

## ILLUSIONARY TRANSPARENCY?

### OIL REVENUES, INFORMATION DISCLOSURE, AND TRANSPARENCY

#### Abstract

Experience shows that discovery of valuable natural resources can become a curse rather than a blessing, and transparency has been identified as key to better resource governance because it can limit opportunities for corruption and mismanagement. This article shows that information disclosure, in which many governments and donor institutions engage, does not automatically translate into transparency. Ghana has embedded transparency as one of its key principles in oil management. However, field work conducted in a coastal village close to Ghana's offshore oil fields documents that people in the village lack access to information about oil revenues. The study identifies that the main barriers for acquiring information are people's lack of capacity and willingness to acquire such information. Furthermore, the Government of Ghana and the villagers perceive transparency very differently: the former equates information disclosure to transparency, whereas the latter perceive transparency in terms of the development in their community.

**Keywords:** access, accountability, capacity, Cape Three Points, Ghana, information disclosure, natural resources, oil, transparency

In a developing country, the discovery of valuable natural resources such as oil should intuitively serve as a catalyst for development. Paradoxically, evidence shows that the opposite has often been the case. High-value natural resources are a source of unusually large rents that, without mitigating safeguards, provide incentives for crony capitalism, patronage, corruption, poor investment strategies, and rent-seeking (e.g., Kolstad and Wiig 2009; Mehlum et al. 2006;

Sachs and Warner 1995; Torvik 2002). Additionally, the distribution and use of rents is often a substantial source of tension and conflict (Lujala 2009; Lujala 2010). Furthermore, because most high-value resources are non-renewable, the allocation and management of the revenues resulting from their exploitation are of paramount importance for both present and future generations. Consequently, the resource curse has become an increasing concern for the international community and national leaders.

Oil and gas producing countries in Africa are often cited as examples of the resource curse. Development in many oil and gas producing African countries has been modest (e.g., Gary and Karl 2003; Magrin and van Vliet 2009), poor management decisions and embezzlements of oil revenues by the political elites are well documented (e.g., Bayart et al. 1997; de Oliveira 2007; US Senate 2004), and oil and gas have played a role in several conflicts, notably in Angola and Nigeria (e.g., Collier and Hoeffler 2002; Ross 2003). Thus, strategies to deal with the oil and gas revenues in economic terms (i.e., spending, investing, and saving) and to distribute them fairly are critical in order to improve resource governance in Africa and of paramount importance when a country starts oil and gas exploitation.

As a remedy for the resource curse and to increase accountability and government effectiveness in natural resource governance, the international community and advocacy groups have promoted transparency as a means to increase people's insight into revenue flows accruing to their government (e.g., Collier and Hoeffler 2012; Haufler 2010, Kolstad and Wiig 2009; Williams 2011). Unfortunately, in Africa, citizens in oil and gas producing countries have until recently had little information about oil revenues paid to their governments by the companies (de Oliveira 2007).

Realizing the dangers of insufficient transparency in the wake of Ghana's oil discovery in 2007, the donors, civil society groups, and Ghanaian media formed an active discourse requiring the government to develop a transparency policy and a legal regulation for oil-

revenue management. Consequently, Ghana has actively embraced transparency in its oil revenue management framework, and among other things, transparency has been defined as one of the key principles in the Petroleum Revenue Management Act (PRMA) of 2011 (PRMA 2011). In fact, Ghana is currently promoted by the international community as “a model country” for good resource governance (Gary et al. 2009).

By considering Ghana as a test case to improve revenue management from oil and gas exploitation through extensive information disclosure on revenues, this article explores the experiences and perceptions of people living in a community located close to Ghana’s offshore exploitation area about their access to information on oil revenue flows and spending. It identifies the main barriers when trying to access and process such information and examines what the case community perceives to be transparency. Thus, the work in this article represents the first step in trying to map and understand barriers to effective information disclosure and transparency in rural Ghana.

