

**The role of Information Accessibility in achieving Transparency and Accountability
in Ghana's oil Industry: A reality check from Cape Three Point**



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DECLARATION

With the exception of References used, which have been duly acknowledged, I hereby declare that this thesis is a product of my own research.

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DEDICATION

Behind every successful man there is a lady. I am glad to have five wonderful ladies who have been there for me every step of the way. I dedicate this work to my three sisters Evelyn, Bernice, Belinda and my Mum Joyce as well as my beloved Nanabea. I could not have made it this far without your support, prayers and encouragement, thanks.

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Abstract

The possession on natural resource wealth has in most cases has turn out to be a curse rather than a blessing to many countries that Possesses them. The discovery of oil and gas resources in Ghana has brought to the fore debates about how best to manage it to the benefit of the citizens. Transparency and accountability has been identified as key to prudent resource governance not only in the case of Ghana but globally. At the heart of transparency and accountability however is the availability of information to the citizens which can enable them to monitor the behaviour of governments.

This study examined how the actual implementation of transparency and accountability initiatives is impacted by people's access to information. Specifically, it investigated how people access information, their capacities and willingness to process the information in order to hold government to account. The study was conducted using qualitative methods in Cape Three point, a community close to Ghana's Jubilee oil fields.

The study revealed that making information available is not enough to achieve transparency and accountability. Rather, achieving Transparency and Accountability is dependent on people's information access mechanisms, level of education, livelihoods, interests and infrastructure. It was found out that within the Cape Three Point community, the people had little knowledge about the oil revenues even though the government and the Ghana Extractive Industries Transparency Initiative (EITI) have made some information available to the public. The people were also less willing to demand accountability even though they were interested in knowing about the oil revenue flows. One important implication of this study is that when government or transparency initiatives make information public, in reality it does not necessary mean the people have received it or been able to construct knowledge or make decisions based on it.

The study recommends among other things that transparency initiatives must be context dependent and be based on an analysis of people's information needs, proper channels of communication and strengthening people's capacity to demand accountability.

Key Words: Transparency, Accountability, Oil revenues, Access, Capacity

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List of acronyms

ABFA	Annual Budget Financing Amount
BCF	Billions Cubic Feet
BOG	Bank of Ghana
CBO	Community Based Organisations
CSO	Civil Society Organisations
EITI	Extractive Industries Transparency Initiative
GHEITI	Ghana Extractive Industries Transparency Initiative
GNI	Gross National Income
GNPC	Ghana National Petroleum Corporation
IBP	International Budget Partnership
IEA	Institute of Economic Affairs
IMF	International Monetary Fund
ISODEC	International Social Development Centre
MOFEP	Ministry of Finance and Economic Planning
MSG	Multi stakeholder Group
NEITI	Nigeria Extractive Industry Transparency
NGO	Nongovernmental Organisation
NSC	National Steering Committee
PIAC	Public Interest and Accountability Committee
PRMA	Petroleum Revenue Management Act
PWYP	Publish What You Pay

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Liberia has been one of the most cursed of all resource-rich countries. Despite an abundance of iron ore, diamonds, gold, timber and rubber, Liberia was for fourteen years ravaged by a horrific civil war that disintegrated the nation and brought us near to the bottom of the UN's Human Development Index. Corruption and mismanagement of the country's abundant resources fuelled the war [...] A large part of the problems of the past lay in a lack of knowledge and information about the money paid to the government from the companies extracting the natural resources. This money belonged to all the citizens of Liberia, not just to its rulers, business elite and soldiers...

President Sirleaf-Ellen Johnson (Liberia)¹

The possession of natural resources by a country should, according to conventional thinking serve as a catalyst for socioeconomic development. Going by the arguments of "Big Push" theorists such as Murphy et al. (1988) and Rosenstein-Rodan (1963), resource booms in poor countries should translate into development (Sachs and Warner, 1999). However, the view of President Sirleaf provides a vivid picture of how poor natural resource management has had a detrimental effect on countries that are resource endowed. It is becoming increasingly clear that the possession of natural resources, in particular, high value resources such as hydrocarbons (oil and gas), gems, gold, does not lead to expected economic and social development. This has prompted many to question whether such resources are in fact a "*blessing or curse*" (Davis et al., 2003).

In Ghana, the discovery of oil and gas resources has brought to the fore debates on how best to manage natural resources in order to avoid the problems experienced in other countries. This fear of mismanagement is particularly informed by Ghana's own history and the poor management of the country's gold and other mineral resources in the past. In most developing countries the possession of oil resource has proved consistently harmful rather than a blessing (Schumacher, 2004). Nigeria is one of many notorious examples that can be found in Africa where oil revenue has led to massive corruption in government and conflict in the Niger Delta where it is produced (Lujala and Rustad, 2012).

¹ Quote extracted from Darby, S. 2009. Talking Transparency—A Guide for Communicating the Extractive Industries Transparency Initiative. Oslo: EITI Secretariat.

The term “resource curse” (Auty, 1993) is commonly used to describe the negative relationship between natural resource endowment and development and has received extensive attention from a growing body of literature (Auty, 1986, Auty, 1993, Auty, 2001, Bulmer-Thomas, 2003, Lal and Myint, 1996, Stevens, 2003). In the past the problem of resource curse was largely explained within the economic sphere in terms of revenue volatility (Mikesell, 1997), Dutch disease (Usui, 1997) among others. Even though several economic explanations and solutions have been offered for the phenomenon, it has been argued by authors that the problem is in fact political in nature (Sarraf and Jiwanji, 2001) and very much due to poor governance. Endemic corruption in various forms including rent-seeking and patronage by state and private actors has characterised most countries considered to be victims of the resource curse (Kolstad and Søreide, 2009). It has been estimated, for example, that some \$380bn oil revenues in Nigeria have been wasted since independence through corruption alone (Kolstad and Søreide, 2009p1). Similarly, \$1billion is considered to go missing annually in Angola (McMillan, 2005p1) The literature therefore has gradually shifted from prior economic explanations towards the governance or political side. Karl (2007) has argued strongly that the resource curse is basically political and not economic in nature.

The resources curse literature has focussed increasingly on rent-seeking as the primary cause of many of the problems experienced by resource dependent countries. Rent-seeking involves various individuals diverting as much of the resource revenues for their own benefit (Humphreys et al., 2007). Apart from rent seeking being linked to corruption directly, also, when high resource rents are involved entrepreneurs would rather engage in capturing this rent rather than engaging in productive activities(Kolstad et al., 2008p2). Good governance, through transparency and accountability, is increasingly being advanced as a solution to curtail rent-seeking and corruption in resource management. Lindstedt and Naurin (2010) assert that transparency helps in ensuring resource benefits are redistributed and not captured by elites. This research therefore is positioned within the framework of transparency and accountability as a measure of improving resource governance.

There is increasing agreement that transparency and accountability are critical to ensuring oil wealth does not harm developing countries (Schumacher, 2004). For the management of natural resource wealth, transparency and accountability have become no longer mere options available to governments and extractive industries, but rather an obligation that all countries must work towards. Empirical research, however, on their impact and actual implementation

in the resource sector is relatively sparse. While declarations and global promotion of transparency and accountability as a cure to the resource problem is increasing, the gap between the rhetoric and reality remains large.

Transparency in resource management involves making available relevant information about every aspect along the resource value chain, including revenue collection and use (Uzoigwe, 2012p3). One of many initiatives being promoted in this regard is the Extractive Industries Transparency Initiative (EITI). The EITI is a global standard for revenue transparency that creates a platform for extractive industries to disclose what they pay to governments (EITI, 2012). Governments on the other hand also disclose what they receive from the companies. Through this mechanism information about resource revenues can be made public. It is assumed that transparency is a key feature of good governance and required for accountability between states and citizens, where increasing information available to the public, enables citizens to hold the government to account (McGee and Gaventa, 2010p13).

Fundamental to achieving resource transparency would require citizens' accessibility to timely and reliable information about all aspects of the resource management chain from discovery to revenue collection and use. Stiglitz (1999) argues that it is a citizen's right to be informed about what their government is doing. This citizen-government relationship is, however, fraught with imperfect flows of information leading to information asymmetries. Such issues are commonly explained through principal-agent theory, which involves a Principal (here citizens) who tasks an Agent (government) to perform certain services (e.g. manage natural resources) on their behalf. The principal can monitor the behaviour of the agents based on information provided by the later.

According to Stiglitz (2002) governments often would not be interested in disclosing more information and transparency, since it would reduce their opportunity to obtain resource rents for themselves. Even when information is disclosed, Kolstad and Wiig (2009) also argue that it is not enough but other intervening variables such as media competition, citizen's level of education and resources to use the information are key. Lindstedt and Naurin (2010) likewise point out that making information available will not impact corruption unless it stands a reasonable chance of reaching the people.

Bellver and Kaufmann (2005) argue that how information accessibility impacts on accountability and good governance is still poorly understood. This aspect in the literature remains a grey area and has a number of unanswered questions. How citizens receive the

information, their capacity to process and act on the information remains a gap within the literature and Practice. This is a key gap between the rhetoric and reality when it comes to the impacts of transparency and accountability. This aspect of the discourse is often ignored or poorly articulated. This study therefore addresses the gap by exploring how the people of Cape Three Point, a village close Ghana's oil fields access information about the country's oil revenues and their capacity to act on the information. This study will contribute to an understanding of the role of information accessibility in promoting accountability and good governance in the natural resource sector.

1.2 The Case of Ghana

One of the key reasons for the growth of interest in the issue of resource curse is that many countries are receiving large resource revenues from petroleum and mineral resources (Stevens, 2003). How these revenues can be used positively for development and enable countries to avoid the resource curse, has occupied the attention of many Nongovernmental organisations (NGOs) and donor institutions (Stevens, 2003). It has been found that such revenues have been linked to increased poverty, high rates of corruption, defective governance and even civil war (Ross, 2001p4, Stevens, 2003).

