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## **Saving Ghana from Its Oil: A Critical Assessment of Preparations So Far Made (Pp. 1-16)**

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### **Abstract**

*Oil discoveries in many resource-rich countries in Africa and beyond have often led to the erosion of democratic processes and institutional structures. The 'resource curse' syndrome manifests itself not only through the technical challenges of monetary and fiscal policy decisions but also through the disregard of governments for collective decision-making in a participatory democracy. This paper critically assesses the preparations so far made in Ghana following the discovery of oil in commercial quantities in 2007 and argues that even though Ghana is expected to start its first commercial oil production by the late 2010, the country is not really ready to do so. To save the country from its oil, it recommends the need for transparency in the preparatory processes towards the oil production to prevent cover-up for corruption and unaccountable governance. The study also argues that unless Ghana listens to its citizens and increase the degree to which the citizens are able to exercise control over the government whether directly or indirectly through parliament, the nation may be heading for a disappointment.*

### **Introduction**

A historical account of attempt to explore oil in Ghana dates far back to the nineteenth century but frantic efforts by successive Ghanaian governments to discover oil in commercial quantities commenced in the early sixties. The Ghana National Petroleum Corporation (GNPC) was established in 1987 by

the Provisional National Defence Council (PNDC) government to embark on petroleum exploration. The Saltpond Fields, which currently produces about 600 barrels of crude oil a day, is the product of such efforts (Manteaw, 2009). Just as many governments did in previous times, the administration of former President John Agyekum Kufuor worked tirelessly in the search for oil until its effort was crowned with success with the discovery of oil in commercial quantities west of Cape Three Points in the western region of Ghana in 2007.

General studies on natural resources have focused on how to sustain development in mineral economies (Auty, 1993) as well as the paradoxes associated with oil discoveries. In this regard the works of (Lynn, 1997), Gelb (1988), Humphreys et al. (2007), etc comes to mind. Works and earlier studies in Ghana on the nation's oil discovery in commercial quantities have also mainly focussed on how to manage the expectations of people (Anaman, 2008 and Asante, 2009); deal with potential sea-conflicts (Jonah, 2010); utilize the proceeds in order to save the country from the resource curse syndrome (Moss and Young, 2009) (Asafu-Adjaye, 2009); as well as the inter-sectoral impacts of oil production in Ghana (Asafu-Adjaye, 2010).

These studies do not really focus on preparations that oil discovering countries must undergo before actually going into production. Ghana is recognized as an oasis of peace in a sub-region bedevilled with several violent conflict related to elections, natural resources, like oil, diamond, gold, etc. Given the potential of oil find to degenerate into conflict as the experiences of Nigeria and other countries show, it would have been useful for studies to have been conducted on the preparations so far made by Ghana to ensure that her oil find does not result in a curse. However, the earlier studies have not focussed on Ghana's preparations to pump her oil as well as the challenges of oil find to governance and democratic development. Meanwhile, as we will find later in this paper, the discovery of oil in commercial quantities in Ghana before exploration has suddenly resulted in some level of opacity and lack of transparency in governmental efforts regarding the oil find and measures being put in place to ensure that it does not result in resource curse. This paper therefore critically examines the country's preparations so far made and some of the challenges posed to governance and democracy by the oil discovery in Ghana.

A study conducted by Oxfam America in 2008 revealed that Ghana's oil still remained a major challenge to Ghana's democratic governance, and that there was a huge disconnect between political rhetoric and processes

unfolding in the oil and gas sector, with citizens' lack of information on development in the sector being of most concern. The study would rely a great deal on the findings of the Oxfam America study that put forward recommendations for addressing some of the governance challenges currently faced by Ghana as the country prepares to pump its first oil in commercial quantities in the third quarter of 2010.

### **Measures to Prevent a Resource Curse**

In order not to repeat the mistakes of many oil rich developing nations for whom the discovery of oil has been more of a curse than a blessing, the government of Ghana and its development partners scheduled a consultative Oil for Development Forum on the 25<sup>th</sup> and 26<sup>th</sup> of February, 2008. The conference was designed to benefit from the experiences of oil producing countries and to collate stakeholder views for input into the development of a national oil and gas policy.

Civil Society participation in the consultative national forum was very limited, with only a handful of representatives of organized Civil Society groups receiving official invitation to the forum (Manteaw, 2009). As part of a strategy to reclaim and open up the space for the democratic participation of Civil Society in the consultation process, a preparatory workshop sponsored by Revenue Watch Institute, Oxfam America, the Catholic Relief Services and other organizations was organized to collate Civil Society views and concerns to feed into the national forum (ibid).