The article is organized as follows. We first discuss information disclosure and transparency in relation to accountability. Then, information is provided on oil production and the regulatory and institutional set-up for transparency in the oil sector in Ghana. The study area and methodology are then described. The analysis section examines the villagers’ access to information on oil revenue, identifies the barriers in obtaining and using such information, and discusses how the government of Ghana and the local people perceive transparency. The article ends with some concluding remarks.

### **Information Disclosure, Transparency, and Accountability**

The discourse on transparency as a key to avoid the resource curse is deeply rooted in principles of good governance and dates back to pre-twentieth century theories on good society doctrine of “frankness, openness and candor in state affairs” (Hood 2006, 5). Transparency supposedly

works by disciplining public-office holders and institutions by making information more publicly available: such publicity is assumed to deter corruption and poor governance whilst improving the latter (O'Neill 2006).

Access to public information can either be proactive or demand-driven (Fox 2007). *Proactive dissemination* refers to a government voluntarily disclosing information about its affairs, whereas *demand-driven access* refers to disclosure as a response to citizens' requests for specific information or documentation (ibid.). Either way, citizens' access to the information and their ability to process and use the information to demand accountability (e.g., through judicial system or elections) remain central in achieving transparency and accountability. Although the concept of transparency is complex, and often debatable, it has been widely acclaimed and advocated to improve natural resource management (e.g., Arezki and van Der Ploeg 2007; Collier 2007; Karl 2007; Uzoigwe 2012).

Information disclosure, transparency, and citizens' rights to information on one side and the power of government to control the flow of information on the other side form a complex web in the struggle to secure resource wealth for development. To understand how information disclosure can give more accountability in natural-resource management, the principal-agent model provides a useful starting point.

The principal-agent model describes the relationship that exists between the principal and the agent, each trying to maximize their interests (Eisenhardt 1989). The principal engages an agent to perform services that he or she cannot provide himself or herself, and the agent receives a reward for the services provided. However, if the principal is not able to monitor fully the behavior of the agent and the two parties have diverging interests, an agency problem arises. An agency problem can be understood as an opportunity for an agent to act in a way that increases his or her benefits at the expense of the principal's benefits or interests.

In the context of natural resources, citizens who are the rightful owners of natural resources are the principal. The resources are managed by the government, i.e., the agent, on their behalf. However, information asymmetry regarding resource revenues, whereby the government has more information, creates opportunities for the agent (government) to divert resource revenues for purposes other than those that would be in the best interest of the principal (citizens). For example, citizens may prefer revenues from natural resources to be spent on promoting education and health-care services for all citizens, whereas the government representatives may want to satisfy self-serving interests. To increase opportunities for rent capture, a government may withhold information on revenues so that citizens find it more difficult to verify what the government is doing. Even in democratic countries, such as Ghana where the citizens have the opportunity to hold their leaders accountable by how they vote in elections (Debrah 2011), the lack of information may limit their ability to punish crooked government officials by voting them out of office (Kolstad and Wiig 2009).

However, information disclosure is not the same as transparency. As long as citizens cannot access and understand the available information, such information is of little value to them. Therefore, it is important to distinguish between effective transparency and nominal transparency (Heald 2006). In effective transparency, the consumers of the information are able to process the information and base their actions upon it. By contrast, nominal transparency merely makes information available in a format that is not useful for the principal and hence does not reduce the information asymmetry. The gap between nominal and effective transparency constitutes an *illusion of transparency*.

In order for information disclosure on natural resource revenues to turn into transparency, several conditions need to be met: the necessary information must be collected, it must be publicly available, it must be physically accessible for all citizens, including those with limited access to media and without access to the Internet, it must be comprehensible to the receiver,

and the receiver must be willing and have the capabilities to turn the information into knowledge (see, e.g., Heald 2006; Lindstedt and Naurin 2010). Unless all of the aforementioned conditions are met, it is less likely that publicly available information on resource revenues will result in more transparency. Therefore, barriers to achieving *effective transparency* from the point of view of the general public must be understood.