The discovery of oil and gas in Ghana in 2007 has meant that significant revenues would be made available to the government. How this resource wealth will be managed is of key importance to the future socio-economic development of the country.

Talk of transparency and accountability in the management of the revenue flows has been part of the rhetoric and discussions since the discovery of the oil. The call for transparency in the oil sector has been made by political actors in government, civil society organisations, donor institutions and most importantly the public. Most recently, the renowned former Managing Director of the World Bank, Dr. Ngozi Okonjo-Iweala, also urged Ghanaians to be 'uncompromising on issues of transparency and accountability in the sector' (Ghana News Agency, 2013)². These demands are consistent with Lujala and Rustad (2012) argument that "transparency is the single most important means of curtailing corruption and should be required throughout the value chain from the signing of contracts to the point of exports" (p596).

² As quoted in Graphic online: <http://graphic.com.gh/Business-News/ghana-must-ensure-transparency-in-management-of-oil-revenue-okonjo-iweala.html>

The government has responded to these calls through various measures so far. A new legal framework for the management of the oil revenues has been put in place. The Public Interest and Accountability Committee (PIAC) has been set up as an institution to provide over-sight responsibility. Ghana is also implementing the Extractive Industry Transparency Initiative (EITI). Institutions like these it is believed would provide reliable information to the public relative to the management of the oil revenues in the spirit of transparency and accountability.

Malena and Forster (2004) note that the best measure against corruption is when citizens take the centre stage in monitoring the government. For them, strengthening citizens' voice and capacity to demand accountability is critical. For the people of Ghana to be able to take the centre stage and respond to that civic responsibility of holding government and extractive industries accountable, they require information and capacity to construct knowledge and eventually take action. Citizens must, therefore, be armed with information about how the resources are being managed in order to make meaningful scrutiny of the government.

Access to information and communication are unequally distributed and often can be influenced by poverty, education, language, rural-urban dichotomy and gender (Norris, 2004). Norris (2004) observes that information dissemination and accessibility through the radio remains a challenge in Ghana's rural areas and poor people. Because of the unequal distribution of information and other moderating factors, even when government discloses information about the oil revenues, key questions remain unanswered about transparency and accountability in the oil sector. Questions, such as which citizens have access to the information, where and how this occurs, as well as regarding people's capacity to act on the information, remain critical to linking transparency theory to practice and policy.

1.3 Aims and Objectives of the study

The importance of transparency includes successful revenue management (Lujala and Rustad, 2012), addressing the problem of detachment and secessionist pressure (Collier and Hoeffler, 2012) and perhaps most importantly improving natural resource management and increasing wealth (Tsalik, 2003). Whereas the resource curse is not inherently cured through transparency, the necessary checks and balances to monitor the management of the revenues can be established (Tsalik, 2003).

This research aimed at enhancing knowledge and understanding of transparency and accountability in the management of natural resources. More specifically, the research addresses the missing gap within the transparency and accountability discourse relative to information accessibility and people's capacity to process such information. Even though transparency and accountability are established principles for good resource management it appears in practice however much knowledge is still yet to be acquired in achieving its objectives.

The goal of transparency in the natural resource sector is to ensure public access to information on various aspects of the management of the resource. The research carried out in Cape Three Point explores how citizens have access to information on the flows of revenue from the oil companies to the state and how the state utilises these revenues. Following from this objective the following research questions are posed:

1. To what extent has Ghana EITI given these people access to information on how their oil resource revenue is being managed?
2. Do the people of Cape three points have access to information on the revenue flows from the oil companies to the state?
3. If they do, how do they have access to information on how the government is utilising these oil revenues?
4. Are the people willing to take action on any information they receive?
5. Do the people of Cape Three Point possess the capacity to process any information provided about the management of the petroleum revenues?

1.4 Relevance and Justification of the research

This research has both immediate and future relevance to the transparent management of Ghana's oil resources and other natural resources in general. It also adds to existing literature on both the resource curse, and transparency and accountability. Most importantly, it can contribute to the actual practice and implementation of resource transparency and accountability policies and initiatives in developing countries.

The research findings would have relevance in shaping Ghana's policy and initiatives relative to ensuring transparency and accountability. It would serve as a reality check and provide

government with a fair idea of how its resource transparency initiatives have impacted on the citizens so far. This can be a useful tool to enhance policy decisions and initiatives in future.

Even more so, it would be of relevance in shaping the policy and campaigns of Transparency and Accountability Initiatives (TAIs) and organisations at the global level. This research brings to the fore the argument that context matters in policy and initiative strategies. Wholesale transfer of transparency initiatives that has worked elsewhere (especially developed countries) may not necessary yield the same benefit in all countries. Local conditions, such as communication, infrastructure, cultural norms and livelihoods, can function to make globally accepted initiatives not work if context is not given much attention during implementation.

1.5 Organisation of the research

This research is organised into eight chapters. The immediate five chapters provide an introduction to the entire study. Chapter two provides a background to the oil industry in Ghana. It includes a brief timeline of the industry's history, the oil revenues and expenditure areas, as well as the transparency and accountability context in Ghana. Chapter three discusses the theoretical and conceptual underpinnings of the study. The methods and techniques used to undertake the research are discussed in Chapter four. Chapter Five provides a descriptive background of the study area that includes the people's livelihoods and how it is being impacted by the discovery of oil and sets the context for the analysis and discussions in the subsequent chapters.

The last three chapters constitute the analysis and discussions of the research findings. Chapter Six focuses on the Extractive Industries Transparency Initiative and its impact in terms of information accessibility in Cape Three Point. The chapter looks further beyond EITI by looking at people's knowledge of the oil revenue flows and how they acquire such knowledge. Chapter seven discusses the willingness of the people to demand accountability and also their capacity to take action on information they are provided with. Chapter eight is the concluding chapter, which summarises the findings of the research, and includes recommendations and limitations.

Chapter Two

Ghana's Oil Industry and Transparency Context

2.0 Introduction

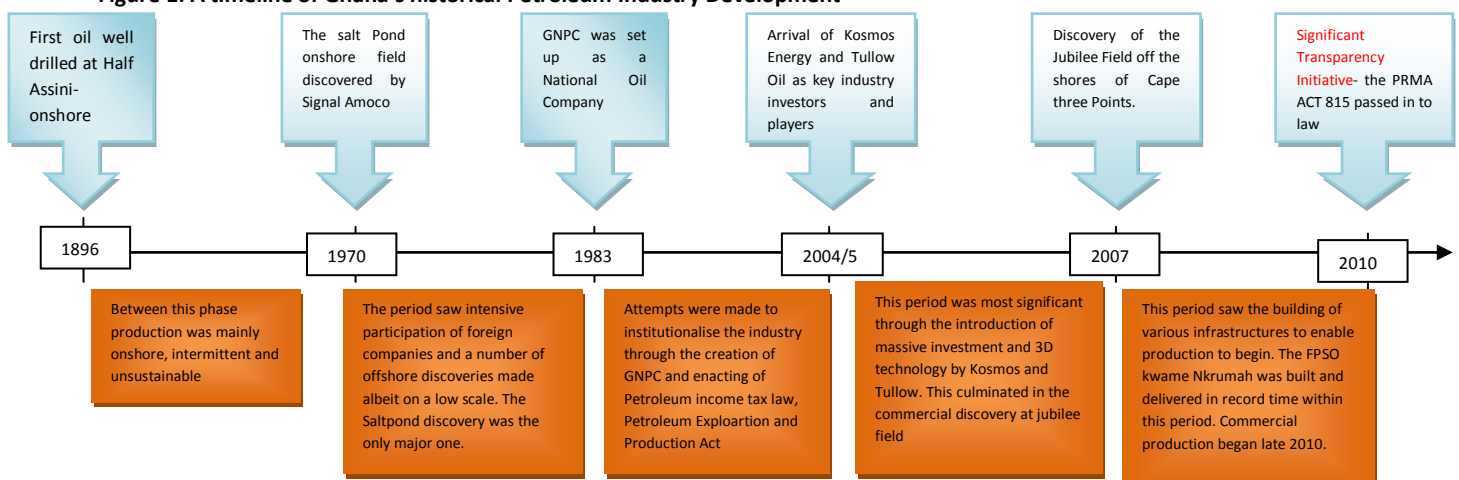
Ghana's oil reserves are significantly less compared to those of Nigeria and Angola, while on the global scale it is far lesser compared to those of Norway, Kuwait, and Saudi-Arabia among others. This notwithstanding, given the country's annual GNI per capita of \$1 810 in 2011 (World Bank, 2011) and population of 24 million, the oil revenues would be significant in the country's developmental agenda (Gyimah-Boadi and Prempeh, 2012) if managed prudently devoid of corruption. The ability to avoid the resource curse through transparency and accountability would thus be key in this regard. This chapter provides background information on the oil sector and how it is governed in Ghana. Also, a background presentation of the transparency context is provided.

Section 2.1 and 2.2 outlines oil exploration and production in Ghana from 1896 until August 2007 when oil was discovered in large commercial quantities. This section covers the projected prospects of the oil industry in terms of revenues and expenditures. Section 2.3 focuses on the issue of transparency in the oil industry. It discusses the vehicles that could drive the transparency and accountability agenda with emphasis on the Petroleum Revenue Management Law, institutions and importantly citizens. Finally in section 2.4 data based on the Institute of Economic Affairs' (IEA) survey is presented as a back drop to current level of transparency.

2.1 Oil Exploration

Ghana announced the discovery of oil and gas in commercial quantities on 22nd August, 2007. The discovery was a result of exploratory efforts by both national and international firms since the nineteenth century. Fig 1 below shows a timeline of activities over a century culminating in the discovery in 2007. The first onshore oil reserve was discovered in Ghana in 1896 at Half Assini (Sutherland, 2008).