The prime objective of the preparatory meeting was to educate Civil Society on oil production and development issues on the basis of international best practice, and to formulate a set of Civil Society demands on the planned Oil for Development Forum. The meeting was also intended to serve as the rallying point for the few Civil Society representatives invited to the national forum to carry the voices of the many who had been denied the opportunity to participate in the national consultative process (ibid). Though the workshop had been conceived purely as a Civil Society event, it drew interest from the Steering Committee of the Ghana Extractive Industries Transparency Initiative (EITI) and the Parliamentary Select Committee on Mines and Energy; and both groups opted to join. Participants were therefore drawn from the Ghana EITI Steering Committee, Members of Parliament, legal experts, economists, Community Based Organizations (CBOs), experts from academia and various NGOs working in diverse thematic areas

including the environment, revenue and expenditure tracking as well as anti-corruption campaigning.

The workshop culminated in the adoption of a Civil Society communiqué which was subsequently presented to the National Oil for Development Forum. Another important outcome of the meeting was the consensus built among parliamentarians, the EITI Steering Committee and Civil Society to sustain their engagement and possibly, to institutionalize the platform for the purpose of information sharing and dialoguing on issues of mutual concern.

For many Ghanaian Civil Society groups, Ghana stood at a threshold of making a giant leap into its dream of becoming a middle income nation in the shortest possible period (Asante, 2009). However, this to many experts, was contingent on a number of factors, including the development of the needed human resource capacity, the proper sequencing of the policy, legal and regulatory framework for managing the oil and gas sector, the development of strong and effective local content provisions, and the transparent management of future oil revenues.

At the time of the forum, Ghana had been implementing the Extractive Industry Transparency Initiative for close to four years. It was therefore also hoped that the findings of both the fiscal and process audit of the mining sector would guide the formulation of the governance arrangement for the oil sector (Asafu-Adjaye, 2009).

### **The Expectation of Ghanaians**

#### *The Discovery*

The discovery of oil in commercial quantities West of Cape Three Points, now christened 'Jubilee', marks a turning point in Ghana's long search for hydrocarbons off the country's coast (Manteaw, 2009). There has of course been an earlier discovery off the Saltpond coast but that is currently producing a mere 600 barrels per day. It is estimated that Jubilee will produce about 120,000 barrels per day by 2011 (Asafu-Adjaye-2009). Though this comes nowhere near the Saudis, Nigeria and even Angola, for most Ghanaians, it is the best thing that has happened to the nation since independence. The news has been greeted with a great deal of euphoria and enormous expectation. The IMF predicts that government revenues from oil and gas could reach US\$20 billion over the production period of 2012–30. But whether or not Ghana will be able to use its newly found potential wealth to fundamentally transform its economy, generate growth, and reduce poverty among its people depends on several factors, most prominent of them

being the establishment of a sound and a robust governance arrangements for the sector, the transparent management of future revenues, the government's ability to maximize benefits in addition to revenue maximization, as well as the effective local content provisions in policy and in practice (Humphreys et al., 2007).

Ghana's oil at its Jubilee Fields straddles two oil blocks in the deep Atlantic waters off Ghana's western coast, approximately 63 kilometres (39 miles) from the coast and 132 kilometres (83 miles) southwest of Takoradi in the western region. The exploration of the West Cape Three Points block was led by Kosmos Energy, an American company which signed a contract for the block in 2004. The neighbouring deepwater Tano block is led by the Anglo-Irish company, Tullow Oil, and covers the other portion of the Jubilee Field discovery (Manteaw, 2009). Exploratory drilling by Kosmos and later, Tullow in 2007 (the Mahogany and Hyedua Wells) and further appraisal wells have confirmed the significant size of the discovery, estimated by Tullow at between 600 million and 1.8 billion barrels of oil. It has been described as a world-class light crude discovery, with its lightness compared to that of Brent, and projected to sell at parity with the Brent oil market benchmark price. Results announced in December 2008 by Tullow suggest that proven reserves – now at 600 million barrels – could eventually reach more than 1.2 billion barrels. The field is also rich in gas, with an estimated 800 billion cubic feet of gas in the field as a whole.

