‘in the hands of the local elites’

‘The outcome of this situation is disappointing economic and social development, and also factionalism and distrust between communities and those who are supposedly operating in their interest. Another outcome is that the expectations placed on mining companies to support local communities have increased.

DFID’s Proposed Programme

The Current Situation

A lot of CSR funds are being pumped into the Western Region by oil and gas companies and service providers (total CSR expenditure in the mining industry in 2011 was reported to be \$24 million), but these initiatives are;

- Not joined-up
- Not inclusive of all segments of society and
- Not geared towards sustained transformational growth

The Coastal Foundation

The Coastal Foundation is a catalytic programme about effective use of Corporate Social Responsibility funds for development, conflict-prevention and growth in Ghana's oil-producing Western Region. The main feature is a structured dialogue mechanism which brings together civil society, the private sector, regional and local governments. Through an innovative community dialogue structure, ideas, suggestions and concerns from all of the region's concerned residents will be channeled regularly to the Foundation dialogue forum.

It is DFID's hope that by using the dialogue forum and supporting analytical work to guide use of CSR funds, programmes will be better targeted, better coordinated and better managed. Perverse incentives will be minimized and state legitimacy will be increased, not undermined. This benefits the residents of the region, improves the image of the private sector and Ghana's government and acts as the best safeguard of an industry with a present turn-over of more than £2 billion.

DFID will be working jointly with oil & gas companies and other start-up partners who may express an interest in the near future to establish the Coastal Foundation as an NGO – the most cost-effective model currently in use in the Ghanaian extractives industry. Thus the management arrangements of the Foundation are designed to enable participation by other interested parties.

DFID's role is that of a "neutral broker". We help to set-up the Foundation and will pay for initial running cost. It is anticipated that the Foundation will be useful for the duration of the 30-40 years which oil and gas production is expected to last.

Objectives

The Foundation has three core objectives:

- First to manage the dialogue forum
- Second, to discuss and influence development priorities for the Western Region, including how best Oil and Gas companies' Corporate Social Responsibility funds can contribute to stable and inclusive development of the region.
- Third, the Foundation will have resources to explore options for adding value to new or already existing initiatives in the region in areas such as private sector development, education and skills training and livelihood.

Implementation Strategy

The Foundation will develop a strategy to open up new markets to coastal communities, and improve education and skills training opportunities to ensure that young people are provided with enhanced employment opportunities in the future. Both of these strategies will be supported through grants to private sector or NGO delivery agencies, or through local government.

A one year Inception Phase will allow for operational analysis to identify exact focus and additional opportunities.

Dialogue Structure

The Dialogue Structure will have two key elements that are new to the region:

- a) The *Western Region Coastal Citizens' Oil and Gas Advisory Council*, to be managed by a specially appointed Secretariat supported by pro-active dialogue with organisations in every social sector in the coastal Western Region.
- b) A Community Conversation that will connect this regional dialogue with residents of communities across the six coastal districts.

The Community Conversation involves discussions with every single resident in given locations across the six coastal districts through a network of mobile facilitators and community volunteers. By having community-based conversations well-articulated with a multi-sector Advisory Council at regional level, the dialogue structure will be well-placed to tackle a range of issues, informed by multiple perspectives, for example, the development of well-understood and trusted oil-spill response strategies that are formulated with the full participation of citizens' groups.

The Community Conversation is based on trust rather than representation; the extent to which existing structures such as Unit Committees, adult education officers or chiefs' town development committees are trusted to work within this system *will need to be decided in each community*.

What will change as a result of DFID support?

Stability and inclusive growth prospects for Ghana's Western Region will increase, through the four sub-result below:

- In the short-, medium and long-run, conflict risks will decrease, which is a generic good and has major financial and environment returns in terms of safeguarding oil production (present turnover from oil production alone is above £2 billion)
- Growth and employment prospects will increase through better planning and development, addressing local barriers to growth and improved education (primary, Secondary and vocational). As local skills develop, industry value-chains will increasingly be localized, to the benefit of residents as well as companies.
- Livelihoods of negatively affected communities, mainly fishermen and farmers will be improved through better targeted support and programmes from both CSR initiatives and government interventions.

State credibility and legitimacy will increase. Through targeted, focused support to the Western Regional government and local governments, support from government and industry CRS funds will be coordinated in line with their respective comparative advantages.

