

# **Essay on Development Policy**

## **Avoiding the Resource Curse in Ghana: Lessons from Nigeria**

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## 1. Introduction

When Ghana discovered its oil reserves in 2007, its president at the time, John Kufuor, described it as “a shot in the arm” which could turn his country into the “African Tiger” (BBC News, 19 June 2007). However, with rising concerns regarding the management of these resources, national euphoria was quickly tempered. Prospects of economic wealth on the one hand, and apprehension of the so-called “resources curse”, on the other hand, aroused hopes and fears. Other countries’ experiences demonstrate that both were, and still are, legitimate in the case of Ghana, who only started exporting oil in 2011. In the meantime the country has received a flood of advice on how to manage its new found natural fortune and on how to escape a potential resource curse. In turn, Ghana has attempted to put mechanisms in place to avoid becoming a “second Nigeria”.

Nigeria is West Africa’s largest economy mainly because of oil, and its bad natural resource management is notorious as it drastically widened the gap between the country’s rich and poor. Moreover, it led to widespread environmental damage, and – related to that – civil war. Especially in the country’s main oil production area, the Niger Delta, which contains a large share of national minorities, violent conflicts kept on recurring (Ikelegbe, 2005). However, these negative effects of the resource curse are unlikely to become a problem in Ghana in the near future (King, 2009) and are not discussed in this essay.

This is not to say that Ghana is not confronted with environmental challenges. But, whereas Nigeria’s reserves are located on land where groups compete over its control, Ghana’s oil lies offshore in deep waters. Moreover, the communities entangled in oil production are in the Western Region. This is the country’s major cocoa producing region, and hence neither Ghana’s most deprived area nor a minority hotspot.

Ghana is not prone to civil war, but oil is an enclave industry with revenues going directly to the government. Therefore, the country’s legal and regulatory framework, its policies and its institutions are of particular importance and popular with development partners. They are key determinants in whether or not Ghana can withstand the resource curse and the focus of this essay. However, the role of

international oil companies and international initiatives, e.g. the Extractive Industries Transparency Initiative (EITI)<sup>1</sup>, are not discussed.

The topic is addressed from a Ghanaian domestic standpoint, drawing lessons from Nigeria. Here it needs to be pointed out that Nigeria has an estimated 37.2 billion barrels of oil reserves and its “black gold” accounts for 40 % of its GDP, 95 % of exports and 83 % of government revenue (Idemudia, 2012). In Ghana, reserves are estimated at about 4.5 billion barrels – a fraction of Nigeria’s wealth – and revenues will only constitute between 6 to 9 % of GDP annually over the estimated 20 years of exploitation (Breisinger et al., 2009). Still, oil revenues are expected to exceed USD 1 billion per year, which is a large amount for a country whose total international development assistance in 2010 amounted to USD 1.7 billion (OECD, 2012).

The next section of this essay gives a brief introduction into the resource curse literature, before focussing on Ghana in Section Three, assessing the situation there after three years of oil production and highlighting development challenges and the “line of attack” suggested by development partners. Section Four analyses the legal and regulatory foundations of the country’s oil sector, and Section Five looks at the fiscal governance of petroleum revenues. This is followed by a short concluding statement.

## **2. The Resource Curse**

The resource curse refers to the paradox that a country with an abundance of natural resources is likely to have less growth and worse development outcomes than a country with fewer national resources. It is discussed in a vast body of literature, which Rosser (2006) divides into three separate sub-literatures of which the first looks at the negative relationship between natural resource abundance and economic performance.

One of the most prominent mediums explaining this phenomenon is the Dutch Disease. It emerges when a booming export sector such as oil hurts the traditional sector, e.g. agriculture and manufacturing. Corden and Neary (1982) identify two effects through which this happens: first, the boom sector increases demand for workers in its industry, which causes labour and production to shift away from the traditional sectors. Secondly, the extra revenue generated by the booming sector, increases the demand for non-tradable goods such as services, again attracting

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<sup>1</sup> The EITI is a global coalition of governments, companies and civil society working together to improve openness and accountable management of revenues from natural resources.

labour at the expense of the traditional sector. The increased demand for non-tradable goods increases their price, while prices of tradable goods are “fixed” by the international market, which leads to an increase in the real exchange rate. Another phenomenon that still finds a lot of support in the resource curse literature also dates back to the 80s and concerns the enclave nature of industries evolving from natural resources. According to Hirschman (1988), these enclaves lack opportunities for the development of backward and forward linkages to the rest of the economy.