The discovery of oil in Ghana's Jubilee Field holds some promise. All Ghana needs to do is to try to avoid the "Resource Curse" and to do this, lessons abound in the sub-region namely, Nigeria, Equatorial Guinea, Sudan, Chad and many more. The term 'resource curse' is commonly used to describe the mismanagement of natural resource revenues and its tendency to generate social conflict, political intransigence, unaccountable governance, authoritarianism, and worsening conditions of life of the people in the face of abundant natural resource rents.

### **The Policy, Legal, and Regulatory Framework**

The policy, legal and regulatory framework within which natural resources are exploited are key determinants as to whether or not the resource owner is able to maximize benefits from the resource exploitation. The policy statement or document must necessarily articulate the vision of the state in terms of what role it expects natural resources to play in the economy, while specifying how the laws operationalize the policy and the accompanying

regulations apply the laws (Ministry of Energy, 2009). By the nature of their inter-relationship, it is important to properly sequence the development of the framework such that a certain reasonable level of consistency is built into its components to ensure a smooth working internal relationship within the framework (Asante, 2009).

In this area, Ghana appears not to be fully prepared. In deed, the nation has not paid much attention to this aspect of its natural resource governance and as a result, passed a mining law before finalizing a mining policy. The mining sector has therefore to date, operated as an enclave economy that is not linked organically to the rest of the national economy (Manteaw, 2009).

Perhaps, if Ghana has had a policy which envisaged a gold sector that is fully integrated into the national economy, it might have taken some of its royalty in kind rather than in cash and would have fed the raw material into the jewellery manufacturing industry. The effect would have been an enhanced value of the country's gold exports, while the value addition would have created jobs and bestowed tax opportunities for the state. Currently, Ghanaian jewellers depend largely on scrap gold for their manufacturing activities.

It was therefore encouraging that the Kufour-led government found it expedient to organize a national consultative forum to gather input into a national oil and gas policy. This important need of sequencing, however, does not appear to have been taken note of as Ghana designs its governance arrangements for its emerging oil and gas sector. Currently, the government appears to be working on the policy and legal framework in tandem, and it is possible that some amount of consistency would be lost in the process. Some have argued that any inconsistency between policy and the laws that will operationalize the policy could be cured at the final stage of their preparations when the two are reviewed jointly; but the extra time and expense could have been avoided if the two processes were sequenced.

Again, the manner in which the national consultative forum was organized raised questions about the commitment of the then government to a genuine, broad and deep consultation process. Participation was highly restrictive. Opposition political parties were sidelined. Civil Society had little opportunity to make an input during the five-day programme. Indeed, Civil Society Organizations in Ghana including key ones like the Institute of Economic Affairs (IEA-Ghana), the Centre for Democratic Development (CDD-Ghana), the Centre for Policy Analysis (CEPA), etc have expressed disappointment at the exclusive nature of the forum and called for genuine

and open consultations, which in their view, is necessary in fostering national ownership of the outcome of the consultation process. In spite of assurances of opening up the consultations at the sub-national level, not much changed.

If indeed, Civil Society Organizations are the true representatives of a cross section of the ordinary citizenry, then their exclusion from the processes implies the sidelining of the views of the ordinary people. Given how revolts led by ordinary people in other oil rich African countries have destabilized those countries, Ghana may not really be ready to produce and export oil if democratic consolidation and stability is cherished. In other words, being an emerging democracy, the nation must ensure openness and inclusion of all shades of opinion and inputs in drafting the legal and regulatory framework for Ghana's oil. Anything short of this means the nation is fully prepared and may be heading for a problem.

### **The 2008 Political Transition and the Preparations towards Oil Production**

Issues about Ghana's oil discovery was key in the electioneering campaign messages of the 2008 presidential hopefuls prior to the conduct of the General Elections in Ghana, particularly during the IEA-Ghana sponsored Presidential Debates. This was crucial because whoever won the election was going to have "ATM machine on his veranda" (Ahwoi, 2008). Indeed, the contentions thrown up by the election results were arguably borne out of the presumption that whoever won the elections would have access to handsome future revenues that could help the perpetuation of their stay in power, especially by bringing about the slightest improvement in the quality of life of the people.

At the time of the elections, a draft National Oil and Gas Policy and a draft National Petroleum Regulatory Authority bills were in place, with the Kufuor-led government bent on adopting the policy and passing the regulatory bill into law under a certificate of urgency, which was one of the reasons Parliament was to re-convene immediately after the elections (ibid). The elections re-run appears to have scuttled these plans, and the political transition truncated the processes that were to lead to the establishment of the necessary policy, legal and regulatory framework for Ghana's emerging oil sector.