Figure 1: A timeline of Ghana's historical Petroleum Industry Development



Source: Author's construction based on varied sources of information³.

Over the period spanning a century and over, there were some important discoveries albeit on a low scale. The Saltpond offshore field discovered in 1970 by Signal Amoco was one of such fields. The field with estimated 45million barrels of oil underwent production between 1978 and 1985 (sutherland, 2008). Other notable discoveries included Philips Petroleum's finding in offshore North and South Tano and light oil discovered in Offshore West Cape Three Point-2 by Hunt Oil. The jubilee field discovery has been the most significant so far.

2.1.1 Jubilee Field

The various oil exploratory activities and discoveries predating 2007 provided not only an accumulation of seismic data for the country's oil potential but also the motivation for further intensive investment⁴ in the sector. This perhaps in part saw the massive investment by Kosmos Energy and Tullow oil from 2004. Their investments were equally matched with modern 3D exploration technology. This resulted in the commercial discovery of the oil in the Jubilee⁵ field in 2007. The initial find comprising of the Hydua-1 and Mahogany-1 wells are collectively named as the Jubilee Fields and straddle both the West Cape Three points and Deep Tano blocks⁶ (Tullow Oil Plc, 2010). Figure 4 below shows the location of the oil fields.

³ Example Sutherland, R. Exploration history and regional geology. Capital Markets Day, october 2008 2008. Tullow Oil Plc.

Ghana National Petroleum Company. *Exploration and Production* [Online]. Accra, Ghana: GNPC. Available: <http://www.gnpcghana.com/activities/explorationIntro.asp> [Accessed 09/9/2012 2012].

⁴ \$550 Million FDI Ghana National Petroleum Company. *Exploration and Production* [Online]. Accra, Ghana: GNPC. Available: <http://www.gnpcghana.com/activities/explorationIntro.asp> [Accessed 09/9/2012 2012].

⁵ The name Jubilee fields is a result of the coincidence of the oil discovery and Ghana's 50th independence celebration.

⁶ Ghana's territorial sea with oil potential are divided into blocks and marketed to investment oil firms on that basis.

Figure 2: Map of Ghana's offshore oil Fields



(Tullow Oil Plc, 2010)

Position of study Area: ▲

The Jubilee Field is being developed under a joint venture agreement among six international oil exploration firms and the government of Ghana, represented by Ghana National Petroleum Company, GNPC. The government holds a 10% carried interest in each of the two blocks under the joint venture. The remaining percentages are owned variously by the other stakeholders. Table 1 below shows the percentage of stake each stakeholder has in the Jubilee field. The percentage of ownership likewise reflects the share of revenue from the field.

Table 1: Percentage stake held by various actors in the Jubilee field

Name of stakeholder	West Cape Three Point Percentage (%)	Deep Water Tano Percentage (%)	Originating Country
Kosmos Energy	30.875	18	USA
Anardako	30.875	18	USA
Tullow oil PLC	22.896	49.95	UK
Ghana National Petroleum Company (GNPC)	10	10	Ghana
E.O Group	3.5 ⁷	-	Ghana (private)
Sabre oil and Gas Ltd	1.854	4.05	Switzerland

Source: Based on information at GNPC website: <http://www.gnpcghana.com>

Beyond the discoveries at the Jubilee fields in 2007, there have been other discoveries in recent times and these discoveries are being developed to undergo production. These include the Tweneboa discovery in March 2009 and subsequently the Tweneboa-2 in January 2010 as well as the Tweneboa-3 in January 2011 (see figure 2 map insert for their locations).

2.2 Revenues and Distribution

The introduction of the petroleum sector into Ghana's economy would have immense benefits if well harnessed and managed. Ghana's Jubilee oil field is recognised to be of high quality⁸ and expected to command high prices in the international oil market (Tullow Oil Plc, 2010). According to estimates by Tullow oil Plc, Jubilee field holds estimated proven reserves of 490 million barrels of oil and associated gas of ~800 bcf⁹. It is however possible this reserve could increase to between 1200 million to 1800 million barrels in the future, if ongoing tests and drillings yield positive results (World Bank, 2009).

With the commencement of production in late 2010, it is expected that by mid 2016 production should peak at 120,000 barrels per day whereas the estimated 490 million barrels of oil is to span a period of 20 years (World Bank, 2009 p1).

In terms of revenues Ghana stands to benefit about \$1 billion annually (World Bank, 2009 p1). The field as pointed out previously is a joint venture between the government of Ghana and six other stakeholders. The implication of this is that the total revenues would not be

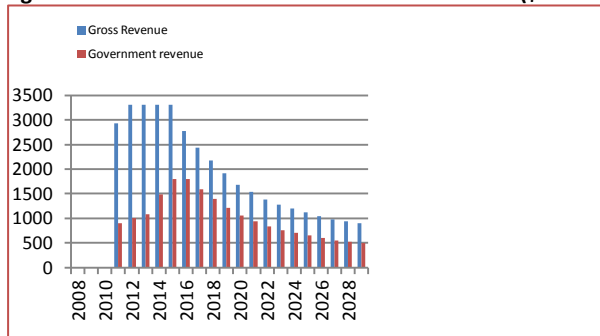
⁷ The E.O group a Ghanaian owned company however sold its 3.5 stake in the field to Tullow oil in July 2011, thus increasing the later's share by same margin

⁸ World Class sweet oil

⁹ Billion cubic feet

raked by only the government. Figure 3 below shows projections of government’s revenues from the petroleum in the life span of the oil fields:

Figure 3: Gross Revenue & Government Revenue in (\$millions)



Source: Author’s construction based on data in (World Bank, 2009 p21).

Government’s take or share of the revenue is defined by the fiscal regime¹⁰ in operation. A fiscal regime outlines revenue streams available to the government and how much it potentially stands to benefit. Knowledge of revenue streams provides clarity and transparency in revenue management. A fiscal regime varies from country to country and depends on prevailing conditions under which oil is found (Gary, 2008). Ghana’s oil fiscal regime¹¹ could be described as a “hybrid of concessionary and production sharing arrangement” (Amoako-Tuffour, 2010b pg4). Government revenues generally are from royalties derived from award of oil blocks and its own participation in the venture. Appendix 1 summarises the fiscal regime governing the petroleum industry in Ghana.

While some authors¹² have focused on the merits and demerits of Ghana’s choice of a royalty system, as a fiscal regime as opposed to other systems, the key issue is how well the revenues derived from the resources are managed. What the government chooses to expend the windfall revenues on is very important as it must go to areas that would yield the maximum benefits. When the government and public officials loot, or spend these resources on projects

¹⁰ A petroleum fiscal regime has to do with the fiscal instruments and contractual framework which indicates the host country’s share of the windfall revenues and specifying where they are streaming from Gary, I. 2008. UNDP Discussion paper No. 6: fuelling poverty reduction. *International Oil and Gas Forum*. phnom cambodia: UNDP.

¹¹ The fiscal regime comprises the following elements: a 5 percent royalty for oil revenue; a 10 percent tax on petroleum revenue net of royalty and operational expenses (i.e., the oil rent); a share of the oil rent growing with the rent amounts; and 35 percent income tax World Bank 2009. *Economy-Wide Impact of Oil Discovery in Ghana. PREM 4 Africa Region*. Washington D.C: World Bank..

¹² See examples: Amoako-Tuffour, J. 2010a. An Evaluation of Ghana’s Petroleum Fiscal Regime. *Ghana Policy Journal*, 4, 7-34. Adjoa, H. N. Was Ghana right in choosing the Royalty Tax system in the oil sector? *Danquah Institute Quarterly*.

for reasons political expediency, then the potential for the country to be plunged into the resource curse becomes very real. The public thus must ensure the revenues are put to appropriate use. The public can hold the government accountable when they are aware of the areas where the revenues are to be expended. Within this focus a discussion of how the oil revenues are to be spent therefore becomes necessary.

2.2.1 Revenue Distribution

A key provision of the Petroleum Revenue management Act, Act 815 (discussed in subsequent subsection), is to detail out how the revenues should be used. This curtails arbitrary expenditure to an extent. The law provides two avenues where the oil revenues ought to be channelled to. These specific areas include the Revenue Funds and the Annual Budget Financing Amount (ABFA).

2.2.2 Revenue Funds

Petroleum funds are important components in the management process of oil revenues globally and have been extensively reviewed¹³. In pursuance of the provisions of the PRMA Act 815 (PRMA 2011), the government established a Petroleum Holding fund, Ghana Heritage Fund and Stabilisation Fund. The decision to create these funds was based on extensive stakeholder consultations, a national survey and best practices elsewhere such as Norway.

The petroleum holding fund is the primary account created “to receive and disburse petroleum revenue due the republic” (PRMA 2011 p5). This account kept by the Bank of Ghana (BoG) serves as the primary depository for all oil revenue payments received from any source as outlined in the fiscal regime. The setting up of the petroleum holding fund provides a relatively easy mechanism for monitoring revenue flows to the government. This contributes to the achievement of transparency when it comes to revenue flows. This is because all revenues from the various sources (see Appendix 1) become easy to monitor and to track. This fund provides disbursements of monies to the two other funds (Heritage and Stabilisation) and also the Annual Budget Financing Amount (ABFA).