Both the Dutch Disease and Hirschman’s argument suggest that governments can take action to address the resource curse through governmental interventions, which implies that political variables matter (Rosser, 2006). This links economic research on the resource curse to Rosser’s (2006) other two sub-literature groups, which study resource abundance in relation to civil war (e.g. Collier and Hoeffler, 1998; Brunnschweiler et al. 2009) on the one hand, and with respect to political regimes (Wantchekon, 1999; Dunning, 2008) on the other. The latter finds that authoritarianism is the dominant regime in a country rich in natural resources (Wantchekon, 1999), but also that democracy is no panacea (Collier and Hoeffler, 2009). With regard to possible causes of the resource curse, a prominently discussed source is rent-seeking. Rosser (2006) differentiates between “decentralized models” that focus on private agents and “centralized models” studying the political elites in a country. With respect to the latter, Robinson et al. (2006) argue that politicians use revenues from natural resources to secure political support, instead of investing them in growth-enhancing projects, which leads to misgovernment. This supports the argument made above that democracy does not improve the chances of avoiding the curse and may even reduce growth.

In consideration of the fact that naturally abundant countries seem to be differently cursed – or as in the case of Norway – blessed, there is little consensus about what exactly determines a country’s fate. As a result, the literature contains a wide variety of recommendations to cope with this “paradox of the plenty”. Several economists, e.g. within the World Bank (2001), have emphasised the need for resource-abundant countries to adopt sensible macroeconomic policies and, in particular, to avoid large foreign and domestic debts, control inflation and pursue competitive exchange rates – measures that are particularly important to avoid the Dutch Disease. Along these lines, there recommendations to diversify the economy

in order to reduce dependence on natural resources and promote traditional sectors like agriculture. The argument is that this is more conducive to long-run economic growth, especially if the resource is depleting fast, since this approach generates employment, e.g. for Africa's large rural poor population. In addition, scholars, e.g. Skancke (2003), have come up with various investment strategies for resource windfalls. A popular piece of advice is the use of stabilisation funds to reduce the impact of commodity price instability. Their usefulness, however, is questionable, if there is no tradition of transparent and accountable government (IMF, 2003).

Other authors, e.g. Karl (1997), focus on trying to identify the social and political changes that are required to overcome the resource curse. They argue that necessary economic policy reforms will only be introduced if political environments are transformed first. Scholars using centralized models emphasise the need to build state capacity and promote institutional reform. They argue that this will facilitate policy reform and prevent misrule<sup>2</sup>, which is also the view of many development partners in Ghana, e.g. the World Bank (2009).

### **3. Oil in Ghana**

In 2011, after the first oil from the Jubilee Field was pumped, Ghana's GDP growth rate rose up to 15% (Ghana Statistical Services, 2013), making Ghana one of the fastest-growing economies in the world. In the same year it jumped 10 places in the "doing business report" by the World Bank (2011), was reclassified as a low-middle income country by the same, and became one of the top five largest recipients of Foreign Direct Investment in Africa (UNCTAD, 2013).

#### **Assessment after three years into production**

After the peak in 2011, GDP growth rates decelerated to an estimated healthy 7.4 % (or 5.8 % excl. oil) in 2013 (all GDP Data: Ghana Statistical Services, 2013). Growth in the traditional agriculture sector was only 0.8 % in 2011, but recovered slowly recover to an estimated 3.4 %, and growth in the industry sector (excl. oil) was still an estimated 2.2 % in 2013. And even though the service sector grew by 9.2 %, macroeconomic indicators, such as inflation which could be kept at single digits, and

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<sup>2</sup> The opposite is promoted by scholars who suggest, that resource abundant countries should privatise their natural resource sectors or bypassing the state and distribute natural resource revenues directly to citizens, keeping oil windfall out of the hands of corrupt public officials (e.g. Weinthal, E. and Luong, P. 2006).

the ongoing depreciation of the Ghana Cedi (Bloomberg News, 23 December 2013), show little signs of a Dutch Disease.

In general, Ghana still has quite a diversified economy: the service sector contributes 53.9 %, agriculture 22.6 % and industry 23.5 % to the country's non-Oil GDP.