Further, the simplistic assumption of transparency narrative – that is, information disclosure would produce an informed and interested public leading to a demand for accountability and good governance – is highly contested (see, for example, Fenster 2005; Kolstad and Wiig 2009; Lindstedt and Naurin 2010). Fenster (2005) describes transparency in its strict terms as “*a term of opacity that promises more than it can deliver and ultimately fails to further its stated end of a better, more responsive and truly democratic government*” (p. 893).

This article focuses on the first step of transparency narrative – that more information disclosure produces automatically more transparency – by studying the experiences and perceptions of people living in a small rural community in Ghana and their access to information on oil revenues.

### **Ghana's Oil Revenues and Transparency**

According to the CIA (2013), as of January 2012, Ghana's proven oil reserves totaled 660 million barrels, and the natural gas reserves totaled 22.65 billion cubic meters. In 2014, only the Jubilee Field was undergoing production. Oil production from the Jubilee Field is expected to peak at 120,000 barrels per day between 2013 and 2015 (van der Ploeg et al. 2011).<sup>1</sup> Although the reserves and production levels are modest compared to those of Angola and Nigeria, for example, the oil revenues are significant: in 2010, Ghana's population was 25

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<sup>1</sup> For extensive review of Ghana's oil discoveries and production level, see Asamoah (2013).

million and the GDP per capita was USD 1,600 (World Bank 2013). In 2012, oil exports accounted for about 25% of all exports (IMF 2013). Thus, the potential contribution of the oil sector to the development of Ghana is significant.

The most important regulative framework to manage oil and gas is provided by the Petroleum Revenue Management Act (PRMA) of 2011. The Act is a product of consultative work among various stakeholders and mirrors similar laws in Norway, Botswana, and Trinidad and Tobago. It is considered to meet international standards and best practices (Amoako-Tuffour 2010; MoFEP 2011).

One of the PRMA's key objectives is to establish a management framework that ensures that oil and gas are managed in a *“responsible, transparent, accountable and sustainable manner for the benefit of the citizens of Ghana”* (PRMA 2011, 4). The Act further states that *“management of petroleum revenue and savings shall always be carried out with the highest internationally accepted standards of transparency and good governance”* (§49.1). The Act thus makes transparency and accountability in the management of the revenues an obligation for public officers, not a choice.

To ensure public oversight, the PRMA includes extensive requirements for information disclosure. For example, the Minister of Finance and Economic Planning is required to publish all revenue receipts in at least two national newspapers annually. Furthermore, the law established the Public Interest and Accountability Committee (PIAC), which is an independent oversight institution mandated to monitor and evaluate the government's compliance with the Act and to provide a platform for public debate on revenue spending. In addition, Ghana joined the Extractive Industries Transparency Initiative (EITI) in 2003 and was validated as fully compliant in October 2010. Worldwide, the EITI is the best known and most extensive initiative attempting to increase transparency in the management of resource revenues.

The Ghana Extractive Industries Initiative (GHEITI) communication strategy includes both direct and indirect communication mechanisms. Direct communication includes sharing publications on the GHEITI website, printing hard-copy audit reports, producing newsletters, and arranging workshops for communities affected by extraction and for state officials, mining companies, CSOs, community leaders, and the media. Indirect communication occurs mainly through the media. For example, the key findings from EITI reports have been published in national daily newspapers. The first GHEITI audit report on oil revenues was published in 2012.