The creation of the stabilisation and heritage funds were in respond to two apparent problems often related with oil windfalls. First, the country’s monetary and fiscal management could be

¹³ Fasano, U. 2000. Review of the Experience with Oil Stabilization and Savings Funds in Selected Countries. *International Monetary Fund (IMF) Working Paper No. 00/112*, Asfaha, S. G. 2007. National Revenue Funds: Their Efficacy for Fiscal Stability and Intergenerational Equity. *Social Science Research Network*. Gary, I. 2008. UNDP Discussion paper No. 6: fuelling poverty reduction. *International Oil and Gas Forum*. phnom cambodia: UNDP.

destabilised given the large quantum of oil revenues (relative to the size of the economy) that would be introduced into the economy in a short period of time (Amoako-Tuffour, 2010b). Also, due to the short term nature of the oil windfall, if misappropriated or treated as income presently it would deprive future generations any benefit. As a remedy to the above macroeconomic stability and intergenerational equity issues, the petroleum revenue management Act, Act 815 stipulated the creation of the two investment oriented funds.

The stabilisation fund was created “to cushion the impact on or sustain public expenditure capacity during periods of unanticipated Petroleum revenue Shortfalls”(PRMA 2011 pg7). Payments into this fund are based on an approved percentage by the Parliament of Ghana from the holding fund.

The Ghana heritage fund on the other hand seeks to satisfy the intergenerational equity problem. The fund is set up to “provide an endowment to support the development of future generations when the petroleum reserves have been depleted”(PRMA 2011 pg8). According to Amoako-Tuffour (2010b), the fund beyond this primary objective would also shore up the country’s international reserves as well as the state’s creditworthiness in the international capital market.

2.2.3 Annual Budget Financing Amount (ABFA)

The ABFA is the amount of petroleum revenue allocated for spending in the budget in a financial year (Public Interest and Accountability Committee, 2011). This amount, according to the law must not exceed seventy percent of the bench mark revenue¹⁴ to be determined by the Minister of Finance. According to the law, the use of the money is to be guided by a medium term expenditure framework consistent with the country’s long term national development plan.

The law, however, anticipates a situation where the country may not have a long term development plan. Under such conditions the law likewise provides specific developmental areas or projects which could be financed with the amount. These include infrastructure, rural development, and water and sanitation among others. Appendix 2 shows a full list of these areas. While the list per the law is not prioritised in the order it is stated, the Minister of

¹⁴ Bench Mark revenue is the sum of the expected revenue from crude oil, expected gas royalties and the expected dividends from the national oil company (PRMA 2011. Petroleum Revenue Management Act. ACT 815. Ghana: Paliament of Ghana.

Finance is tasked to prioritise at most four areas necessary to achieve maximum impact of the revenue use¹⁵.

The use of the Budget allocation amount poses the biggest threat to misuse and corruption. It is often through budget related expenditures that oil revenues go missing in oil economies since budgets are less transparent in oil economies (Heuty and Carlitz, 2009). It would be necessary for the citizens to, for example, monitor how this money is spent. While the petroleum law has been explicit in defining the areas of allocation, tracking the revenue within the budget framework can be problematic. The amount adds up to a pool of other revenues and its independent tracking can be difficult. This is linked to another level of transparency and accountability. That is budget transparency.

Transparency in Ghana's budget has dipped from 2010 to 2012 according to the Open Budget Survey (International Budget Partnership, 2012). What is significant here is that it is the same period oil revenues were introduced into the economy¹⁶. The most current assessment of transparency in Ghana's Budget process by the International Budget Partnership (IBP) in 2012 scores the country at 50% in its Open budget index (International Budget Partnership, 2012) a drop from 54% in 2010. Ghana was scored a grade E¹⁷ in the subcategory "citizens' Budget"¹⁸ relative to information disclosure. The country report by IBP recognises the challenge for citizens to hold the government accountable for the management of the public purse (International Budget Partnership, 2012). This is worrisome especially when a substantial amount of the oil revenues is used as ABFA. The pursuit of transparency and accountability is vital in this regard.

2.3 Vehicles of Transparency and Accountability.

The central pillar for the demand for transparency and accountability is the citizens on whose behalf the petroleum resources are being managed by the government or public office holders. This notwithstanding, the role and ability of ordinary citizens to demand transparency and accountability is complimented and moderated by existing institutions and legal frameworks. This section thus looks generally at the role and impact of various

¹⁵ The minister states those four priority areas when he is presenting his programme to parliament on how he intends appropriating the amount

¹⁶ The relationship between the fall in transparency and introduction of oil revenues is only an observation and not an established correlation or causation.

¹⁷ Grading scheme: An average score between 0-20 (scant information) is graded as E; 21-40 (minimal) is graded as D; 41-60 (some) is graded as C; 61-80 (significant) is graded as B; and 81- 100 (extensive) is graded as A.

¹⁸ A **Citizens Budget** is a nontechnical presentation of a government's budget that is intended to enable the public — including those who are not familiar with public finance — to understand a government's plans.

mediums through which transparency and accountability could be achieved. The presentation here is purposely general and provides a background for the analysis and discussions in subsequent chapters.

2.3.1 Legal Frameworks

Legal framework provides legitimacy for a demand for transparency and accountability. They provide the affirmation of the right of people to information and also provide a regulation on the behaviour of public officers. Among such legal frameworks existing in Ghana are the National constitution and Petroleum Revenue Management Act.

2.3.1.1 National Constitution

The constitution of Ghana grants the people the right to benefit from the natural resources. That is they (citizen) are the rightful owners, while the government merely manages the resource base and revenues for them. This is defined in Article 257(6) of the 1992 Constitution of the Republic of Ghana which states explicitly that *every mineral in its natural state in, under or upon any land in Ghana, rivers, streams, water-courses throughout Ghana, the exclusive economic zone and any area covered by the territorial sea or continental shelf is the property of the Republic of Ghana and shall be vested in the President on behalf of, and in trust for the people of Ghana*'. This law defines the sovereign ownership of all natural resources within the territories of Ghana. Thus, the oil and gas resources found offshore are the property of the people of Ghana. The citizens are the principal stakeholders in the management of the wealth that would be derived from its exploration.

The law impliedly gives not only right of ownership but also a right to know how the windfalls of these natural resources are managed on their behalf by the government. As the principal owners they reserve the express right to know how their appointed agents (i.e Government) are managing the derived revenues. This is a fundamental basis for the demand for transparency and accountability. The citizen's right to accountability and proper management of their oil revenues is further grounded in the Petroleum Revenue Management law.

2.3.1.2 The Petroleum Revenue Management Act, ACT 815 (PRMA)

By far the most significant legislation relative to transparent and accountable management of the Petroleum resources is the Petroleum Revenue Management Act, ACT 815. The law enacted in 2010 deals extensively with the management of the oil and gas windfalls in a transparent manner. The law explicitly outlines both the petroleum revenue streams and how

it must be distributed as discussed previously. Historically, this is the first law that explicitly touches on the issue of transparency in the petroleum sector since exploration activities began in 1896.

The law aims at providing the framework for the management of the petroleum proceeds in a “**responsible, transparent, accountable and sustainable manner for the benefit of the citizens of Ghana....**” (PRMA 2011 p1). The law is considered to have met international standards and best practices (MoFEP, 2011). It was a product of broad consultative work among various stakeholders and borrows from related laws in Norway, Botswana, Trinidad and Tobago and a host of other countries (Amoako-Tuffour, 2010b). Key features of the law that makes it an important tool for transparency and accountability include:

- *Well specified and transparent rules for the transfer of oil revenues*

The law clearly outlines all the sources of government petroleum revenues. This provides the basis for the public to know exactly through which means revenues are being generated to the state. The law specifies that all revenues must be paid directly into the Petroleum fund by the companies liable to make such payments after an assessment by the Ghana Revenue Authority. The elimination of third parties collecting such revenues on behalf of government or deposits being made into various accounts ensures that monitoring and possibility of public officials diverting the funds into personal accounts is reduced if not eliminated.

- *Specific Reporting and public disclosure Standards*

To ensure public oversight, the law provides extensive requirements on government officials to disclose information about management of the revenues. Among others, the Minister of Finance, for example, is required to publish all receipts in at least two state newspapers at the end of each year. Theoretically therefore, citizens by this law should have the necessary information about the flow of monies from the oil companies to government. In practice, however, citizens’ ability to access such information is moderated by other factors such as accessibility, literacy, interest among others.

- *Well specified expenditure regime*

The law clearly provides the mechanisms for the coordination of the revenue funds and the budget. This is in conformity to the International Monetary Fund (IMF) guide on resource revenue management (International Monetary Fund, 2007). How much of the revenue is to be

channelled into the budget and for what purpose are clearly defined by the law (see previous sections)

- *Independent watch dog institution for Government oversight*

In the interest of greater transparency and public scrutiny of the management of the revenue flows, the law established the Public interest and accountability Committee. This aligns Ghana with the IMF's Guide requirement for a national audit office or independent office to monitor and report discrepancies in the management of the revenues. The PIAC in effect would be an oversight institution that could serve as the eyes and ears of the citizens. It is also required to make public information about its monitoring of the revenues.

- *Transparency and Accountability Policy tone*

The law also essentially sets the policy tone for the need to ensure a transparent and accountable management of the petroleum wealth. This is made explicitly clear in the opening preamble describing the law as a framework for a **“responsible, transparent, accountable and sustainable manner for the benefit of the citizens of Ghana....”**(PRMA 2011 pg1). The law follows this up with a subsection dedicated to the issue of Transparency and Accountability and actually makes transparency a fundamental principle stating that the **“management of petroleum revenue and savings shall always be carried out with the highest internationally accepted standards of transparency and good governance”**(PRMA 2011). Invariably this makes transparency and accountability in the management of the revenues not a choice for public officers but an obligation.

2.3.2 Institutions

Key institutions moderating the achievement of transparency and accountability include the PIAC, the Media, Civil Society Organisations and the Ghana Extractive Industry Transparency Initiative (GHEITI).