This is a good position to be in to keep on avoiding the resource curse, meaning not just the Dutch Disease, but negative effects due to vulnerability of export earnings to oil price fluctuation. Even though oil output has been lagging behind its targets, in 2012 oil had already become Ghana's second main export (20.7% of export receipts). It follows gold, which is still the country's highest foreign exchange earner (40.6% of export receipts), while cocoa ranks third (18.8% of export receipts)<sup>3</sup> (African Economic Outlook 2013).

Additional benefits can be gained by developing the country's downstream oil sector – remedying Hirschman's argument – and linking oil production to the rest of the economy, for instance by using Jubilee Fields' store of natural gas<sup>4</sup> and refining oil<sup>5</sup>. Ghana enjoys the status of a pole of political stability in West Africa and it emerged peacefully from very competitive elections in 2008 and 2012. The present winner-takes-all, zero-sum character of the country's political system leads the two major parties to engage in budget overspending during election years to increase votes (Gyimah-Boadi and Prempeh, 2012). Thus, they both want to prevent the other from gaining control over oil revenues, which could be used to secure the next term in office. In turn, there is a consensus that the ruling party – and its management of oil revenue – should be carefully watched. This has led politicians, especially of the party in opposition, to be rather open towards civil society as watchdogs, but it also supports rent-seeking behaviour as described in the literature's centralized models. Moreover, the constitutional framework and legislative tradition vests a lot of power and control of resources in the hands of the ruling party and its president, which leads to patronage-driven politics (Kopiński, 2013). This reinforces rent-seeking behaviour and may lead to an erosion of democratic institutions. So, unlike Nigeria,

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<sup>3</sup> The total export of goods accounted for about one third of Ghana's GDP in 2012. Thus, if the prices of Ghana's export commodities, particularly oil, gold and cocoa, move in a synchronized fashion along a similar trajectory, the country would still be quite vulnerable.

<sup>4</sup> So far – despite environmental laws forbidding it – most of it has had to be flared, because of delays in the country's Natural Gas Transportation and Processing Project. This is financed by a \$3 billion China Development Bank loan, using oil revenue as collateral, and should provide the infrastructure to convert natural gas into useable and exportable Liquefied Petroleum Gas (LPG).

<sup>5</sup> Ghana operates a crude oil refinery, which could add value to the raw commodities. However, it is not prepared (yet) to refine Jubilee oil. Ghana fuels it with lower quality oil from Nigeria, while apparently making some money on the oil price spread, when selling its own higher quality oil (All Africa News 11 March 2011).

which discovered its oil fields under an autocratic regime, Ghana's findings arrived under a democratic regime which, however, is no remedy for the resource curse.

### **Development challenges and development cooperation**

Since oil production in Ghana only started three years ago, its effect has largely been felt in its budget and it is too early for a judgment on Ghana's success or failure in avoiding the resource curse. Ghana still faces numerous development challenges<sup>6</sup>, and its uneven growth raises regional disparities posing a long-term risk to Ghana's development and cohesion. Disparities are further amplified through rapid urbanization, and oil production, with its enclave nature, adds to these imbalances (SECO, 2013). As oil revenues will increase in the years ahead, the question is how Ghana will manage them, and use them to support a sustainable development. The general direction is given in Ghana's medium term development plan, the Shared Growth and Development Strategy (GSGDS, 2013), which lists "oil and gas development" as one of seven priorities<sup>7</sup>. However, the challenge has been – and still is – to put this development framework into practice. After all, the former "Gold-Coast", is no stranger to extractive industries and development strategies built on primary commodity exports. Yet, Ghana's development record generally has not matched the promise of its resource wealth; its disappointing record of managing mineral wealth is a research topic on its own.

With this in mind and aware of neighbouring Nigeria's painful experience, Ghana has an added advantage in learning not just from Nigeria, but making use of the latest research results and expertise on how to avoid the resource curse. Moreover, since oil was discovered, development partners have been scrambling to position themselves to assist the government in the management of the coming oil<sup>8</sup>. A number of reports, e.g. by the World Bank (2009) and Oxfam America (2009), provided the government with recommendations. Also, open policy forums – often financed by development partners – promoted public consultations and a dialogue with civil society. Governmental participation in discussions and workshops displayed

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<sup>6</sup> Despite significant progress towards most of the Millennium Development Goals (MDGs), the country is unlikely to meet its target with respect to reducing child mortality (MDG 4), improving maternal health (MDG 5) and the sanitation component of MDG 7.

<sup>7</sup> Furthermore, in 2010, the Ministry of Energy outlined some relevant strategies, presented in the Energy Sector Strategy and Development Plan. However, when it comes to the oil sector most of them are outdated, i.e. not relevant anymore.