The media's potential to provide reliable, independent, and accurate information cannot be overemphasized. According to the NCA (2011), Ghana had licensed 247 radio stations and 28 TV stations as of 2011. In addition, several daily and weekly newspapers are published. Although the use of the Internet is growing, the access rate is relatively low: only 14% of the population had Internet access as of 2011 (ITU 2012). In terms of press freedom, Reporters without Borders (2012) ranks Ghana 41st out of 179 countries and 4th in Africa. Ghana's media thus provides a relatively credible avenue for providing information to the people and consequently it has potential in shaping people's perceptions about transparency. However, as to whether the people, especially in the rural areas, can access the information from the media, is another matter.

## **Research Context: Study Area and Methods**

### ***Study Area***

Cape Three Points is a small coastal village located on a peninsula extending into the Gulf of Guinea (Figure 1). It is located approximately 90 km from the Jubilee Field and is among the villages closest to the oil field.



(Figure 1 here)

The village has ca. 900 inhabitants and ca. 100 houses (Coastal Resources Center / Friends of the Nation 2010). The houses are built from local materials, mostly of clay and bamboo with iron roofing. Cape Three Points has a primary school and a junior high school, but the village does not have a health clinic and has only limited access to potable water and sanitation.

Cape Three Points is linked to the district capital Agona by an untarred road, which entails a one-hour drive during the dry season but is often impassable during the rainy season. The village is not connected to a power grid. The inhabitants have very limited access to the Internet and access to one radio station and one mobile-phone network with unstable connection.

The level of education in the community, like in other rural Ghanaian communities, is very low. The majority of the adult inhabitants have not had any formal education. The dominant source of livelihood is fishing, and other sources are subsistence farming and petty trading. Fishing is a year-round activity, but catches vary considerably depending on the season. Fishing is mostly done by the men, and women and children work with the processing, storage, and selling of the fish.

Cape Three Points was selected as the case-study area for the following reasons: it is located close to the Jubilee Field, and it has been identified as one of the communities that potentially can be negatively affected by offshore activities through livelihood losses and environmental damages (Gary et al. 2009). Furthermore, the coastal communities in the area demand a 10% share of oil revenues (Gary et al. 2009). In fact, the interviewees in Cape Three Points stated that there had been a decline in fish catches in recent years and they attributed the decline to the development of the offshore installations.

## ***Methods***

To understand information disclosure and transparency from the perspective of a coastal rural community in Ghana, this study used qualitative methods to collect and analyze information.<sup>2</sup>

The primary data were collected in Ghana between June and August 2012. In Cape Three Points, informants from 30 households were interviewed by using semi-structured interviews. The households were selected by including every other house beginning from the main entrance to the community all the way to the fishing beach at the end. Moving along the road provided a systematic sampling because, to a large extent, the community is a linear settlement. Some households declined to participate for reasons such as lack of development despite previous participation on research projects and lack of knowledge about the oil industry. Further sampling was terminated as no new information was forthcoming. Each household selected one of its members to serve as an informant, and in 23 cases, this was the head of the household. In the other cases, another adult household member was interviewed.

The interviews were based on a prepared guide that allowed us to have an open discussion with the interviewees while remaining focused on the study topic. Key issues discussed during each interview included the respondent's access to information in general and to oil revenues in particular, their willingness to acquire such information, opportunities to demand more accountability in the government's use of revenues, previous interactions with the government officials concerning the oil revenues, knowledge of the regulatory framework governing the oil revenues, and their perception on what transparency is. In addition to the household interviews, the village chief was interviewed on the aforementioned issues as well.

In Accra, the coordinator for GHEITI was interviewed with the goal to gain a better understanding of the GHEITI objectives and how it works to share information on natural resource revenues. A further objective of this interview was to gain insight into how GHEITI perceives the extent to which its activities have led to a better informed public.

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<sup>2</sup> For a more detailed description of the methods, please refer to Ofori (2013).

Furthermore, an interview was held with the deputy minister of the Ministry of Finance and Economic Planning, also in Accra. The objective of the interview was to understand how the government understands transparency and communicates with the public.