Appendix 3:

Statement by Siegfried Leffler, Country Director GIZ

STAKEHOLDERS' FORUM ON PETROLEUM REVENUE MANAGEMENT

Theme: Two years into Petroleum Revenue Management: Achievements, Challenges and Lessons Learnt

September 11th and 12th 2013

Akroma Plaza, Takoradi

Nana Chairman, Honorable Deputy Regional Minister of the Western Region, Representative Minister for Energy and Petroleum, Honorable Western Regional Members of Parliament, Awulaes, Nananom, Representatives of Government Agencies, Civil Society Organisations, the Private sector and the Media,

Ladies and gentlemen, and all protocol observed

After such an impressive opening speech I am more than ever convinced that Civil Society in the Western Region has at least one strong voice that will be heard near and far.

It is with great pleasure that I welcome you all to the Stakeholders' Forum on Petroleum Revenue Management. I wish to express my profound gratitude to Friends of the Nation for organizing this workshop that seeks to promote the good governance agenda.

The discovery of oil and gas in commercial quantities and subsequent production over the last two years is an important landmark in Ghana's history. Following this, and having many other examples throughout the world in mind, Ghanaians and the international community are looking at Ghana on how it decides to use the petroleum revenues to further transform its economy. Managing expectations and introducing the legal and regulatory framework (to ensure transparency and accountability) for this sector are two of the many challenges with which Ghana is faced.

As Ghana is in the process of developing the necessary frameworks to manage its petroleum resources, we are happy to note the progress made so far;

I therefore congratulate Ghana for passing the Petroleum Revenue Management Act, 2011, Act 815, that determines the framework within which the country's petroleum revenues will be managed in an efficient, transparent and accountable manner.

I also commend the Government of Ghana for establishing the Public Interest and Accountability Committee (PIAC) as part of the framework to serve as a *Public Oversight body* to ensure compliance of the Act. These significant cornerstones of the overall framework are definitely in line with international best practices and set a good example for other oil producing countries to emulate.

GIZ, as the technical assistance institution of the German Development Cooperation, acts in general on behalf of the Federal Ministry for Economic Cooperation and Development of Germany. We seek to enhance sustainable development and resource management in

countries of the Global South and engage in fields such as good governance, economic development, education, environment, energy, agriculture and health. Our work in Ghana is firmly embedded within the country's poverty reduction strategy, which aims to achieve sustainable, equitable economic growth and accelerated poverty reduction in a democratic environment. In order to attain the desired impact of our work, GIZ partners and cooperates with state and non-state actors, including Friends of the Nation.

We are currently supporting Friends of the Nation in establishing a knowledge hub in the Western region, addressing information gap issues on natural resources governance and to further promote communication and effective dialogue among stakeholders in order to also address the legitimate interests of the affected communities. It is within this context that GIZ is supporting today's National Forum in the Western Region bringing together relevant stakeholders to discuss and deliberate on the question of "*how were petroleum revenues managed in the last two years*"

This stakeholder's forum and our cooperation with FoN are integral parts of the Good Financial Governance Program of GIZ, which offers technical advisory services and training on public financial management systems to the Ministry of Finance and Planning and the Ghana Revenue Authority, and thus contributing to Ghana's Shared Growth and Development Agenda beyond 2013.

Ladies and gentlemen, I am very excited that this forum is taking place in Takoradi, the capital of the Western Region and center of the emerging oil & gas industry. This event offers a unique opportunity to bring together key partners of the sector: state and non-state actors as well as members of parliament, traditional leaders, District and Metropolitan assemblies and international partners and donors.

In the next two days, we will have the opportunity to share our experiences and assess the management of petroleum revenues and its utilization in regard to the further development of Ghana's set goal to diversify more the economy and create jobs for Ghanaians.

We cannot discuss these issues at any better time and place, especially when the PIAC is confronted with challenges to execute its mandate.

I am very confident that given the persons present today at this venue, the discussions and deliberations will prove to be very insightful, providing significant recommendations for an eventual policy review and / or formulation and even amendment to the relevant Ghanaian legislation. I am looking forward to a fruitful exchange of thoughts.

I sincerely hope that this Forum is the beginning of a prosperous and sustainable dialogue for the next years on the Country's management of its petrochemical sector, and thus ultimately to the benefit of Ghanaians and the Ghanaian Economy.

I am convinced that once again Ghana will prove to be an example for many others to follow.