<sup>8</sup> For some this was – and still is – not without a potential conflict of interest between development assistance objectives and commercial interests, as companies from Norway, the US, Britain and other countries are involved in Ghana's petroleum sector.

willingness by the government to draw on Ghanaian and international expertise (Oxfam America, 2009).

Norway, which has 40 years of experience in managing its oil wealth, is seen as being closest to the government on oil sector issues, and works with Ghana through its Oil for Development programme. A large part of it consists of advising the government on effective policies and regulations considered crucial to ensure sustainability in resource management and fairness in revenue distribution (OECD, 2012). This is in line with the recommendations in the World Bank's (2009) study on "Economy-Wide Impact of Oil Discovery in Ghana" which saw "transparency in oil revenue and its allocation, e.g. through disclosure of contracts and its full inclusion in the budget process" (page 7) as the first and most important dimension in building the right environment to ensure a pro-developmental use of oil revenue and avoiding the resource curse. The report further identified the stipulation and enforcement of accountability mechanisms regarding the disclosure of bidders' identities and bidding documents, as well as the publication of reports on revenue and their use as corresponding actions. In addition, it stated that the implementation of a Freedom of Information Act could support transparency. The hope is that increased transparency opens the door to the design "home-grown institutional responses to the risk of political capture" (page 7). Thus, the next section examines Ghana's legal and regulatory framework and institutions, drawing from Nigeria's experience and examining what has been achieved since oil production started.

#### **4. Legal and Regulatory Foundations**

Nigeria's oil production is governed by six large joint ventures with the majority of assets held by the Nigerian National Petroleum Cooperation, short NNPC. The NNPC represents the interest of the government in the joint ventures, while the respective multi-national oil companies operate the different ventures. However, the NNPC has been described as corrupt, lacking transparency, and being vulnerable to political control. Moreover, the contracts the NNPC signed with companies have been described as exclusive partnership agreements, which were not signed in public and are underlined with secret confidentiality clauses, allowing for ad-hoc tax negotiations prone to bribery. The industry's regulatory agency is the Department of Petroleum Resources, short DPR, with limited capacity and a confusing status, as it used to be a unit within the NNPC. On paper, the DPR is now separated from the NNPC and



under the supervision of the Ministry of Petroleum, but is perceived as dependent and incapable<sup>9</sup> (Gilles, 2009).

Ghana's legal framework and regulations with respect to oil (and gas) date back to the 1980s when there was little oil exploration. Thus, in 2007 when the big reserves were discovered, the Ghana National Petroleum Company, short GNPC, – the equivalent of the NNPC in Nigeria – and the Petroleum Exploration and Production Law, short PNDCL 84, had already been in place for decades. The law mandates the Ministry of Energy to formulate, implement and evaluate policies for the energy sector and to grant rights for the development and production of oil. The Ministry allows the GNPC, exclusively, to enter into petroleum agreements with foreign companies, which carry out the exploration and development of oil reserves (PNDCL, 1984).

Unlike in Nigeria, the GNPC holds a minority stake in these ventures and the state receives its majority revenues from a variety of entitlements, such as income tax and royalties (King, 2009). However, just like in Nigeria, these agreements or contracts are not subject to a mandatory contract disclosure, nor are there requirements for disclosure of beneficial owners in oil deals. Pressure from the civil society, media and international development agencies, eventually led to the publication of some contracts on the Ministry of Energy's website in 2011. However, this was done by ministerial directive and is not per se regulated (Revenue Watch, 2014). Nigeria has somewhat addressed the issue – at least on paper – by passing the Freedom of Information Law in 2011, though the implementation does not seem to be enforced (All Africa News 17 September 2012). In Ghana, the bill has been languishing in parliament for ten years (GhanaWeb News 30 July 2013).