The data obtained from all interviews were recorded and fully transcribed. To make the information systematically comparable, the data were coded, response sets were assigned specific codes, and inductively, patterns, themes, and relationships were then discovered by using a matrix table.

## **Results**

This study explored the experiences and perceptions of the local inhabitants of Cape Three Points about their access to information on oil revenue. The study found that there is limited access to information generally and specifically about oil revenues. Furthermore, the study identified several barriers that hinder peoples' access to information. Finally, we found that the local people and government understand transparency differently.

### ***Accessing Information and Demanding Accountability***

According to the principal-agent model, people's power to demand accountability from government actors depends on the availability of the information. In the case of the study area, in order for people in Cape Three Points to demand more accountability, they have to (1) have access to reliable information in general and trust the information and (2) have access to information on oil revenues.

*Access to perceivably trustworthy information* The traditional leader as well as all except one informant stated that the radio is the most important source of information in the community. The only available radio station in the village is Ankobrah FM, a privately owned

radio station. In addition, several informants stated that they obtained some information from the community-center meetings. None of the informants mentioned television, newspapers, or the Internet as a source of information, and only one indicated friends and relatives a source of information.

In terms of the information trustworthiness, most informants stated that, generally, they trusted what they heard on the radio. Some of them pointed out that they had no alternative than to trust what is broadcasted on the radio because they have limited access to information from other sources. Most of the female interviewees trusted the information they gained from community-center meetings; one of them said: *“When we go to the community center, the things they tell us we believe and we do as they say”* (Jane, trader).

*Access to information on oil revenues* None of the interviewees had heard of GHEITI or EITI. The traditional chief had some contact with higher administrative levels, but this had not provided any information about the initiatives. After explaining to the informants the basic idea behind EITI, most were skeptical about how such an initiative could have an impact on their community. One informant pointed out: *“If these people [GHEITI] are in Accra, how can we in the village benefit?”* (Emmanuel, fisherman).

Although the inhabitants did not receive information on oil revenues from GHEITI, it was possible that they had received information on oil revenues through other channels, such as the radio, NGOs and CSOs, and PIAC. However, the interviews revealed that the locals had little knowledge about the revenues. According to the informants, the most important source of information, the radio, was not useful with regard to acquiring information about revenues. One informant stated: *“The radio hardly speaks about it [oil revenues] and even if they do it’s just politicians arguing over it”* (Michael, fisherman). The common attitude among interviewees was that, if they did not receive information from the radio, their abilities were

limited, as one interviewee expressed: “*If the radio does not say, how can we also know?*” (James, unemployed).

According to the traditional leader, initially, some government officials came to the village to discuss resettlement plans, because there were plans for Cape Three Points to be used as a location for oil-industry projects and as a settlement for oil-industry workers. However, apart from those discussions, no other information on oil development or revenues has been made readily available. For some informants, the most visible aspect of oil production was the traffic to platforms. One informant stated: “*We don’t know anything going on. All we see is the plane above [pointing to a moving helicopter in the sky] carrying our oil in the sea to Accra every day!*” (Peter, fisherman).

### ***Barriers to Accessing Information***

Our research identified several factors that inhibit the villagers in Cape Three Points from accessing information about oil revenues. These barriers range from personal circumstances, such as the willingness to acquire information, poverty, and low literacy skills, to external factors, such as poor infrastructure.

*Willingness to acquire more information* It is important that Ghanaians develop an interest in the information made available by the government and its agencies. To achieve transparency and accountability, the citizens must be interested in accessing the existing information and developing knowledge from it. Only then can they, for example, decide the fate of the politicians in elections or demand more accountability through lawful civil actions such as protests and strikes. This is fundamental to the principal-agent model: the citizens (principal) must be willing to make use of the information made available to hold the government (agent) accountable.