2.3.2.1 Public Interest and Accountability Committee (PIAC)

This committee is a key institution serving as a watch dog over the management of the country's petroleum revenues. The committee is to provide an oversight on behalf of the people over the government's management of the oil resources. The PRMA Act 815 under which the committee was set up clearly outlines the objective of the committee to include:

- *Monitoring and evaluating compliance with the Act by the Government and other relevant institutions in the management and use of petroleum revenues,*

- *Providing a platform for public debate on spending prospects of petroleum revenues in line with development priorities;*
- *Providing an independent assessment on the management and use of revenues (Public Interest and Accountability Committee, 2011).*

The committee, in order to be effective is made independent of government. It is made up of thirteen members comprising of a representative of independent policy and research think-tanks, a nominee of CSOs and CBOs and eleven other nominees of professional, religious and traditional authorities. The non inclusion of a government official or politicians on the committee is significant and reflects the group's independence.

The PIAC holds the link between the people and the management process of the oil revenues. Its ability to provide up to date and accurate information to the public would provide the most effective and formal access to information. Its first annual report was produced following the inauguration of the committee in September 2011(Public Interest and Accountability Committee, 2011).

The political will shown by the government to set up the committee within the short period after the law was passed cannot go unrecognised. However, the committee has its own share of challenges faced by many other institutions that rely on the state for funding. The state is yet to commit to it the needed resources¹⁹. Currently it has no secretariat of its own and had had to rely on an interim one provided by Revenue Watch Institute's Regional Office in Accra and funding from foreign donors. (Public Interest and Accountability Committee, 2011).

Aside the committee's funding predicament, it also lacks the biting teeth of prosecution. The committee as it is now can only make recommendations to government and stimulate public debate by making its reports available to the public. Government is not enjoined by law to adhere to their recommendations. Nevertheless, the mere formation of the committee as prescribed by the law is a victory for transparency and accountability.

2.3.2.2 The Media as Agent of Transparency

Access to accurate and reliable information undoubtedly is a key component of transparency in the management of natural resources. Thus, Ghanaians' ability to hold the government responsible and demand for accountability in the management of the oil resources is largely

¹⁹ Based personal interview with the Deputy Minister of Finance in August 2012.

dependent on the media's ability to provide the needed and timely information. While government has the prime responsibility of providing the citizens with information, the media's ability to provide reliable, independent and accurate information cannot be over emphasised. The media as being considered here is seen as a moderating factor in the relay of information to the citizenry upon which they can hold officials accountable.

The National Media Commission of Ghana as at the last quarter of 2011 had licensed 247 radio stations and 28 TV stations (National Communications Authority, 2011). Likewise, there are many newspaper houses with some publishing daily and others weekly. As at 2006, the total number of newspapers according to the Country's Media Commission stood at 106. Access to information over the internet is made possible through Internet service Providers who service homes, offices and commercial cafes. While the use of the internet as a source of information is growing and unrestricted, the rate of access is however low with only 10 percent of the population having access (The Ghanaian Times, 2011). For those who could afford smart phones and other devices, they could access information over the internet through the services of their Mobile Telecom Operators.

In terms of press freedom, Reporters without Borders in 2011 ranked Ghana 41st in the world²⁰ and fourth in Africa (Reporters without Borders, 2012). In effect the access to mere information by the Ghanaian citizenry in general and the climate for freedom of expression is relatively healthy.

2.3.2.3 Ghana Extractive Industries Transparency Initiative (GHEITI)

Ghana was among the first countries to engage in the EITI process. It joined EITI in 2003 and was validated as fully compliant in October, 2010 (Ghana Extractive Industry Transparency Initiative, 2010). The implementation of the program in Ghana when it began was limited to the mining sector, but is currently being extended to the petroleum sectors²¹. The Ghana Extractive Industries Initiative (GHEITI) secretariat has the responsibility to implement the program.

The National Steering Committee (NSC) is responsible for the running of the initiative and among its core functions is dissemination of information about the extractive revenues of government and payments made by the companies (IDL Group, 2010). The National Steering

²⁰ Out of 179 countries under consideration

²¹ Petroleum sector was obviously excluded as Ghana was not yet producing oil and gas.

Committee (NSC) is made up of 23 members from multi-stakeholder groups²² (GHEITI, 2011b). With the discovery of petroleum in 2007 and subsequently the commencement of production in 2010, the NSC was expanded from its initial 10 member composition to 23. The new composition was to make sure stakeholders of the oil and gas sector are represented on the committee as GHEITI sought to extend the program to cover that sector as well (Ghana Extractive Industry Transparency Initiative, 2010). Thus the newly expanded committee has included representatives from both petroleum companies and oil related civil organisations.

An important feature of the new expanded NSC is the inclusion of a representative from the District Assembly within the oil catchment area. This inclusion in a way represents devolution of the process to the district level. It likewise has an implication for the dissemination of information as will be discussed in later. The transparency institution has over the years been making information available to the public in diverse ways. Chapter six analyses the impact of this information dissemination and how it has impacted on getting people informed about resource governance.

2.3.2.4 Civil Society Organisations (CSOs)

Civil society organisations in Ghana have been actively involved in various aspects of the management of the oil resources. They have done so through policy recommendations, contributions to legislative bills, whistle blowing, research and publication. These groups with varied backgrounds have become integral stakeholders in the management of the new found oil and gas resource. CSOs have also a role to play in championing transparency and accountability. They could be critical in the supply of relevant information to the citizens and also take on the government as stakeholders.

Even though many CSOs have contributed in diverse ways in monitoring developments in the industry, the most influential and notable group till date has been the Civil Society Platform for Oil and Gas. The group is made up of over 115 members drawn from CSOs, academia, research institutions, policy think-tanks and Community Based Organisations (CBOs). They are funded by Oxfam America, Revenue Watch Institute and the World Bank.

²² The MSG includes representatives from Government, Extractive companies, District assemblies and Civil Society Organisations.

The group has been engaging with the government to ensure legislations are enacted that would guarantee transparent management of the oil wealth. The group, together with Publish What You Pay Ghana and Integrated Social Development Centre (ISODEC), played important role in the formulation of the Petroleum revenue management law. It was through their recommendation and lobbying that lead to the inclusion of the Public Interest and Accountability Committee in the PRMA ACT 815(Gyimah-Boadi and Prempeh, 2012).

2.3.3 Citizens and Civic Responsibility

It has been previously established that the citizens are the principal owners of natural resources while governments are agents acting on behalf of the people as defined by the national constitution. To ensure effective management of the Ghanaian petroleum revenues, citizens have an important role to play. That is, they have to hold public officers accountable for their management of the resources. Sandgren (2008) for example argues that in order to make progress against corruption, there must be “pressure from the bottom”. Also, Mungiu-Pippidi (2003), points out that a “competent and demanding public” is necessary to make use of any accountability channels in existence or make a demand for it if not in existence.

Thus, in order to practicalize the transparency and accountability demand in Ghana’s petroleum management, there is a need for a citizenry who are civic competent. Mungiu-Pippidi (2003) defines civic competence as a *citizen’s awareness of his or her rights and a corresponding active attitude in ensuring those rights is respected*. The later provides some indicators of such a society as involving individuals who are younger, educated, relatively well-off, residing in urban areas and politically more sophisticated. Some of these indicators would be used as reference points to discuss in general the Ghanaian citizenry’s contribution to achieving transparency and accountability in the management of the oil resources. This would also inform some of the discussions in later parts of this research relative to the people of Cape Three Point.

Education and Literacy levels

Svensson (2005) have shown that countries that are crippled by corruption likewise have a significant lower level of human capital measured by the number of school years of the population above 25 years. Where the level of literacy is low, the ability of the people to read and understand publications about how much oil revenues the government is receiving and how it is being spent would be difficult. This in turn would make it difficult for the people to

hold the public officers accountable. Ghana's illiteracy level according the World Bank in 2009 is 67% (World Bank, 2011). While the level is significantly above average and higher compared to other sub-saharan African countries it falls short of the desirable 100%. According to the Ghana statistical service, in 2008, as much as 31% of all adult Ghanaians have never been to school, with only as little as 13.6% having secondary or higher level qualification (Ghana Statistical Service, 2008). These statistics are even worse as one move into the rural areas such as Cape Three Point.

Political Activism

In terms of political activism, the consideration here is whether or not Ghanaians are willing to get involved in demanding for accountability. While majority of Ghanaians are willing to participate in electoral processes every four years, their attitudes towards holding public officers accountable on specific issues appear to be different. According to the Afrobarometer of 2012, on the issue of popular demand for accountability, 62 % of people surveyed said they would not join others in raising issues (Afrobarometer, 2012). In a like manner on the same issue, 83% of the people said they would never attend a protest march or demonstration. Even more critical is that very few Ghanaians are interested in engaging with elected officials in demand for accountability. According to the survey, majority responded as “never” contacting any official of government (89%), MP (86%), political party official (85%) and local government councillor (68%) in the past year (2011) (Afrobarometer, 2012). This calls into question the willingness of the people in demanding for transparency and accountability. This could have indirect impact for example on the work of civil society organisations in demanding for transparency. The needed support and will of the people to drive their campaigns could be lacking. According to Sandgren (2008) the success of any effort towards the fight of corruption depends on the attitude of the public.

Living standard

A country is poor because it is corrupt, but is also corrupt because it is poor (Sandgren, 2008). It's been identified that countries that have chronic poverty are natural breeding grounds for systemic corruption due to social and income inequalities (Chetwynd et al., 2003). Where the people are poor their ability to demand for accountability could be greatly influenced. According to World Bank country data, 28.5% of Ghanaians live under the poverty

line²³ (World Bank, 2011). This coupled with a high unemployment rate can pose a challenge to the fight for transparency and accountability by the citizens.