Another issue that raises corruption concerns and promotes rent-seeking is that the PNDCL 84 states that the Ministry of Energy *may* “prescribe regulations for or with respect to competitive bidding procedures for petroleum agreements” (PNDCL, 1984; Section 32), but to date, they have rather been awarded via an “open door” policy. Moreover, the PNDCL 84 did not foresee a regulatory authority, and thus regulations were incorporated into commercial contracts on an ad hoc basis, i.e. it was the preserve of the GNPC on behalf of the Ministry of Energy. As in the Nigeria case, this

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<sup>9</sup> In an attempt to address these issues, an Oil and Gas Sector Reform Implementation Committee was established first in 2000 and under a new administration again in 2007, tasked to come up with far reaching reforms for the industry. Its findings were captured in the Petroleum Industry Bill, which has undergone numerous revisions and has been the subject of intense debate; as of today, it still has not passed the Nigeria's National Assembly.

led to a conflict of interests, which was only effectively addressed in 2011 by the Petroleum Commission Act (PCA, 2011) and the following formation of the National Petroleum Commission. Again, pushed for by civil society and development partners, the Commission has regulatory power and oversees the country's upstream oil sector. However, following Ghana's constitutional practice, all members are presidential appointees, which puts a big question mark on the institution's independence (Kopiński et al., 2013).

## **5. Fiscal Governance of Petroleum Revenues**

With regard to petroleum revenues, Ghana has made significant efforts in providing a transparent and accountable framework for its management. They include consolidations with respect to price volatility and the country's future beyond its oil era, elements which Nigeria has long struggled to account for, e.g. : During the Arab-Israeli war the crude oil price and Nigeria's oil revenues exploded. Agriculture – the main source of GDP and export earnings before the oil boom – was neglected, which led to fundamental changes in the structure of the Nigerian economy. When the international oil market collapsed in the early 1980s, the country faced an acute economic crisis. Learning from the experience, the president of Nigeria unitarily established an excess crude account in 2004 to act as a stabilisation fund. However, the process of accessing the account is not transparent which has led to abuse, and hence it has been labelled as a framework that fuels corruption and thrives on institutional weakness (Azaino, 2012). In response, and in line recommendations in the literature on how to fight the resource curse, the Nigerian parliament passed the Nigeria Sovereign Investment Authority Act in 2011 creating a Future Generations Fund, a Stabilisation Fund, and an Infrastructure Fund (Brown et al., 2014). Their efficacy in mitigation the resource curse is yet to be proven.

With respect to resource management, Ghana has certainly learned from its neighbour, borrowing from best practices in Norway in getting it right from the beginning: the Petroleum Revenue Management Act, short PRMA, passed in 2011, established a mechanism through which part of its oil revenues are allocated to Ghana's Petroleum Funds (PRMA, 2011). The PRMA received positive review from experts and development partners (e.g. Oxfam America, 19 Mai 2009). It provides for a strong disclosure regime, covering various data on the production side and information on revenue distribution on the expenditure side, to which both the Ministry of Finance and the Bank of Ghana – the

Petroleum Funds manager – have complied (Ministry of Finance, 2012; Bank of Ghana 2014).

A closer look at the PRMA describes the oil revenue allocation mechanism (PRMA, 2011): based on expected oil receipts and production, the government calculates the benchmark revenue (net of equity financing cost and investment governmental investments in GNPC). 70 % of that amount is earmarked to flow directly into the country's Annual Budget Funding Account, short ABFA, the rest goes into the Petroleum Funds. This ratio tries to strike a balance between spending and saving in line with development partners' and scholars' recommendations, e.g. Breisinger (2010).

The PRMA requires the Minister of Finance and Economic Planning to prioritize not more than four areas for its spending with the objectives to “maximize the rate of economic development, promote equity of economic opportunity with a view to ensure the well-being of citizens and undertake even and balanced development of the region” (PRMA, 2011; Section 21). These prioritized areas, to which the ABFA, and thus the largest share of oil revenue, flows are “expenditure and amortization of loans for oil and gas projects” which is necessary to develop the oil and gas sector, while “road and other infrastructure”, “agricultural modernization” and “capacity building” show the Government's will to invest in much needed infrastructure, build capacities, and further diversify the economy (Ministry of Finance, 2014; page 38). This is again in line with development partners' and scholars' recommendations as discussed in Section 2.

Once the annual budget has been fully funded, excess revenues, i.e. actual oil receipts minus the ABFA, are deposited into the above mentioned Petroleum Funds: 30 % flow into the Ghana Heritage Fund, which aims to support future generations, especially after reserves have been depleted (PRMA 2011; Section 23). The Ghana Stabilization Fund takes in the rest of the revenue (PRMA 2011; Section 23) and acts as a cushion against “external factors”, such as volatile oil prices and fluctuations in production levels. This ensures budget sustainability and provides financing for ongoing projects.

To sum up, Ghana's PRMA provides state-of-the art legislation, but also calls for good implementation, and, with respect to the latter, the country still has work left to do.