The interviewees generally expressed interest in knowing more about the oil revenues and how they were spent. However, despite their curiosity to know, the informants appeared passive or not willing to acquire or demand such information. None of the interviewees had tried to obtain information about oil revenues, which clearly conflicted with the feedback that they would have liked to know more. Although people in the community were interested in knowing what was going on, their interest had not translated into taking action to access or demand the relevant information. One possible reason for their inaction is that the interviewees were unsure of what actions they could take in order to demand more information and to hold the government accountable.

Furthermore, the interviews indicated that the villagers were not aware of their right to information and that they even were fearful of the government. They did not see themselves as the principal owners of the oil resources, with a government obliged to inform them about how it manages the oil revenues. People also felt they should not demand more information than that provided. From the interviews, it was apparent that many informants perceived government officials as rulers rather than public servants and that they thought the government would not be interested in their opinions and that their (the informants) views would not be respected. Some informants even believed that demands for transparency and accountability could trigger anger from the government, which in turn would deny them benefits in the future. One informant stated: *“As for us, we can’t go asking questions about the government’s oil money, [because] they will be angry at us”* (Grace, fishmonger). This implies that mere information disclosure and increased transparency may not be enough. If the power imbalance between the principal and the agent is too large or the accountability measures are not in place *prior* to a transparency initiative, reducing the information asymmetry may not lead to a better revenue governance because of the lack of ownership and the fear of reprimand.

*Capacity to demand more information* The capacity of those living in Cape Three Points to demand information from the government is partially limited by poverty. Although they were showing interest in knowing about revenue flows, the informants said that they would rather pursue activities that improve their lives rather than “chase” government officials for information. One informant stated: “*The government [representatives] came only once. All I care about is how to find money for my children’s school fees*” (Paul, fisherman).

People’s ability to read, understand, and construct knowledge from information is a prerequisite for transparency and action. In Ghana, 46% of adults are currently considered illiterate (Tsikata 2012), and the illiteracy level in rural areas is likely to be even higher. Even with basic literacy skills and some knowledge of English, most people in Cape Three Points would find it difficult to comprehend a GHEITI report. When information on revenues is presented either in a highly technical manner or in English, as has been done on GHEITI and PIAC websites and publications, many ordinary citizens are likely to have difficulties to comprehend it. This is a typical example of illusionary transparency: information is concealed in highly technical vocabulary and details.

*Lack of voice* The case study further revealed not only that the villagers had limited access to information but also that they had very limited means by which to make their voices heard. Even those who were willing to demand more information and accountability probably would not have had the possibility and means to address their concerns. Although the radio station accessible to them broadcasts “phone-in” programs through which they could have made their voices heard, most of the interviewees noted that it was too expensive to call into such programs, and most of them did not even own a phone. It was clear that expressing their concerns in writing was also beyond their means unless journalists took an interest in the community.

Another factor influencing the ability of the villagers to receive and interpret the provided information and then take action is the lack of representation. The traditional chief said that it was expected that the District Chief Executive Officer would visit the community frequently to hear about people's concerns. However, the officer had visited the village only once within the past 12 months. This implies that, even if people have access to information, their abilities to voice their concerns are limited.

Furthermore, the interviews and observations suggest that people's capacity in Cape Three Points to mobilize to take action (e.g., demand more information and accountability) is limited. There are no community pressure groups or focus groups with an interest in oil-related issues, and in the absence of any community-based organizations and non-governmental organizations, people are not educated, mobilized, and empowered to engage in any meaningful action. Thus, the locals do not only have a limited access to information and capacity to act, but they also lack the knowledge about whom to direct their voice to, whom to engage, and what would be appropriate mechanisms for seeking information and accountability.

*Infrastructure* There cannot be effective dissemination of information in the absence of basic infrastructural support. On the basis of the observations and interviews, it is apparent that one of the key challenges that people faced in accessing information is inadequate facilities. Access to information from television is limited simply because of the lack of electricity. Also, out of the five telecommunication networks in the country, only one is accessible in the case-study village. Even then, a user has to be at a vantage point in order to connect to the operator's network.