Cultural values

Another emerging aspect against the fight for accountability has to do with the type of cultural dimension existing in a country. Several features of individualistic culture and collectivist²⁴ culture have different effects on corruption and accountability (Pillay and Dorasamy, 2010). It has been noted for example that obedience, loyalty and conformity are important features of collectivist cultures which inhibits whistle blowing and rather leads to pervasiveness of corruption (Triandis, 1994). Mbaku (1996) have argued that civil servants in Africa engage in corruption due to pressures from their extended families and their behaviour is to benefit their family, their ethnic or social group. It appears therefore that the needed societal vigilance and ability to blow the whistle when public officials appropriate natural resource windfalls would be limited especially if the culprit belongs to one's social group or family. Ghana like many other African countries is a collectivist society and could suffer from this defect in collectivist cultural norm in the fight to protect the oil purse.

The above discussions have been intentionally made general and broad and sought to lay a foundation for subsequent chapters that looks more specifically at the situation as it pertains to the Cape Three Point Community. It is only to serve as background information.

2.4. Current Trends in Transparency in the Petroleum Sector

This section provides general background information about the level of transparency and accountability in the industry. This information is based on the independent analysis of the Institute of the Economic of Affairs (IEA), Ghana.

The Institute of Economic Affairs Ghana (IEA), a public policy institute plays significant role in the oil and gas sector through its numerous publications²⁵. The institute has initiated what it calls the P-TRAC Index report. It is an annual report seeking to “*promote transparency and Accountability in the management of Ghana's oil and gas resources...*” (Institute of Economic Affairs, 2011p2). Its maiden report in 2011 provides an idea about Ghana's

²³ National poverty rate is the percentage of the population living below the national poverty line. National estimates are based on population-weighted subgroup estimates from household surveys.

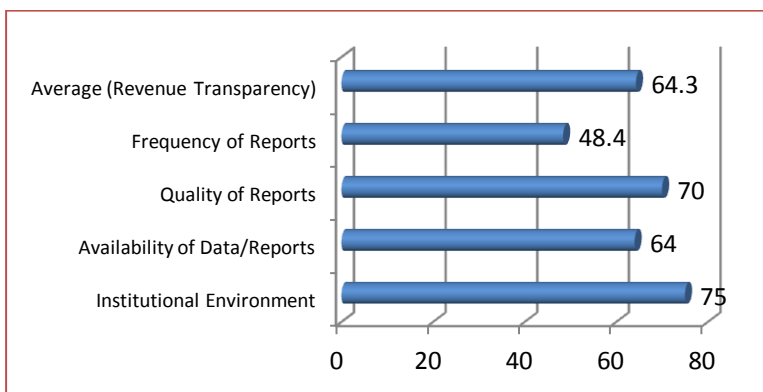
<http://data.worldbank.org/country/ghana>

²⁴ In collectivist culture group interest prevails over individual interests and the opposite is true for individualistic cultures.

²⁵ To view some of these publications, see <http://www.ieagh.org/index.php/publications>

performance so far in Revenue transparency, Contract transparency, Expenditure Transparency as well as management of the petroleum funds. For the purposes of this research however, only data on Revenue and Expenditure transparency would be presented. The rationale for the introduction of this data is to draw a picture of how far Government has performed so far based on the independent analysis of the institute. In later chapters, I would reflect on how this picture contrasts with the views of the people of Cape Three Point. The figure below provides results for revenue Transparency.

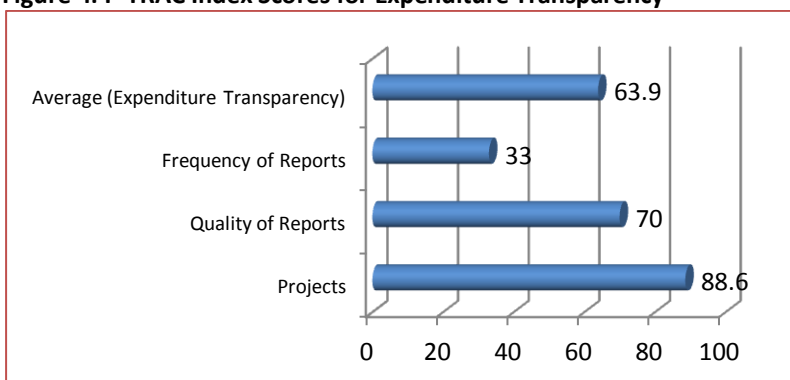
Fig 5: P-TRAC Index Scores for Revenue Transparency (%)



Source:(Institute of Economic Affairs, 2011)

On the average, the country was rated above average with a score of 64.3% based on factors such as availability, frequency and quality of data provide by the relevant state institutions. Specifically, high scores were recorded for quality and availability of information. This notwithstanding, whether the citizens can access, interpret and use such information is the other side of the coin being examined by this research.

Figure 4: P-TRAC Index Scores for Expenditure Transparency



Source : (Institute of Economic Affairs, 2011)

For expenditure transparency, state managers of the resource are scored similarly high with an overall average of 63.9 %. Quality of information is rated highly but again, are such technical reports easily understood by the ordinary Ghanaian or not? In any case are they

interested in reading such reports? Do such reports or indexes of transparency confirm the reality on the ground? These are some of the questions that this study addresses.

CHAPTER THREE

Theoretical and Conceptual Background

3.0 Introduction

This chapter presents the theoretical and conceptual underpinning of the study. This research explores whether or not in achieving transparency and accountability in Ghana's oil industry, information provided by the government is accessible to the people and if the citizens have the capacity to construct knowledge and take action on the information provided. Transparency and Accountability has been recognized as one way of resolving the resource curse. At the heart of it however is information accessibility.

The highlight and argument presented is on the linkage or information asymmetry between the state and the citizens. Governments have the duty of providing information to the public as a way of accounting for their stewardship of resources. Citizens on the hand must be able to receive and act on the information provided. Their ability and resources to do so form the core of this research. The chapter discusses various concepts and identify theoretical arguments that link together information asymmetry, resource governance and resource curse. The key issue narrowed on is the ability of citizens to receive, process and act on the information provided which is an important component of achieving transparency.

3.1 Natural Resources and Development: The resource Curse Hypothesis

The possession of natural resources by a country should be a good thing and serve as a catalyst for their socioeconomic development. Going by the logic of "Big Push"²⁶, theorists as argued out by the likes of (Murphy et al., 1988) and (Rosenstein-Rodan, 1963) resource booms in poor countries should translate into development (Sachs and Warner, 1999). Paradoxically, the blessings of nations with natural resources have strangely become rather problematic and often form basis for political and economic misfortunes for such countries²⁷. It is rather the case often that countries with limited resource endowments have performed much better as in the case of the Asian Tigers²⁸ (Boschini et al., 2007). The term '*Resource Curse*' coined by Auty (1993) describes the phenomenon of countries failing to benefit from their natural resource endowments.

²⁶ The theory asserts that poor countries require some sort of large demand expansion to expand their markets and attract entrepreneurs. Thus, anything that can stimulate that the demand including discovery of minerals and rise in price of natural resource commodities is good enough Sachs, J. D. & Warner, A. M. 1999. The big push, natural resource booms and growth. *Journal of Development Economics*, 59, 43-76.

²⁷ Eg Nigeria, Azerbaijan, Venezuela, Congo, Sierra Leone, Liberia etc

²⁸ Hong Kong, Singapore, Korea and Taiwan

Based on research spanning decades, there is a growing literature and overwhelming evidence pointing to a negative relationship between natural resources and poor economic performance (Auty, 1986, Auty, 1993, Auty, 2001, Bulmer-Thomas, 2003, Lal and Myint, 1996, Stevens, 2003) Sachs and Warner (1995) for example found that resource abundance had negative impact on economic development based on cross-country data of 20 countries used for their study. They went on to show how countries with resource endowments actually had a slow pace of development compared to less endowed countries between 1971 to 1990 the period used for their study.

The curse is not limited only to the negative economic impacts, but has been found by other studies to transcend into other areas of countries that possess them. It has been found, for example, to be associated with armed conflict (Lujala, 2009, Lujala et al., 2005, 2010, Collier and Hoeffler, 2004, Ross, 2004), Poor educational investment (Gylfason, 2001), disruption of democracy (Collier, 2007, Tsui, 2005) and poverty (Ross, 2003). Ross (2012) singles out petroleum wealth as the root cause of the socioeconomic and political problems in the Middle East. The negative effects of natural resources have actually driven some to argue that the resources should not be tapped but rather made to remain in the ground (Humphreys et al., 2007).

Even though the resource curse hypothesis paints a gloomy picture, there are however a few countries that nevertheless have defied the curse and have turned their resources into a blessing for their citizens. Often Norway is cited as a global example (see Larsen, 2004). Likewise, Botswana with its diamond resources have had an average growth rate of 7% over the last 2 decades (Humphreys et al., 2007). Economic models by Findlay and Lundahl (1994) and that of Murshed (2001) show that resource booms do not necessarily lead to economic downfalls and adverse impacts but could be well managed through effective policy frameworks (Murshed, 2004). This has prompted other researchers to question the acceptability of the resource curse hypothesis. Opponents of the resource curse hypothesis have often premised their arguments on deficits in methodology (Wright and Czelusta, 2002, Maloney, 2002).

Granted that some few countries have been exceptions to the rule and escaped the curse, the evidence in support of the hypothesis however is overwhelmingly favourable (Rosser, 2006). Also, it has been argued that the resource curse is not absolutely cast in iron, but rather based on a recurrent tendency (Rosser, 2006, Stevens, 2003, Auty, 2006). In effect, the possession

of natural resources in itself is not the problem but rather the ability of the managers, in most cases governments-be it legitimate or otherwise, to transform the resource wealth into economic development.