The new National Democratic Congress (NDC) government was faced with a choice of continuing with the processes began by the previous government or starting an entirely new process. This became an issue because apparently,

the previous government did not adopt a multi-partisan and a truly national approach to its processes and the consequent alienation of the biggest opposition party (now in government) appeared to have left the new government in the lurch. Added to this was the fact that the presidential control over the process led to little or no retention of institutional memory and capacity within the Ministry of Energy to continue with the processes.

Another problem was what to do with the Norwegians, who had hitherto provided both technical and financial support to the policy, legal and regulatory framework development under a bilateral agreement aimed at supporting Ghana to implement the Norwegian Oil for Development model.

The choice was initially made in favour of discarding what the previous government had done and developing an entirely new model and policy using a foreign consultant. Again, there appeared to have been a shift from the Norwegian model to the Trinidadian model. Later though, and it is believed, after several other considerations, the key of them being time constraint, a decision was made to rather revise the existing documents, still using an external consultant from Trinidad and Tobago. The positive thing about this development is that government acceded to the suggestion from Civil Society to let the external consultant work with a team of local consultants to be sponsored by Civil Society for the purpose of retaining knowledge and skills in-country to take the process beyond the consultancy phase.

Eventually, the Government clarified its position on the governance model Ghana was adopting. The country was committed to implementing the Norwegian model in the up-stream oil sector, which had to do more with revenue management than anything else; and to the Trinidadian model in the middle- to down-stream gas sector which had to do more with the local content arrangements and benefit maximization across the value chain.

### **Budget Deficit and IMF Conditionalities**

A major challenge that confronted the new NDC government was how to finance a huge deficit in the 2009 budget. The exact size of the deficit has been a matter of dispute but it is believed to have been anywhere near 13 percent of GDP (Anaman, 2009) and for that matter, pretty huge. The search for a possible financing mechanism led the new government to seek a US\$300 million loan facility from the World Bank, which was conditioned on, among other things, the government's placing of the National Regulatory



Authority Bill, the National Petroleum Revenue Management Bill, and the Right to Information Bill before Parliament by the end of October 2009. Clearly, these conditions have not been met and so a second tranche of US\$150 million remain outstanding (ibid).

Civil Society, notorious for its uncompromising stance against World Bank conditionalities, appears comfortable with this set of conditionalities ostensibly because of an apparent coincidence of interest in ensuring that the conditions for the sound and accountable management of the emerging petroleum sector were in place before production begins. Given that the country is expected to commence oil production by the late 2010, the conditions listed above should have been ready by now. But as it stands now, the nation may have to postpone the oil production else it risks pumping and exporting it without any meaningful regulatory framework and thereby making the country susceptible to violent conflict and other acts that can sacrifice Ghana's peace and democratic gains.

### **Kosmos Exit and Implications**

The decision by Kosmos to offload its stake in the Jubilee Fields has created new opportunities, and also challenges for ensuring good governance in Ghana's petroleum sector. First, it has created opportunity for Ghana to increase its stake in the Jubilee Field. The Ghana National Petroleum Company (GNPC) has expressed interest in acquiring Kosmos' stake, invoking its first right of refusal in defence of its declared intent over interests expressed by ExxonMobil, among others. Government's intention to acquire Kosmos' stake appears consistent with international best practice and trends. Globally, countries that have been able to maximize returns from the extraction of their natural resources are those that have either been active participants in the exploitation of the resources or have been big equity holders (Robinson, 2006). Botswana, which has been able to use its diamond to fundamentally transform its economy, has 50 percent equity in Debswana, a holding company of Debeers, the major diamond miner in Botswana. The government of Norway, for instance, also has majority stake in Statoilhydro, which used to be state- owned but now is a publicly-listed company.

The challenge for Ghana is how to finance its purchase of the additional shares. The thinking within government is to look for a financier to finance the purchase in exchange for a chunk of the shares. It is expected that the Ghana National Petroleum Company will make some gains from the sale of

the shares to the third party financier and use the gains to finance its own additional shares.

The Chinese seems to be favourites in this consideration. It is believed that the Chinese, with a hungry appetite for Africa's hydrocarbons, have made pledges of budgetary support beyond financing GNPC's acquisition of Kosmos' stake, a pledge seemingly too juicy for government to turn its back on, especially given its inability to keep faith with the World Bank lending conditionalities, and the subsequent withholding of the second tranche of disbursement of the loan facility secured at the beginning of the year.