On the other hand, the PRMA's oil revenue allocation mechanism requires a robust and reliable revenue collection, e.g. of taxes, which is done by the Ghana Revenue Authority (GRA). However, the GRA has had difficulties in collecting corporate tax projections, as oil companies appear to be making the most of a capital cost recovery provision in the Petroleum Income Tax Law<sup>10</sup>. Obviously, as Kopiński et al. (2013, page 595) state, "this is a result of delays in amending existing laws rather than misconduct on the part of the agency". Nevertheless, the inability to meet targeted oil receipts adversely affects transfers to Ghana Petroleum Funds, which are not accounted for if the ABFA is not fully realized. This, in turn, may already be a problem of its own, as a government faced with fiscal challenges may be tempted to make over-estimates of oil revenues, which neutralizes the objectives of setting up the fund (ACEP, 2013).

On the other hand, the disbursement of the ABFA needs to be tracked and analysed. The law provides the Minister of Finance with discretionary powers in choosing the areas for ABFA spending and determining the allocation of petroleum revenues to them. These powers have been exercised since 2011, but without regulations that would provide more transparency and address operational challenges in implementing the PRMA. Not having them contradicts Ghana's constitution which states that a person or party that vests discretionary power is required to publish regulations that govern its exercise (ACEP, 2013).

The monitoring and reporting of such deficits is the task of the independent<sup>11</sup> thirteen-member Public Interest and Accountability Committee (PIAC) which was created as part of the PRAM, i.e. as an accountability mechanism to uphold the integrity of petroleum revenue management. Holding up to its obligations, the PIAC's last annual report for the year 2012 did raise the points above, and expressed deep concern over the government's failure to utilise the ABFA according to the PRMA's specifications (Daily Graphic News, 22 November 2013). However, unlike the Petroleum Commission, PIAC is an oversight body without executive powers, and – somehow even more devastating – without much operational capacity. Unfortunately, the government of Ghana has shown little interest in the PIAC which has been left to operate without budget. For now, the minimal running costs are covered by

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<sup>10</sup> The law dates back to 1987, enacted to attract investments and to reduce the bureaucracy by allowing oil companies to charge exploration and development costs to their revenues before arriving at the taxable profit.

<sup>11</sup> PIAC members are not nominated by the president, but according to its statutorily with representatives of associations, private sector bodies, civil society and policy-research organizations, amongst others.

development partners, which undermines the committee's independence, and is not a sustainable solution (Modern Ghana News, 17 November 2013).

## 6. Conclusion

Nigeria has experienced negative effect associated with natural resources and still struggles to transform its oil wealth into sustainable development. Oil impact in Ghana is smaller and –three years into production – the country's diversified economy shows little signs of a resource curse.

Ghana's Petroleum Revenue Management Act promotes this diversification, investments into the future, and economic stabilization. Thus, the framework for revenue management is there, but the will to create a strong institution to control implementation, i.e. the PIAC, is lacking. There are incentives to use oil revenues non-judiciously, amplified by Ghana's polarized winner-takes all and patronage-driven politics. Also, the government may be tempted to take on large debts, backed up by oil, especially in election years, which comes with its own risk to sustainable development. Both factors call for improved fiscal oil governance and keeping an eye on fiscal policy in general, since the largest share of oil revenue flows directly into the country's budget and Ghana's debts and fiscal deficits are rising.

This requires political commitment and vigilance from the country's vibrant civil society in the oil sector; this has been organized under an umbrella organization (The Civil Society Platform on Oil and Gas). It has already played a major role in the shaping of Ghana's oil governance to date and in the development of a new Petroleum Exploration and Production Bill which is slated to replace the outdated PNDCL 84 (Government of Ghana, 26 June 2013). After a first draft was withdrawn from Parliament in 2010 it is now undergoing government scrutiny, reviewing amongst other things, issues of transparency and awarding of licences.

By supporting Ghana's civil society and research institutions<sup>12</sup>, e.g. through capacity building, development partners can indirectly supports this process. Another mechanism is through multi-donor budget support, where donors are currently pushing for the Freedom of Information Bill to be passed. However, legislation alone does not do it. In the end, it must be the Government of Ghana that takes the necessary steps towards a transparent, accountable, and efficient development of the county's oil wealth.

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<sup>12</sup> An example is the Institute of Economic Affairs which works on a Petroleum Transparency and Accountability Index and does capacity building for PIAC, and the Africa Centre for Energy Policy (ACEP).

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