Thank you for your time and attention.

Appendix 4:

Address by the Deputy Western Regional Minister, Hon. Alfred Ekow Gyan

ADDRESS DELIVERED BY THE DEPUTY WESTERN REGIONAL MINISTER, HON ALFRED EKOW GYAN AT A STAKEHOLDERS' FORUM ON PETROLEUM REVENUE MANAGEMENT HELD AT AKROMA PLAZA HOTEL, TAKORADI ON WEDNESDAY ON WEDNESDAY, 11TH SEPTEMBER, 2013

Mr. Chairman,
Hon. Minister for Energy & Petroleum,
Your Excellency, The German Ambassador to Ghana,
Nananom,
Development Partners,
Management/Staff of Friends of the Nation,
Participants,
Invited Guests,
Members of the Press
Ladies and Gentlemen:

I am grateful for the opportunity to be part of this programme.

Mr. Chairman, the discovery of oil in commercial quantities in 2007 and subsequent production in the last quarter of 2010 has raised expectations among the citizenry, especially with regards to increased economic growth in the areas of revenues, jobs, infrastructure development and downstream economic opportunities.

On the whole, revenues from the sector have tremendously contributed to the national economy. However, what is yet to be fully realized is the contribution to the economy of the Western Region.

For the Region to maximize the benefits from the oil and gas industry, it will need a very highly-skilled man power that can be engaged in the technical, administrative and managerial echelons of the oil industry. Many a time, extractive industries offer jobs to the catchment areas, but only in the menial jobs. Such personnel have little or no input in decision making, thereby making the community worse off. Hence a local human resource base in the managerial and administrative levels will be directly involved in decision making and will apparently initiate and strongly support decisions that favour the local community. This calls for acquisition of skills in engineering, human resource management, law and the likes to equip the people to be relevant in the global oil and gas industry. Because the earnings of a labourer or even an administrator and that of a technical person in the industry can be very far apart.

Again, the Region will manage the development of supply chain strategies that maximize value, provide clear, coherent, and effective supply chain management processes from requisition to

contract close out to reap full benefits from the sector. Other services in this regard will be to provide a market intelligence, supply chain processes, contracting documentation and supplier management. The introduction of a demonstrable continuous improvement programme through decreasing quick turn-around times, streamlining work processes, and working collaboratively to provide seamless, high quality customer service will also go a long way to position the Region in a better stead to maximize the benefits from the oil and gas industry.

An improved hospitality industry, with best practices and high quality customer care will tilt benefits in favour of the Region. Most companies in the oil and gas industry are not readily prepared to go into real estate. They are however eager to house their workers, largely expatriates, in hotels and apartments. It is therefore incumbent for people in the Region to invest in hospitality through mergers and partnerships. This is an area whose returns will be tremendous and will offer the locals a fair share of the oil revenue if the right investment is made. In addition to these, there should be recreational facilities and tourist sites very accessible and well-marketed so that workers, mostly adventurous, will visit the places and spend money to grow the local economy, rather than flying to towns and cities outside the region to spend weekends.

Another area that the Region can position itself to maximize benefits from the oil and gas industry is by proper management, use and lease of land. Land should not be disposed off with careless abandon. As a gift of nature, outright sale of land should be discouraged. Land owners could rather use their property as equity in a partnership so that succeeding generations will also benefit from it. Landowners, who have limited capacity on land issues, should engage professionals such as lawyers, surveyors or valuers in any transaction about land so that they get value for money. They should also ensure that their interest is protected at all times. Communities along the catchment areas of the oil and gas industry must clearly demarcate land boundaries, establish the rightful ownership and document them to forestall some of the land litigations that characterize acquisition of land by prospective investors.

The Government, through the various Assemblies, has been sensitizing land owners on the proper use, management and disposal of land to prospective investors and will continue to do so to uphold the interest of local communities.

Since the oil production is likely to affect the livelihood of people in the catchment area, Government is in collaboration with development partners and non-governmental organisations to fashion out an alternative and sustainable means of livelihood for people who will be directly affected so as to mitigate any adverse effects thereof.

I also believe that we need to learn the best practices from other oil producing countries, where the host community has been able to maximize benefits from the industry to replicate it here.

Thank you for the invitation and it is my hope that your discussions will inure to the benefit of the people in the Region.