The Chinese 'intrusion' however raises some concern, especially the manner in which it is happening. World Bank sources have suggested that the government's lack of haste to fulfil the conditions can be explained by the Chinese 'intrusion' and the pledge of budgetary support. If that is correct, then it stands to undermine the democratic processes, especially those related to policy, legal, regulatory, and institutional framework for oil production (Manteaw, 2009). The point however must be made that Kosmos has not offloaded its shares yet even though they are out of the scene and there is a seeming unwillingness on its part to sell its shares to the government. This has created some stalemate and confusion and the earlier a consensual solution is found to this situation prior to the country's oil production, the better it would be for all Ghanaians.

### **The Current State of Affairs**

#### *The Oil and Gas Policy*

A new draft of the National Oil and Gas Policy has been developed and is embedded in a composite National Energy Policy document. Not much change can be observed in the new draft. One striking feature that catches attention almost immediately is an apparent change in the policy objective in the NDC version of the policy document. While the NPP government's policy objective for the oil and gas sector was for Ghana to become a net exporter of crude oil, a position many found discomfoting because of its zero value addition implication, the NDC government's policy objective is the judicious management of the oil and gas revenue for the overall benefit and welfare of all Ghanaians and also value addition, indigenization of knowledge, expertise and technology (Manteaw, 2009).

The policy itself is vague in many respects and lacks detail, but this is not unusual practice. Normally, a master plan detailing the policy propositions will accompany such a policy document. Work on the fiscal regime of the oil

and gas master plan is being led by the Ministry of Finance while the other thematic areas are being worked on or led by the respective Ministries, Departments and Agencies (MDAs).

It is not clear if there will be a national consultation on the newly drafted oil and gas policy document, and also on the master plan when it is completed, though that is highly recommended to ensure a national buy-in and ownership of the policy and master plan. The Ministry of Energy has hived off the Local Content aspect of the policy and is contemplating a national consultation on that, with the help of the Integrated Social Development Centre (ISODEC) and others. But the point remains that this has not been done.

### *Regulation*

While the NPP government was categorical in having an independent national oil and gas regulator for the upstream sector in line with international best practice and had gone ahead to draft a bill to that effect before exiting office, the NDC has not been that sure of what it wants. Incidentally, the NDC government agreed to the setting up of an independent regulatory body when it negotiated its US\$300 million budgetary support from the World Bank, and it accepted to make it one of the triggers for the release of the second tranche of US\$150 million. The slowness in making progress on the establishment of the National Petroleum Regulatory Authority is the result of counter positions being pushed by some power-brokers within the NDC government. While some will want regulation subsumed under the Ministry of Energy, others want the GNPC to perform that function (Asafu-Adjaye, 2010). The argument in support of the latter position is that the GNPC is the only institution with the requisite technical capacity to perform such functions. SANANGOL of Angola is cited as an example of an effective regulation by a national oil company (ibid).

An independent regulator however looks pretty certain for now and if that becomes the choice, then of concern will be how to ensure the independence of the regulator such that it is able to resist undue executive influence in championing the national interest. This no doubt has implications for how it is to be funded, as well as the security of tenure of its head and key staff. The provision in the NPP draft bill has the Chief Executive Officer of GNPC represented on the Board of the Authority, which in itself creates a conflict of interest situation as the Authority is supposed to be regulating the GNPC as well.

### *Licensing*

The current licensing regime is one of an open-door negotiated-deal type (Asafu-Adjaye, 2009). This conflicts with the international best practice of open competitive bidding. It is of course understood that one needs to attract enormous international interest in its hydrocarbons to make Open Competitive Bidding Rounds yield the expected benefits, and that Ghana could not have attracted such interest without a demonstrable evidence of its hydrocarbon potential. The point however can be made now that having made such a world class discovery, and with the attendant interest in Ghana's oil acreage, the time is ripe to go for Open Rounds (ibid).

### *Challenges to oil revenue collection*

A major challenge Ghana faces with the management of future oil revenues has to do with weaknesses in government revenue collection, reflected in Ghana's EITI audit reports. The World Bank has also indicated that government lacks the capacity to collect revenues and audit payments from gold mining companies (World Bank, 2008). It appears that with the replacement of the Special Mining Desk at the Internal Revenue Service (IRS) with the Large Tax Payers Unit, the capacity of the IRS in mining sector tax computations has been somewhat diminished. It has also been suggested that the loss capacity could be due to the fact that the staff of the Special Mining Desk had little to do as a result of the generous tax incentives extended to mining companies and which invariably, made them redundant over time. Given that oil accounting is much more complex than mining, the question arises as to the readiness and the ability of the IRS to follow through the tax computations of oil companies.

