

SPEECH BY PRESIDENT OF THE GHANA CHAMBER OF MINES, JOHAN FERREIRA, ON THE OCCASION OF THE OPENING OF THE 1ST ECOWAS MINING AND PETROLEUM FORUM & EXHIBITION (ECOMOF).

6TH OCTOBER, 2015

Your Excellency, the President of the Republic of Ghana, John Mahama,
Your Excellency, the President of ECOWAS, Kadre Desirè Ouedrago,
The Honourable Minister of Lands & Natural Resources, Nii Osah Mills,
The Honourable Minister of Petroleum, Emmanuel Armah Kofi Buah,
The Commissioner for Trade and Industry, AU, Your Excellency Mrs. Fatima Acyl,
Ministers of Mines & Petroleum from our West Africa neighbouring countries,
Captains of the Mining Sector in the Sub-region,
Members of the Diplomatic Corps,
Nananom,
Honourable delegates,
Our colleagues from the media,

Distinguished guests, ladies & gentlemen.

On behalf of the Council and members of the Ghana Chamber of Mines, I wish to add my word of welcome to you all and to the first edition of the ECOWAS Mining and Petroleum Forum & Exhibition (ECOMOF).

It is logical for this umbrella event bringing together players, regulators and civil society in the mining as well as oil and gas sectors to deliberate on pertinent issues that will create durable value across host countries in the West Africa sub-region. As the issues are trans-national, forums such as this allow for generating ideas as well as knowledge sharing on how countries have been successful at addressing some of the inherent challenges affecting the optimal realization of value in the extractive sector of West Africa. The theme: *‘Valorizing West Africa’s Mineral & Petroleum Resources through Regional Cooperation’* - is therefore quite apt.

According to recent statistics, Africa, especially West Africa, has achieved enviable growth, mainly on account of its extractive industry. However, the last couple of years have brought about headwinds in the industry, necessitating the sub-region to deliberate on how it can confront the challenge of declining mineral and oil prices as well as the reduction in investment within these sectors, which have a direct correlating impact on the economies of host countries.

Without a doubt, Africa is endowed with significant mineral resources. However, the key question is: “How can our respective countries leverage the extractive resources for sustainable economic development?” This rhetorical question has been the subject of a litany of studies and theses. The common thread running through their conclusions and recommendations are the following:

- Good governance of the sector with transparent and effective utilisation of extractive revenues;
- Deliberate efforts to integrate the extractive sectors into the host economy, encompassing private enterprise growth and local content stimuli as well as localisation of labour;
- Appropriate and mutually beneficial fiscal regime for both investors and host country;
- Effective participation of indigenes in the extractive sector as well as the formalisation of artisanal and small-scale mining.

Whilst these are critical success factors, host countries have a responsibility to provide the enabling environment for the extractive sector to thrive. Some of the important infrastructure prerequisites are:

- Adequate, reliable and competitively priced power
- Efficient rail system for transportation of capital goods and particularly bulk minerals and materials.

In addition to infrastructure, a country’s competitiveness for Foreign Direct Investment is largely dependent on its ability to provide a predictable framework within which investment would be paid back. Given the relatively high risk nature and the huge capital outlays required in the extractive sector, a predictable framework for considering licenses and permits is crucial.

We therefore implore host governments to institute a predictable permitting regime for the mutual benefit of investors and host countries. On our part, the Ghana Chamber of Mines is working with the Ministry of Environment, Science, Technology and Innovation as well as the Environmental Protection Agency to implement a transparent permit tracking system.

Your Excellencies, in addition to permitting, power is a key driver of economic growth and development. A major constraint for African countries striving to reach full middle income status is the lack of adequate, reliable and competitively priced power. As we make the journey to full middle income status, we certainly need to ensure that the mining industry pays cost reflective tariffs to promote its competitiveness ability to enhance capacity by creating employment and value for the country.

In Ghana, on the local content front, the mining industry is pleased to note that we have made good progress through our collaboration with the Minerals Commission and we pledge to work more closely with the Commission, the Ministry of Trade and Industry as well as the Association of Ghana Industries (AGI) and possibly the Ghana Standards Authority to grow and develop the manufacturing, fabrication and service sector of the country.

To fully develop this partnership with the AGI, the industries supplying goods and services and value to outputs also require adequate and competitively priced power to optimise the full benefit that the presence of the extractive industry brings.

Mr. Chairman, I wish to state with pride the Ghana Chamber of Mines' efforts in persuading the government of Ghana to sign on to the Extractive Industry Transparency Initiative (EITI), the global standard for good governance in the extractive sector.

Ladies and Gentlemen, whilst the EITI demands transparency on fiscal receipts and payments, its focus on the utilisation at the national level is rather limited. We therefore recommend that West African governments institute mechanisms that make it mandatory for the state to disclose its uses of revenue from the mining industry.

I wish to commend Ghana's Ministry of Lands and Natural Resources and the Minerals Commission for introducing the Minerals Development Fund Act which gives legal backing for returning a proportion of mineral royalties to both host communities and resource mining related institutions. It is our expectation that if implemented well, the law will address the developmental challenges in host communities. The industry will complement this endeavour with its own voluntary social investments in host communities to provide support and capacity through foundations and other mechanisms.

In conclusion, I wish to reiterate the leading role that the mining industry plays in the economy and wish to reinforce this with the following performance statistics relating to 2014. The mining industry:

- Contributed 18% of the Ghana Revenue Authority's Domestic tax
- Returned 77% of mineral revenue to the country
- Delivered 34% of the gross merchandise exports

In spite of this sterling performance, the Ghana Chamber of Mines is committed to continually identifying ways of how the mining industry can continue to bring value to the country beyond the payment of taxes, royalties, and levies.

Areas that come to the fore include capacity building, skills, technology transfer and supply chain development.

Ladies and gentlemen, it is obvious that we will be unable to optimize the benefits of mining if we do not collaborate through partnerships among investors, governments, communities, and civil society. Each stakeholder has a vital role to play in working together with other parties to deepen the benefits of mining in a manner that is mutually beneficial to all stakeholders.

On this note, I wish us all a fruitful conference and may the Good Lord bless us all. Thank you so much for your attention.