Appendix 5:

Key Note Address on Behalf of the Minister for Energy and Petroleum

KEYNOTE ADDRESS BY MR. ALEXANDER KYEI ON BEHALF OF HON. EMMANUEL ARMAH – KOFI BUAH (MP) MINISTER FOR ENERGY AND PETROLEUM AT A STAKEHOLDERS FORUM ON PETROLEUM REVENUE MANAGEMENT AT AKROMA PLAZA, TAKORADI, WEDNESDAY, SEPTEMBER 11, 2013

MR. CHAIRMAN,

NANANOM,

EXECUTIVE DIRECTOR, FRIENDS OF THE NATION,

THE COUNTRY DIRECTOR, GIZ,

HEAD, DFID,

MISSION DIRECTOR, USAID

FRIENDS OF THE MEDIA

DISTINGUISHED INVITED GUESTS,

I wish in the first place, to extend the apologies of my Minister, Hon. Emmanuel Armah-Kofi Buah, who was scheduled to be here for this forum but was unable to do so because he had to accompany the President on a foreign assignment. He has, therefore, asked me to stand in to present his address.

Mr. Chairman, it is an honour for me to be part of this important forum on the theme: Two Years into Petroleum Revenue Management; Achievements, Challenges and Lessons. As a Ministry we are very much delighted to be part of this forum and are indeed pleased to share with you our experiences since Ghana started producing oil in commercial quantities in December 2010.

Mr. Chairman, it is sad to state that the impact of continued natural resource exploitation in Ghana and Africa, on the socio-economic development of our countries, has been minimal, if not negative, in most cases. The mining activities have made very little impact on the transformation of our economies; neither has the degree of backward integration from the exploitation of minerals to the domestic economy been significant. At this time that some of the mineral reserves are getting depleted, we run the risk of some of our towns becoming “ghost towns” because nothing was put in the local economy while the communities are plagued with issues of environmental degradation, unemployment, and poverty.

Mr. Chairman, much of the successes or failures of resource rich economies to sustain growth is due to how the rents from natural resource extraction are saved and invested.

The petroleum Revenue Management Act 2011 (Act 815) provides clearly defined guidelines for managing revenues from the upstream petroleum sector. It also commits the bulk of the oil revenues to finance investments in human resource development and other productive infrastructure such as education, health and agriculture. With regard to the portion of the

revenue that goes into the stabilization and Heritage Funds, there is an Investment Advisory Committee that advises on how the funds should be invested. The Act also makes provision for a Public Interest and Accountability Committee (PIAC), a citizens-based committee responsible for an independent oversight of the management of petroleum revenues as well as for consulting the public on setting priorities for the spending of petroleum revenue.

Mr. Chairman, some measures taken by the Ministry of Energy and Petroleum to ensure transparency in the oil and gas sector include:

- Publication of all Petroleum Agreements on its website;
- The establishment of an Independent Information Centre to provide information on oil and gas; and
- The training of journalists and parliamentarians on oil gas under Oil and Gas Capacity Building Project (OGCBP).

Other measures by the Ministry of Finance include;

- Publishing all oil production data in the national dailies and
- Submission to parliament of an annual report on the Petroleum funds

Mr. Chairman, it is also worth noting that some extractive companies as part of their Corporate Social Responsibilities provide some form of social infrastructure such schools, boreholes, scholarships and sponsorship for social events. While this is commendable, it is important that the projects are aligned with the development priorities of the beneficiary communities to prevent conflicts between the companies and the local authorities.

Mr. Chairman, in this regard, as part of government policy, we recently organized training in Corporate Social Responsibility under the Oil and Gas Capacity Project. We also plan to create Community Information and Recourse Centres in coordination with the Regional Coordinating Council at the regional level in Takoradi, as well as through satellite offices in the six coastal districts of the Western region. These centres will provide a one-stop shop for information flow with public agencies and will work closely with the Community Environmental Management and Governance Committees.

Ladies and gentlemen, the economic significance for Ghana of Jubilee production, the resultant level of public interest in the petroleum sector, sustained increase in global energy prices, and the spectacular Macondo oil spill in 2010, has stimulated a re-evaluation of the sector and brought about some changes.