The problem of resources and development can be considered as a governance problem. Hitherto, most researchers had seen the curse to be of economic origin and explained it in terms of revenue volatility (Mikesell, 1997), poor terms of trade (Brohman, 1996) and the Dutch disease (Usui, 1997). The consequent economic solutions prescribed however have most often failed as a cure as increasingly the cause of the curse is seen as being more of political nature rather than economic. It has been argued that the introduction of large resource rents redirects attention from long term development goals to rent-seeking activity and patronage (Sarraf and Jiwanji, 2001). The political aspect involving the role governments and their agencies play in the management processes of natural resources has been the focus and highlight of current debates and research in recent times.

Rent-seeking is where agents employ their skills and time to acquire a share of resource rents (revenues) to the disadvantage of the larger public (Kolstad and Wiig, 2011). Patronage on the other hand involves the use of public revenues (often resource revenues) to secure political power. This is achieved by paying off supporters and misallocating funds (Kolstad and Søreide, 2009, Kolstad and Wiig, 2011) to areas and sectors where they are less needed (but can garner electoral votes). Rent seeking becomes greater when wealth is concentrated within the public sector or the hands of few (McMahon, 1997), or channelled through the hands of bureaucrats (Stevens, 2003). Such bureaucrats according to Mbaku (1996) belong to the dominant political group. Leite and Weidmann (1999), differentiating between point resources (oil, minerals) and diffuse resources, argue that the former has a negative effect on institutions because of its greater tendency to induce corruption and rent seeking. This problem is particularly critical for a country such as Ghana that has discovered oil and would have large oil rents (revenues) being introduced into its economy. This is especially so when the country has little to show for revenues generated from its vast minerals in the past.

The potential and real threat of renting seeking and mismanagement of resource revenues is not peculiar only to Ghana. Corruption, patronage and rent seeking within political institutions are the bane of most resource endowed countries that have failed to turn their resources into a blessing (Kolstad and Søreide, 2009). For example, Nigerian ex-president Abacha is believed to have looted as much as US\$3 billion of that country's oil revenues

(Ayittey, 2006 cited in, Humphreys et al., 2007 p11). A study in Cameroun found that whereas 46 percent of that country's oil revenues between 1977 to 2006 were transferred to the budget, a remaining huge chunk of 54 percent could not be traced (Gauthier and Zeufack, 2011).

Karl (2007) argues that the resource curse is political and not economic in nature. Using the 'honey pots' metaphor, she draws the apt link between the collective rent seeking behaviour of domestic and foreign actors and the oil trap that threatens the fundamentals of petro states. For her, oil rents provide the largess that political actors loot to benefit themselves and their cronies, as well as to perpetuate themselves in power. This often is a result of most resource endowed countries being weak, which makes it impossible for institutions and bureaucrats to counteract the rent seeking behaviour of governments (Karl, 2007).

It has become evident that abundant natural resources stimulates rent seeking while at the same time reducing the motivation for citizens to demand accountability from their governments (Isham et al., 2005, Karl, 1997, 2007, Sala-i-Martin and Subramanian, 2003, Uzoigwe, 2012). Example of citizens' inability to demand accountability is often very obvious in oil dependent states where the citizens are not taxed. According to Ross (2012) governments funded through tax are under the check of their citizens, while those deriving funding from oil, for example, are less likely to face public scrutiny. The underlying principle behind taxation is for citizens to demand and governments to provide information on how tax monies are spent (Ross, 2012). However, this relationship is lost when the state depends on natural resources rather than citizens for taxes. The lack of transparency and accountability from governments to their citizens is detrimental to any efforts to avoid the resource curse.

Collier (2007) identifies the lack of transparency as a barrier to effective management of natural resource windfalls. The need for accountability through the provision of timely and effective information to citizens who are the resource owners can be conceptualised and understood within the Principal-Agent Model or what is usually seen as the agency problem.

3.2 The Agency Problem: Principal-Agent Model and Natural Resource Governance

An agency relationship is a "contract under which one or more persons [**principal**] engages another person [**the agent**] to perform some services on their behalf which involves delegating some decision- making authority to the agent" (Jensen and Meckling, 1976 as quoted in, Mishra et al., 1998). The Principal-Agent model derived from agency theory

explains the complex relationship that exists between two individuals, each trying to maximise his benefits. A lack of information flow between the agent and the principal leads to what is called an agency problem.

Such a relationship presented by the model is not only limited to business organisations, but is typical and common to most social interactions (Uzoigwe, 2012, Ross, 1973) including resource governance. The “principal” from the model can be equated to citizens. They are the rightful owners of natural resources existing in their countries based on political theories and legislations in most countries. In Ghana, for example, Article 257 clause 6 of the national constitution makes it explicit that “ *every mineral in its natural state in, under or upon any land in Ghana..... is the property of the Republic of Ghana and shall be vested in the President on behalf of, and in trust for the people of Ghana*. The governments on the other hand are the agents tasked to manage the natural resources.

The relationship between the two in principle is based on mutual benefits. The principal engages the services of the agent because the former cannot provide the services herself, while the agent, on the other hand, benefits in terms of rewards for his services (Prat, 2006 p92). The rewards could be political power or income. While the relationship between the two looks pretty straight forward, in reality this is not the case as:

- ✓ The goals and desires of the principal and the agent are mostly different and conflicting. For example citizens naturally would want to see the benefits from natural resources translated into socioeconomic development. Agents rationally also have self-serving behaviour or interests (Eisenhardt, 1989). They would often be interested in serving personal interests as opposed to the interests of the citizens in general (Stiglitz, 2002). Thus, the real likelihood of agents, which is government and other state actors grabbing resource rents, is higher when the opportunities are created. One way of creating such opportunities is limiting information.
- ✓ The agent possesses more information than the principal about the organisation, which potentially gives the agent an advantage. For citizens to monitor and regulate the behaviour of governments they must have information about, for example, revenues being generated from the resource exploitation. However, because it is the government that possesses and controls this information, the citizens

are disadvantaged. Prat (2006) points out that agents stand to lose some of their rents should disclosure of information increase.

- ✓ It therefore becomes difficult or expensive for the principal to verify what the agent is actually doing in the absence of information the principal ought to have provided (Eisenhardt, 1989). This represents the crux of the agency problem as often referred to as resulting from information asymmetry.

Stiglitz (2002, 1999) argues that a natural information asymmetry similar to what we see between business managers and shareholders exists likewise between governments and those they ought to serve. The agency problem arises as a result of information asymmetry that characterises the relationship between the principal and the agent. In the case of natural resource governance, the agent serves his personal interest and achieves his goals by withholding information from the principal (the public). This leads to information asymmetry. The principal, on the other hand, requires more information to monitor the behaviour of his agent in order to ensure he is doing the right thing. However, the cost of acquiring such information is high. To achieve this, the principal would have to invest in expensive information systems²⁹ (Eisenhardt, 1989) or increase the rewards (such as income, political power) for the agent for every additional observable variable he provides (Prat, 2006).

The relationship between citizens and their government, when it comes to management of natural resources, is bridled with the agency problem due to imperfections in information flow (Stiglitz, 2002). When governments or bureaucrats release information it has the potential of reducing their ability to appropriate rents (Stiglitz, 2002b). Governments are capable of influencing public opinion or creating rents for themselves through secrets (Kolstad and Wiig, 2009). Consequently, the ability of public servants to withhold information creates opportunities for them to grab rents. When large resource rents are made available, there is a significant motivation for rent-seeking by governments as opposed to their fight against corruption (Pitlik et al., 2010) and any form of citizen engagement in the management process. It serves the interest of citizens to thus control or capture information when it comes to managing natural resources. It is based on the information they have that they can act to hold their governments accountable.

²⁹ In case of businesses this could be budgeting systems, reporting procedures, boards of directors and additional layers of management. Eisenhardt, K. M. 1989. Agency Theory: An Assessment and Review. *The Academy of Management Review*, 14, 57-74.

One of the key problems facing resource dependent countries today is therefore corruption and rent seeking by rulers, as well as the inability of the citizens to hold their governments accountable. Oil producing countries in the third world have become less democratic and more secretive since 1980 (Ross, 2012). Citizens of most resource endowed nations have limited information about revenue flows in the extractive industry in their countries and thus the resource curse would persist as long as the information asymmetry exists (Soros, 2007).

Within democratic jurisdictions where resources are extracted (for example in Ghana), citizens have the option and right of holding their leaders accountable by voting to retain them in power or otherwise based on how they have managed such resources. However, even within such democratic environments, voters would base their choices on information available to them. Thus, leaders have even greater incentives to withhold information or create secrets which have the tendency of discouraging citizens from holding them accountable through the ballot. The lack of information to citizens makes it impossible to punish ruling government by replacing them with an opposition (Kolstad and Wiig, 2009). Thus the ability of governments to create secrets about resource revenues (and other aspects of the extractive process) effectively disables the resource owners' (i.e. citizens) from holding them (government) accountable.

3.3 Transparency as a Solution

One way of resolving or reducing the resource curse vis a vis the agency problem is by removing the information asymmetry between the principal (citizens) and the agent (government). According to Stiglitz (2002), availability of information reduces the consequences of the agency problem.

Karl (2007) provides a clear and firm solution which involves a far reaching fiscal social contract based on transparency-one that creates incentives to change the rent seeking behaviour of all actors both international and domestic, involved in the oil game”(p. 256). According to Bellver and Kaufmann (2005) the social contract existing between the state and the citizens, whereby the citizens give political power to the governments and demand accountability and transparency in return, is fundamental to development. Citizens consequentially entrust the natural resources in the hands of the government once they elect them into power. The citizens, on the other hand, have a right to information and transparency (Stiglitz, 1999) about how the government manages these resources. It is through this mechanism that citizens can hold the government in check.

