

**WELCOME ADDRESS BY MOHAMMED AMIN ADAM, EXECUTIVE DIRECTOR OF
THE AFRICA CENTRE FOR ENERGY POLICY AT THE INTERNATIONAL
CONFERENCE ON INTERNATIONAL TRANSPARENCY INITIATIVES**

ACCRA

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Madam Chair, Honourable Ministers of State, Honourable Members of Parliament, Officials of State Institutions, Executives of Oil and Mining Companies, Civil Society Organizations, Members of the Media, Distinguished Ladies and Gentlemen.

On behalf of the Africa Centre for Energy Policy (ACEP) and our supporting partners Ibis Ghana and Oxfam, I will like to officially welcome you distinguished ladies and gentlemen to this international conference which is being attended by stakeholders in the extractives industries from Ghana, Liberia, Mozambique, Europe and the United States.

This conference comes at a time of significant efforts by global partners to put an end to secrecy in the oil, gas and mining industries. The objective of the conference is to provide platform for exploring accountability opportunities offered by international initiatives like the EITI, the Dodd Frank Reforms Act of the United States and the most recent European law on Payment disclosure. These initiatives in our view hold significant implications for resource rich countries in Africa, most of which lack good governance frameworks for harnessing their resource potential for the development of their citizens.

Most resource rich countries in Africa have therefore been associated with the “curse” of resource management in which people live in abject poverty, plagued by conflicts, ignorance, illiteracy and disease in spite of their resource wealth.

It is important to recognize however that some resource rich countries in Africa especially the emerging oil producers such as Ghana as well as potential producers like Liberia, Sierra Leone, Mozambique and Kenya, are making serious efforts at providing mechanisms for the promotion of transparency in the energy industry. Some of them

have already joined the EITI and have become compliant countries. In Liberia and Sierra Leone for instance, they have further provided for mandatory contract disclosure in their laws.

Our country Ghana, has also been seen as an example of a resource rich country determined to break away from the curse, and has recently been lauded for developing a transparent framework for managing its petroleum revenues.

In spite of these efforts, there remain significant challenges that need to be addressed if Ghana is to move to the comfort zone.

Ladies and Gentlemen, whilst testifying before a US Congress sub-committee of the Foreign Affairs Committee two weeks ago, I mentioned that Ghana still faced serious risks with oil and mineral resource management due to the country's inability to extend transparency to the whole extractive industries value chain. For instance, there is no open tendering or bidding process for acquiring prospecting or exploration rights in both the oil and mining industries. Companies and individuals are awarded licenses through an administrative process. There is also no mandatory contract disclosure and some petroleum contracts published recently were done at the discretion of the Minister of Energy. Beneficial owners are not disclosed, which promotes rent seeking behaviour. The absence of competition and transparency in the licensing regime strengthens a perception of "too lucrative legal benefits for firms". Mining deals remain confidential, which provides opportunities for hidden benefits to companies as well as avenues for tax evasion.

The issue of tax evasion has become alarming with Ghana reported by the Global Financial Integrity to have lost about US\$4.9 billion through illicit financial flows including lost revenues from resource taxes between 1970 and 2008. The Government of Ghana also estimated in the 2012 Budget Statement that Ghana loses about US\$36 million annually from the mining sector through abusive transfer pricing. This raises issues of corporate transparency and corporate tax responsibility, two important issues that have engaged global attention on the mechanisms to expose the enemies of resource rich countries including their collaborators in the host countries.

Distinguished participants, these are the most important reasons that make the international transparency initiatives more relevant to our circumstances.

I will like to state at this point that we have confidence in the ability of our Government to change a course for the good of our country.

We at ACEP have recently been encouraged by policy directives issued by the President of our Republic only three days ago directing the Ministries of Energy and Petroleum and that of Lands and Natural resources to map out potential areas of resource accumulation; and to adopt a public auction process for licensing concessions. These directives are welcome, much more progressive and will enhance transparency and accountability in Ghana's licensing regime.

However, we want to draw attention to the fact that there exists no framework for implementing these directives especially the one on open and competitive bidding process. For this reason, we wish to encourage the Ministry of Energy and Petroleum to lay the new Petroleum (Exploration and Production) Bill before Parliament as a matter of urgency to create the framework necessary for implementing the President's directive. Similarly, the Ministry of Lands and Natural Resources should engineer amendments to the Minerals and Mining Act of 2006 to allow for an open and competitive procedure for granting mineral concessions.

Madam Chair, distinguished ladies and gentlemen, I have raised very important issues but I have no solutions readily for most of them. However, I am very confident that the two panels we have today which will feature seasoned experts will provide these solutions. The first panel will consider the status of international transparency initiatives on payment disclosure, and the second will look at accountability mechanisms in these initiatives for African citizens of resource rich countries.

Ladies and Gentlemen, let me commend you at this point all for accepting our invitation. And whilst I wish you a rewarding and informative conference, I will like to once again say a big welcome to you all.