Industry Reforms

Mr. Chairman, following the oil discoveries it has become necessary to restructure the industry to reflect the vision for the energy and petroleum sector and to bring it abreast with international norms and best practice. The first two years was thus watershed years for policy, legislative and institutional reforms designed to ensure that benefits of Oil & Gas development are maximized for Ghanaians. The Government has taken steps towards addressing the following challenges:

- Managing oil and gas revenue judiciously for the overall benefit and welfare of all Ghanaians including future generations
- Protection of the environment in the exploitation of the oil resources to ensure sustainability

- Strengthening the regulatory agencies for the regulation of all activities related to upstream, midstream and downstream oil and gas industry
- Ensuring maximum participation of Ghanaians in petroleum activities
- Ensuring security for oil and gas industry installations and operations
- Establishment of a regulator for players in the upstream sector; and
- The establishment of an Enterprise Development Centre here in Takoradi for SMEs in the Petroleum sector to enhance their skills to participate in the oil and gas sector

Specifically, the review has included the establishment for a Petroleum Regulatory Commission, formulation of the Local Content Bill that is currently before Parliament, review of the Exploration and Production Law 84, and of course, the enactment of the Petroleum Revenue Management Act (PRMA, Act 815).

The establishment of the Petroleum Commission to regulate the upstream sector has left the Ministry to focus on policy issues and GNPC playing the commercial role. The law establishing the Ghana National Petroleum Corporation (GNPC) is thus being reviewed to focus it on its commercial role. The aim is to enable GNPC undertake roles in the whole value chain in the petroleum upstream sector as an operator, with its own resources, in the near future. A restructuring of the organization is currently underway to enable it fulfill the above aim.

With the significant discoveries and commencement of production in 2010, the public demand for information and analysis of the sector has grown exponentially. GNPC has responded to the public demands by making it a responsibility to regularly inform and engage with various stakeholders on most aspects of its operations that are of interest to the public.

The Ministry wishes to assure the public that it remains relentless in ensuring that GNPC remains compliant with its constitutional and statutory transparency and accountability reporting obligations.

The Model Petroleum Agreement which is the template/basis upon which all Petroleum Agreements are negotiated is also under review.

This review will result in the following:

- A concise Model Petroleum Agreement;
- Ease of Petroleum Contracts Monitoring and Management;
- Drawn lines of distinction between Regulations/Guidelines and Agreements; and
- Predictability of the upstream sector

ACHIEVEMENTS

Distinguished invited guests, apart from the Jubilee discovery in production, GNPC and its partners have recorded twenty three (23) new discoveries to date. These discoveries are at various stages of appraisal and development. The appraisal and development of discovered fields provides opportunities for public private partnerships to support increasing activity including pipelines and processing plants, new oil refining capacity, power generation, fertilizer production and petrochemicals to feed both domestic and export demand.

Jubilee Field

Ladies and gentlemen, the Jubilee Field straddles between the West Cape Three Points Block (WCTP) operated by KOSMOS and the Deepwater Tano Block (DWT) operated by Tullow. The Petroleum Agreement for the WCTP was signed in July 2004 while that of the DWT was signed

in March 2006. The Jubilee discovery was made in June 2007. The field is located 63km offshore Ghana at average water depth of 1,200m.

Post Unitization interest holding for the Jubilee Field is as follows:

- Tullow – 34.70%
- Kosmos – 23.29%
- Anadarko – 23.49%
- GNPC – 13.75%
- Sabre – 2.81%
- E.O. Group – 1.75%

This was based on the assumption of 50% Original Hydrocarbon Initially in Place (OHIP) in WCTP and 50% OHIP in DWT. In December 2011, a redetermination of the OHIP was undertaken and it was observed that the OHIP in WCTP and DWT was 45.63% and 54.37%, respectively. This therefore changed the interest holding for the Jubilee field as follows:

- Tullow – 35.48%
- Komos – 24.08%
- Anadarko – 24.08%
- GNPC – 13.64%
- Petro SA – 2.73%

E.O. Group offloaded their shares to Tullow while Petro SA joined the consortium by acquiring Sabre's share. GNPC has 10% carried interest and 3.64% additional interest.

Jubilee commenced production in November 2010 at 25,000 Barrels of oil per day (BOPD). Production ramped up to October 2011 with an average daily production rate of 80,000 BOPD. Jubilee field started experiencing pre-mature production decline from November 2011. The field production declined from the October 2011 average daily production rate of 80,000 BOPD to about 63,000 BOPD end July 2012.