*Ineffective communication strategy* Our findings about the general lack of access to revenue information is not surprising when considering the remote location of the case-study



community and the educational level of its inhabitants. However, it highlights the ineffective communication strategy of the government and its agencies: a more tailored approach, based on understating local resources, must be used to disseminate information on natural-resource revenues. In the case of Cape Three Points, it could include using the radio, organizing town-hall meetings, and informing key members of the community such as the chief, teacher, and women's leader.

### ***What is Transparency?***

The government's focus on transparency is emphasized through the disclosure of information about the size and direction of revenue flows and development of laws, regulations, and relevant state institutions to manage oil and gas resources. According to the government, these measures should promote transparency through which the public has access to information and can hold officials accountable. This is reflected in the following quote by the Deputy Minister of Finance:

I can say we are the most transparent, is all about the implementation [of transparency policies and initiatives]. In addition to the Petroleum Revenue Management law, we have the petroleum and exploration bill in the pipeline coming up, and Petroleum Commission has been established. I think there is enough transparency in practice. It doesn't mean it is going to work just like that. It is left to all of us to pursue it but I think the PIAC has got a good start. The Minister of Finance is required to account for everything. In the 2012 budget, which is a public document available at the Ministry's library and website, it has a section that shows the projected oil revenues, the actual [revenue collected] and the allocations. [Opens relevant pages of the budget to show.] So, whoever wants to

know can assess it, we have done our best as a nation even though we must not be complacent.

In principle, the creation of the institutions mentioned in the quote above and the enactment of laws are necessary for transparency and have brought information about revenues into the public domain. However, in reality, there is a gap between the intended transparency outcomes from these initiatives (which the government seems to equate to information availability) and the reality on the ground, because all people do not benefit from the initiatives. The challenge is not the lack of information but rather that the information does not reach all intended audiences and is not in an understandable format. According to Heald (2006), the government thus currently engages in nominal transparency, making information available in a way that is not useful for the people in Cape Three Points. Consequently, the government has not been able to reduce the information asymmetry in the case of Cape Three Points. This, if also true for a large proportion of the Ghana's population or certain socio-economic groups, can potentially expose the country to agency problem.

The GHEITI coordinator agreed that transparency could be further improved:

There is transparency but it can be improved all the time. Transparency is just not a point you reach and just stop there. You must always aspire to higher standards of transparency all the time, as much as you can... There is also PIAC, in which EITI is represented on, so these are the things that would propel and demand transparency and accountability.

Our study revealed that the informants in Cape Three Points perceived transparency differently from the government officials. The interviews show that people are less interested

in knowing the details about the revenue flows and their size; they rather want to see development. According to the informants, there has been no significant socio-economic development in the community since the oil production started and hence, according to them, the government has not been transparent. One interviewee made the following suggestion: *“If the government wants us to see what they are doing with the money, then they should come and build our road and schools for us”* (Beatrice, trader). Another interviewee pointed out that *“they should tell us how many schools, hospitals, and roads they have built in our area with the oil money. We don’t want the money to be mentioned in millions and millions; we want to know specific things they have done with it”* (John, fisherman). Yet another interviewee claimed that *“the government is spending all the oil money, hence no electricity and development here”* (Jenkins, trader).

Thus, the perception of transparency and accountability in the village comes down to seeing visible development in the community: people are interested in knowing how many schools, wells, and other infrastructure have been built with oil revenues. This calls for a more holistic approach to increase transparency and accountability in natural-resource revenue management and has important implications for the government, EITI, and other transparency initiatives, because the effort may be put into projects and programs that yield products that the intended audience does not understand, require or value.