### *Sea-use conflicts*

There have been some reported clashes between state security agencies and fisher folks in the oil prospecting area. Instances have been recounted when fishermen returning from sea in Essiama in the western region were accosted by the navy, beaten up and their catch taken away from them (Jonah, 2010). In such instances, the poor fishermen have had no recourse to justice. The situation raises concern about a looming sea-use conflict.

### **Is Ghana Ready to Pump Oil?**

In as much as Ghana is willing, it is not yet ready to govern its fledgling oil sector in line with international best practice. This situation therefore calls for a moratorium on further issuing of licenses until such time when all the necessary policy, legal and regulatory framework and institutions are firmly

in place. The country does not appear to have been guided by its experiences in the mining sector where natural resources like gold mined by foreign firms and exported have left the communities and people in abject poverty as a result of poor regulatory framework. Many Ghanaians including politicians and policy makers seem to be aware of the resource curse syndrome and the possibility of the nation's economy being made to depend entirely on Ghana's oil discovery to the neglect of other sectors like agriculture, industry, etc – a phenomenon popularly referred to as the Dutch Disease. Indeed, scholars like Jonah (2008) and Ahwoi (2008) have argued that given this awareness and the level of Civil Society interest in Ghana's oil find, the resource is unlikely to result in a curse. However, given the lack of adequate preparation towards the oil production in the country, this position is merely rhetorical. Ghana is simply not ready to produce oil given the inadequate preparation and inappropriate sequencing of activities that ought to be undertaken prior to the pumping and export of oil. This is rather unfortunate but at the same time, not too late. A few measures are therefore suggested for consideration by policy makers in order to save the country from its oil.

### **What Can be Done to Avoid a Resource Curse**

First of all, strengthening the oversight functions of parliament over the executive could make a world of a difference. As the peoples' representatives, parliament should be the key stakeholder in the oil governance and revenue management arrangements, and must ensure that the experiences from a century of mining are brought to bear in the order of things in the oil and gas sector. Again, parliament will need to reassert its constitutional oversight over concessions, licensing and contracts in order to advance the broader national interest. It should also brace itself to be able to subject the draft regulatory frameworks, the draft Petroleum Regulatory Authority Bill, and other policies related to the oil production that may eventually be submitted to it under thorough scrutiny. Given the potency of the oil discovery to degenerate into conflict, the excessive partisanship and politicization that has often characterized parliamentary deliberations in Ghana must be eschewed. For the sake of the national interest, deliberations about the oil find must be conducted objectively and in a manner that ensures popular ownership of the processes.

Secondly, opacity today remains as much a challenge as it was under the previous (NPP) administration (Manteaw, 2009). This is why parliament must take steps to ensure the early passage of the Right to Information Bill

into law. This will make for greater transparency, ease citizens' access to information, and provide the ammunition for exacting accountability from duty-bearers.

Moreover, the expected oil revenues of about US\$1 billion have generated many divergent demands and claims from diverse stakeholders including community groups, chiefs, local authorities and even Members of Parliament (MPs). Parliamentary oversight in ensuring that the current formulae for revenue disbursement to mining communities is legislated and the rationale clearly established is important in assessing the validity of claims by communities in the oil catchment area for similar treatment. Again, it is important for the expectations of the people, particularly in the catchment area to be properly managed so that they don't demand too much as a result of excessive expectations. In this regard, efforts must be made to also sensitize people about the fact that Ghana's oil discovery must be seen as an opportunity for asset transformation and not as merely income to be consumed, as has happened in the gold sector.

Parliament will need to accumulate knowledge and understanding of the complexity of oil revenue management as this will place it in a position to provide the requisite legal framework that is able to balance the divergent interests of different stakeholder groups including the state, the private sector, citizens and citizens' groups, which can be affected by the social and environmental impacts of oil production activities. Parliament also needs to be strengthened and equipped to perform its oversight functions efficiently and effectively. This should involve developing its research capacity to undertake proper due diligence, establishing links with think tanks, Civil Society groups and the mass media for the purpose of information sharing.

Last but not least, there is the need to establish a Petroleum Tax Unit within the Internal Revenue Service and to build and retain the necessary capacity for work in the petroleum sector.

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