GNPC and the Jubilee Partners have successfully arrested the pre-mature production decline of the Jubilee field and increased daily production rates to 110,000 barrels of oil per day. This improvement is as a result of successful acid stimulation operation performed on five (5) of the nine (9) Jubilee production wells.

As of 4th August 2013, Jubilee field had produced over 74.0 Million barrels of oil (MMBO) and about 13.0 being the share of the Ghana Group (i.e. Government and GNPC).

In terms of revenue, in 2011 total revenues amounted to US\$444.12 million; in 2012 it was US\$ 541.07 million. As of end-June 2013, total oil revenue for the year was US\$422.76 million dollars.

In order to improve production and extend the production plateau considerably, an addendum to Jubilee Field Phase 1 Plan of Development (Jubilee Phase 1A PoD) is being implemented with the drilling of additional 8 wells (made up of 5 oil producing wells and 3 water injection wells), and the installation of additional subsea facilities. It is worth noting that some of the oil producing wells have been designed as horizontal wells to enhance well productivity.

The Phase 1A project is estimated to cost approximately \$1.2 billion and will take a total of eighteen (18) months to complete. It is expected that three (3) of the five (5) oil production wells and one (1) of the three (3) water injection wells will be drilled, completed and hooked up to the

FPSO Kwame Nkrumah in the coming weeks. Recoverable resource estimates within the field remain unchanged.

Ghana's total petroleum production is set to further increase with the recent signing of the plan of Development (PoD) for the Tweneboa, Enyenra and Ntomme (TEN) project and on-going negotiations for the finalization and signing of the PoD of the Sankofa oil and gas field. The development of these two fields is critical to our long term gas security particularly for our thermal plants.

Ladies and gentlemen, the de-risking of the petroleum basins in Ghana has resulted in an upsurge in new investor interest in Ghana. Thus, apart from the 23 new discoveries there are 8 pending petroleum agreements, 2 of which are currently before Cabinet.

As part of our quest to increase reserves, we intend to drill 6 slim holes in the Voltaian basin by the end of 2013. This will be followed by the acquisition of 2D seismic data prior to licensing of blocks to prospective applicants.

Challenges

Mr. Chairman, apart from the pre-mature decline of production rate that was successfully arrested the sector has also experienced other challenges.

The completion of the gas infrastructural project to harness the gas from the Jubilee field and other future fields has also encountered a few challenges. The project has delayed from the planned completion date due to the lack of disbursement of the CDB loan and this has affected the anticipated benefit the country expected to obtain from the gas endowment. Nevertheless, significant efforts have been put in place now that the funds are available to address this challenge. The project is currently being executed in manner to ensure it is completed as early as possible.

There have also been recorded incidents of fishermen operating near the Jubilee Platform. Education of fishermen has been intensified and regular monitoring is being undertaken to avert disasters that may result from offshore hydrocarbon exploitation facilities and fishermen operations. This calls for the collaborating efforts of everyone.

The availability of the needed human capacity in-house to meet the expectations of the Oil Industry is also of concern to the sector. With the support of our donor partners, capacity building in all sectors of the petroleum value chain has been embarked and it is expected that there would be adequate Ghanaians to hold various positions in the Oil industry. The Local Content Bill currently before Parliament, when passed would task the Oil Industry to seek the services of these skilled Ghanaians.

Lessons Learnt

Ladies and gentlemen, as a nascent industry like the petroleum sector, we were bound to encounter some teething problems and we have definitely learnt a couple of things from that. Therefore plans of development from upcoming fields are well scrutinized to ensure challenges faced under Jubilee are not repeated. Enough field studies are undertaken to gain adequate information prior to production. Issues with HSE have also been intensified and the Petroleum Commission is gradually asserting itself as a regulator to ensure that sanity prevails within the sector.

Ladies and gentlemen, from the above narrative, it is clear that we have, as a country made progress in the sector and with vigilance and hard work, we can do better. It is pledge of the Ministry to continuously prosecute our mandate and ensure that the hydrocarbon resource inures to the benefit of all Ghanaians.

Mr. Chairman, I wish to commend the Friends of the Nation for organizing this forum to enable all of us to share ideas and best practices in the use of our oil revenues. Obviously, after almost three years of operating the PRMA we all have ideas to share on the way forward.

At this juncture, I wish all of you very fruitful discussions and sharing of ideas.

THANK YOU.