### **Concluding Remarks**

High-value natural resources offer considerable advantages for developing countries. If extracted and managed in a careful way, such resources can both yield an economic boost and raise the living standards of all citizens. Moreover, addressing the management of high-value natural resources can reinforce other development objectives directly and indirectly, by fostering democratization, strengthening civil society, and reducing dependence on

international assistance, for example. However, the opportunities associated with high-value resources are accompanied by considerable challenges, including opportunities for mismanagement of the resource revenues. A widely proposed policy to reduce mismanagement opportunities has been to increase information disclosure, transparency, and accountability in revenue management.

This study shows that, in the case of Cape Three Points, the lack of transparency first and foremost is not related to the lack of information but rather to the lack of access and capacity to process the information about natural resource revenues. To some extent, this situation can be attributed to the lack of information infrastructure, the more pressing needs of the people to secure their daily life, and their limited capacity to process such information, due to, for example, their limited education and English language skills.

What is noteworthy is that the situation is also due to the fact that people are not willing to obtain information about natural resource revenues, they do not perceive that they have the right to obtain such information, and they are concerned about potential punitive reactions from the government in case they demand more information or accountability. Moreover, they have limited options to voice such demands.

The study also shows that people in Cape Three Points perceive transparency to mean visible development in their community, whereas the government, to a large extent, equates transparency to making information available through Internet, national newspapers, and legislation.

This study cannot answer whether the lack of access to information is the same for other rural communities in the region or elsewhere in the country or for more urban areas as well. However, it suggests that the possibility for illusionary transparency is real because the government, and possibly other actors too, perceive themselves as being transparent whereas those living close to the oil-production area lack access to the information.

The findings on barriers to obtain and process information on revenues are not unexpected for a rural community in a developing country. However, when considering that Cape Three Point has joined the other communities in the region to claim a 10% share of the oil revenues, the community members' unwillingness and inability to access information on revenues is surprising and worrying because this inability to access information and hold the government accountable can potentially lead to mistrust, tension, and conflict.

This case study thus demonstrates the need for a more holistic approach to increase transparency and accountability. Transparency initiatives and policies need to look beyond the information supply side (i.e., government and companies) to the demand side (i.e., the citizens). The citizens must be willing and capable of receiving, processing, and acting on the information. Anything short of this would curtail reaching the objectives of the transparency initiatives. It is likely that the transparency approach currently being implemented at the national level in Ghana will serve the needs and requirements of different stakeholders, such as international and national NGOs, donors, the government, and some sections of the public, but this is not the type of transparency requested by all communities and stakeholders.

For communities that lie close to the oil fields, such as Cape Three Points, having little or no knowledge about the oil revenues reflects the deficits of the communication strategies chosen by the government. This highlights the need for more nuanced information-disclosure strategies as well as research at the local level in order to evaluate the ordinary citizens' access to information, their understanding of transparency and accountability, and the possibilities to act on disclosed information.

This article contributes to a growing literature on natural resources, transparency, and accountability in the context of developing countries that argues that information disclosure is not sufficient in itself to increase transparency and accountability (e.g., Kolstad and Wiig 2009; Lindstedt and Naurin 2010). The dilemma, however, is that information disclosure and

transparency are supposed to give people the opportunity to demand accountability and, ultimately, more development. However, in reality, improvements such as adequate schooling, better infrastructure and health care, and fulfillment of basic needs may have to be in place before transparency can be effective.

There is not a single way to increase transparency and accountability in natural-resource management in developing countries. The approaches in Ghana, as well as in other developing countries, may not yet have fully yielded the desired results. This does not necessarily mean that the approaches have been ill conceived. The point is not that information disclosure should not be increased but that program officers, decision-makers, and the public need to be realistic about the complexity of the challenges and the commitment that will be required. That is, stakeholders must fully understand the local conditions and how these conditions influence and constraint their efforts. The stakeholders may also need to be more realistic about what can be achieved. Finally, it is critical that government, while making information available, takes steps to bridge the information divide between the center (i.e., capital city, elite groups) and the periphery (i.e., the poor, rural communities) such as Cape Three Points.

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