**Appendix 6:
List of Participants**

No	Names	Organization	Position
1.	Nana Kwamina W	Shama Trad. Council	Chief
2.	Dr. Joe Amoako Tuffour	ACET	Senior Advisor
3.	Kofi Nkumson	Jomoro Dist. Assembly	Assembly member
4.	Alex Kyei	Ministry of Energy	Advisor
5.	John Degraft Abotar	Jomoro Dist. Assembly	District Project Officer
6.	Afia Ayarna	KASA/CARE	Intern
7.	Albert Katako	CARE	
8.	Dr. Peace Donkor	Ellembelle MP Office	Administration
9.	Patience Attipoe	Green Earth	Project Officer
10.	Emmanuel Y. Kwofie	CEMAG Axim Assembly	Chairman
11.	Emelia Abaka Edu	GNCFC	Konkohema's coordinator
12.	Edward Bordes	CEMAG Ahanta West	Chairman
13.	Allan Lassey	GIZ	
14.	James F. Bogoloh	CEMAG	Organizer
15.	Joseph F Ebambey	GNCFC	Secretary
16.	Daniel N Andoh	CEMAG Ellembelle	Chairman
17.	Ishmael Mensah	CEMAG Ellembelle	Secretary
18.	Kweku Tackyi Kessie	MP	
19.	Ellis Ankomah	TUC (GHANA)	Regional Secretary
20.	Augustine Niber	CEPIL	Executive Director
21.	Cisca Sarfo Addai	PWYP	Program Officer oil n Gas

22.	Nana Kojo Konduah	GNCFC	President
23.	John D Eshun	CEMAG	Member
24.	Hon. James k Avedzi	Parliament	Chairman, Fin. Comm
25.	Augustine Nwolley	CEMAG	Member
26.	Ken Noonoo	Tullow	
27.	Zakaria Yakubu	KASA	
28.	Smart Abbey Alimatu	WERENGO	
29.	Nana Ekow Essounn	CHIEF Fisherman	Chief
30.	Nana Kwesi Agyeman IV	WRHC	Chief
31.	Emmanuel Ohene Marfo	Fisheries Commission	Deputy Reg. Fisheries Officer
32.	Wilson Arthur	SKYY Power FM	CEO
33.	Nana Kofi Nketsia	CHIEF	Chief
34.	Nelson Oppong	ACEP	Independent Researcher
35.	Aboagye Boampong	Nana Kobina Nketsia trust	Aid to Nana Nketsia
36.	Yaw Sarfo Afriyie	EPA	Director
37.	Michael Ohene Effah	DFID	Governance Advisor
38.	Hon John Ekobor	CEMAG	Member
39.	Capt. William Thompson	Ghana Maritime Authority	Deputy Director
40.	Hon Wg Cd (rtd) Anaman	Parliament	MP
41.	Hon Joseph Cudjoe	Parliament	MP
42.	Samuel R. O. Larbi	WRCC	R. B.O
43.	Adwoa Oye Acquaye	Ghana Gas	PFO
44.	Emmanuel Otoo	Stool	BDO

45.	Stefanie Simon	Stool/GIZ	DA
46.	Emmanuel Osublone	STMA	Assemblyman
47.	Dr. Kwabena. Donkor	Parliament	
48.	Mark Turkson	Mexx multimedia	Creative Director
49.	Nathaniel Boateng	Mexx Multimedia	Camera Operator
50.	Moses D Aklobortu	Graphic	
51.	Marlvin James Dadzie	New crusading Guide	Regional Correspondent
52.	Williams Peters	TV3	Regional Correspondent
53.	Ray Agbenyega	Ghana Palaver	Regional Editor
54.	G.K. Nyani	Dispatch	Editor
55.	Thomas Smith	GNA	Journalist
56.	John K. Koomson	Assemblyman New Takoradi	Assemblyman
57.	Richard Acquah	Radio Silver	Reporter
58.	David Acquah	TV3	Cameraman
59.	Nana Adjoa	Radio Maxx	Reporter
60.	Kwesi Adjei Annim	Viasat 1	Reporter
61.	Nana Yaw	Viasat 1	Cameraman
62.	Kofi Damoah	TV Africa	Cameraman
63.	Kwabena Ayim	TV Africa	Reporter
64.	Yaaba Nyamekeh	New Statesman	Regional Correspondent
65.	Nicholas Marks	Skyy TV	Cameraman
66.	Eric Kofi Donkoh	Skyy TV	Cameraman
67.	Gabriel Dedu	World Bank	Governance Specialist
68.	Kennedy Kusi Mashall	WACAM	Programme

69.	Doe Precious	Global Offshore Petroleum Service	HRM
70	Abdul Salam M.	Global Communities	Programme Coordinator
71.	David Osei	WAPCA	Field Agents Coordinator
72.	Kofi Mensah	F.o.N	P. Driver
73.	Aikins Samuel	CRC	P. Driver
74.	Nana Efua Ewur	F.o.N	Project Officer
75.	Edward Taylor	F.o.N	Project Driver
76.	Timothy Ayensu	CEMAG	Member
77.	Dr. Steve Manteaw	Civil Society Platform on Oil & Gas	Chairman
78.	Alimatu Sadia	Department of Comm. Dev't	D.C.D
79.	Kofi Agbogah	CRC - Ghana	Director
80.	Balerty Gormey	CRC	Programme Officer
81.	Peter Trenchard	USAID	Ag Office Director
82.	Thomas Chen	U.S. Embassy	Comm. Officer
83.	Kwabena Adom Opare	USAID	Trade Officer
84	Elizabeth Ayamga	Public Agenda	Project Officer
85.	Daniel Alimo	STAR-Ghana	Civil Society Support Officer
86.	Nana Adam Eduafo	GNCFC/ FWG	Chief Fisherman
87.	Hon. Joseph Isaiah Mensah	CEMAG	Member
88.	Hon. Francis Biney	CEMAG	Member
89.	Samuel okae	USAID	
90.	Alex Sabah	Fisheries Commission	Regional Director
91.	Kate Seto	UC BENKELEY	
92.	Albert Puni	UPSA	

93.	Ayisha M. Mahama	AWDA	ADPO
94.	O.Y.Owusu-Sekyere	Conservation Foundation	Executive Director
95.	Kojo Asafo Aidoo	Boas and Associates	Consultant
96.	Awulae Amihere Kpanyile III	ENTA	Omanhene
97.	Alfred Ekow Gyan		W/R Minister
98.	Michael Arthur		Kyzz Fm
99.	Kobina Acquah	Democrat / Yes Fm	Reg. Reporter
100.	Kwame Malcolm	Twin City	Morning Show Host
101.	Patrick E. Arthur	Metro TV	Reporter
102.	Ato- Djan	Radio Shama	Reporter
103.	Major D. Ablorh-Quaicoo	PIAC	Chairman
104.	Graciela Boateng	Public Agenda	Reporter
105.	Wisdom Quaiku	UCSOND	President
106.	Awulae Annor Adjaye III	WNTC -BEYIN	President / Paramount chief
107.	Mohammed Amin Adam	ACEP	Ex. Director
108.	Sheikh M.B. Ibn Hassan	Federation of Muslim Council	P.R.O.
109.	Abaka-Edu Mike	GNCFC/CEMAGs	Executive Member
110.	Henry A. Okine	PENAF	Program coordinator
111.	Kwame Mensah	WERENGO	Coordinator
112.	John Kwofie	House of Chiefs	
113.	Osei –Akoto Nyantakyi	COLANDEF	Program coordinator
114.	Danny Kirk Mensah	FWG	Chairman
115.	Donkris Mevuta	FoN	Executive Director
116.	Theophilus Boachie-Yiadom	FoN	Project Officer

117.	Kyei Kwadwo Yamoah	FoN	Program Coordinator
118.	Solomon Kusi Ampofo	FoN	Project Officer
119.	Juliet Okyere	FoN	Front Desk Manager
120.	Nana Efua Tweba Ewur	FoN	Program Coordinator
121.	Bernard Yankum	FoN	Accounts Officer
122.	Gladys Wetsi	FoN	Fin. & Adm. Manager
123.	Anna Maria Hoerlin	FoN/GIZ	Development Advisor
124.	Elisabeth Wagner	FoN/GIZ	Development Advisor
125.	Micheal Ohene-Effah	DFID	Governance Adviser
126.	Andrew Karas	USAID	Acting Country Director
127.	Siegfried Leffler	GIZ	Country Director
128.	Alfred Ekow-Gyan	WRCC	Deputy Regional Minister
129.	Alexander Kyei	Ministry of Energy and Petroleum	Representative of Minister

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