The strong belief in the citizens or public holding to account the government was illustrated by Bentham (1999)

the greater the number of temptations to which the exercise of political power is exposed, the more necessary is it to give to those who possess it, the most powerful reasons for resisting them. But there is no reason more constant and more universal than the superintendence of the public (Bentham, 1999 p29) as quoted in (Lindstedt and Naurin, 2010 p303)³⁰

Consequently, an emerging global consensus to resolving the problem of resource curse has been the promotion of Resource Transparency. Resource Transparency has been defined as:

“the public disclosure of necessary, reliable and accessible information about all the activities and processes involved in the natural resource wealth management chain from discovery and exploitation, to the revenue collection and expenditure” (Uzoigwe, 2012).

Transparency is seen as a tool likely to curtail corrupt behaviour (Kolstad and Wiig, 2009). Studies have shown that more transparent governments would be less corrupt and have better human development and strong fiscal discipline (Ross, 2012, Bellver and Kaufmann, 2005, Hameed, 2005). Sala-i-Martin and Subramanian (2003) notes that, the availability of information publicly about resource revenues and expenditures can halt corruption in resource dependent countries. This line of thought is not only replete in the literature but also has been part of global policy and practice in resource governance. For example, the Extractive Industries Transparency Initiative (EITI) being pursued vigorously globally is largely underpinned by the resource transparency philosophy. Institutions such as the Revenue Watch Institute, Publish What You Pay (PWYP), Open Government Institute (Soros foundation), and Transparency International among a host others have galvanised and promoted in diverse ways the goal of resource transparency.

3.3.1 Extractive Industry Transparency Initiative (EITI)

Over the last decade or more, there has been an upsurge of awareness of importance of transparency and accountability in the management of extractive resources and this has led to a number of Transparency and Accountability initiatives (TAIs) both at the international and national levels (McGee and Gaventa, 2010). The Extractive Industries Transparency

³⁰ Emphasis mine

Initiative (EITI) is one these initiatives that has received much endorsement and being implemented in many countries³¹.

EITI aims at strengthening extractive resource management by improving transparency and accountability through verification and full publication of extractive companies' payments and government's revenues from oil, gas and mining (McGee and Gaventa, 2010). It promotes revenue transparency through the development of robust mechanisms for reconciling payments made by extractive companies and government revenues at the national level (EITI, 2012). The initiative is a voluntary initiative, supported by a coalition of companies, governments, investors and civil society organizations.

While transparency is demanded along the entire value chain of the extraction process, the main focus of EITI lies in the revenue aspect. The underlining agenda of EITI is a disclosure of payments from extractive companies to host governments and governments' disclosure of its revenues from the industry. The disclosure of information about payments and revenues is assumed to lead to less corruption and better governance (Held and Hale, 2011).

The EITI potentially provides a culture of public oversight over company payments and government revenues making corruption difficult (Darby, 2008). This is achieved through the regular publication of revenues generated from the extractive industries.

The EITI as a transparency and accountability mechanism essentially is comprised of two main elements (EITI, 2012). First, extractive Companies disclose what they pay to their host government and the host government likewise discloses what they receive from the companies. These disclosures are then validated or reconciled by an appointed independent administrator (aggregator) who compares the information. The second aspect involves an oversight of the disclosure process by a multi-stakeholder group and a publication of the revenues in an EITI report. The published EITI report contains a reconciliation of what the companies say they pay and what the government say it has received (EITI, 2012). The report must be made public and accessible through various means.

The multi-stakeholder group serves as a system control or oversight of the implementation process. It is made up of representatives of the extractive companies, government and civil

³¹ Currently in thirty seven countries

society organisations³². The involvement of civil society organisations and regular publication of information should lead to the building of trust among the public and the government and consequently reduce risks of conflicts due to mistrusts (Darby, 2009).

3.3.2 EITI Objective

Six succinct core criteria have been developed to guide the EITI implementation process³³. The first and perhaps most important criteria is a regular publication of all oil, gas and mining payments by companies to governments to a wide audience in a publicly accessible, comprehensive and comprehensible manner (EITI, 2005).

The key objective is that a wide section of the public in the implementing country must be able to access the final outcome of the EITI process (the published report) in a manner that is not only comprehensive, but also comprehensible. The average member of the public should be able to **access** the report, be able to **read** and **understand** it and also, above all, obtain that **relevant information** about the management of the petroleum and/or mineral resources revenues. In effect, in countries such as Ghana where it is being implemented, the assumption would be that the citizens should have access to the reports and be able to read and understand it. In a developing country like Ghana and many others, this may not be as straight forward as it appears. How the report is communicated, literacy levels, interests and attitudes of the people are critical bench marks for the full benefits of EITI to be achieved.

3.4 The concept of Transparency and achieving resource Transparency

Transparency has long been recognised by many as an important element in the sustainable development of any state and there is an emerging consensus from both academic and political thoughts on the importance of transparency (Kolstad and Wiig, 2009) as a public good. The concept has gained prominence in policy debates in recent years. By way of growing emphasis, the word “transparency” was voted as the word of the year in 2003 by the Webster’s new world college dictionary (Piotrowski, 2010).

Transparency as a concept has a long history in governance and possibly predates the twentieth century (Hood, 2006). According to Hood (2006) the notion of transparency goes far back to the scholars Rousseau, Bentham, and the French Revolutionaries.

Within the governance doctrine (the earliest field the concept emerged from), transparency is characterised as “clearly established and published rules and procedures rather than ad hoc

³² Other members such parliamentarians and the media can be included.

³³ See Eiti 2005. Extractive Industries Transparency Initiative Source book.

judgements or processes; methods of accounting or public reporting that clarify who gains from and who pays for any public measure” (Hood, 2006 p5). Within the governance framework therefore, transparency is seen as a public good required to provide the public with access to information about state affairs, while eschewing any form of secrecy and arbitrariness. A ‘*transparent government*’ in effect would be one whose activities are clear in all aspects to the people governed (Hood, 2006).

As a measure of transparency and accountability in governance we have seen the proliferation of various indexes such as corruption perception Index, open budget index, media transparency index, the World Bank’s twin indexes-Economic and institutional transparency index and political transparency index among others. Likewise the IMF has also introduced various transparency and information disclosure codes³⁴ to govern activities of multinational companies and national governments. The dedication of an entire institution such as Transparency International to the promotion of this concept perhaps emphasises the ground so far covered.

It is within this growing wave of transparency that Resource Transparency has developed. The EITI discussed previously is also an example of the actual implementation of transparency in the resource sector. The belief is that rent seeking activities and endemic corruption that has most often engulfed resource dependent nations can be reduced through transparency as governments become more accountable through transparency reforms. As argued by Stiglitz (2002), the lack of information or the creation of secrets leads to rent seeking from natural resources. The clarion call over the years therefore has been for more release of information from governments in charge of managing these resources such as oil. Governments in resource endowed countries must make accessible information about the revenues being generated from the exploitation of resources and how the revenues are being distributed or spent. The accessibility of such information would enable the public to hold them accountable. Resource transparency in effect also goes with accountability.

Cavill and Sohail (2004) define accountability as “when agent A is accountable to agent B, then agent A is obliged to inform Agent B about agent A’s actions and decisions to justify them and to suffer punishment in the case of eventual misconduct”. For management of natural resources, governments (here Agent A) must inform citizens (here agent B) who are the rightful owners of the resource. This implies a two way process involving both the

³⁴ Code of good practices on Fiscal Transparency (2007)- <http://www.imf.org/external/np/pp/2007/eng/051507c.pdf>

citizens and governments playing crucial roles to protect the resource purse. The key defining feature about accountability is that, there must be avenues for the citizens to punish government officials for misconduct. In democratic countries, this can be seen by way of Courts of law, Ombudsman or elections. The link between resource transparency and accountability is simply that governments must make accessible information to the public (transparency side) and there must be avenues to hold them to account (punish) for misconduct (accountability side).

The actual implementation of transparency and accountability however remains problematic globally (Lindstedt and Naurin, 2010). There are gaps between the conceptual and theoretical explanations offered above and the actual achievements or implementation. The rest of this chapter is devoted to identifying some of these gaps which this research sought to address. To achieve resource transparency and possibly accountability there is the need to understand first of all who possess and releases the information and the intended outcome of the information released. The intricate question one needs to ask is whether the disclosure of information necessarily implies transparency.

3.5 Information Disclosure and Transparency

In this subsection, I would bring to the fore arguments to explain the often mistaken notion that information disclosure implies transparency or accountability. Achieving transparency goes beyond mere information disclosure. The research questions derived from these arguments are explored and answered in chapter six and seven by way of evidence from fieldwork in Cape Three Point.

Disclosure of information has most often been misunderstood as transparency. The idea has been that reducing the information asymmetry between the agent and the principal implies the release of information, which hitherto was lacking in the Principal-agent relationship. While the disclosure of information within the model as it pertains to business organisations may be a straight forward issue, the same is not applicable to state governance and for that matter management of natural resources. While citizens recognise their right to information, their ability to access, process and act upon the information to hold governments accountable has been the missing link in translating information disclosure into transparency. This important hurdle to achieving “*real transparency*” has been less emphasised in the debates and strategies towards achieving transparency in the resource sector. The focus often has been promotion of greater media freedoms and bringing pressure to bear on governments to

disclose information about their activities. The mere disclosure of information can be described best as *theoretical transparency*.

Lindstedt and Naurin (2010) identifies two types of transparency to explain who controls information flow and the outcomes we see when it is disclosed. These are Agent controlled transparency and Non-agent controlled transparency. According to these authors, both types of transparency could have different impacts in the control of corruption.

Non-agent Controlled transparency involves the investigative and reporting activities of a free and independent media. The key feature of this type of transparency is that information about the agent is disclosed by a third party who most often could be the media, NGOs or whistle blowers. This type of transparency can produce accurate and reliable information independent of government influence, which could lead to the exposure and punishment of corrupt officials. Another positive side of this information collected and disclosed by “impartial” agencies, such as EITI, is that people may have higher confidence in that information. The problem however is that, the independence of the media is not guaranteed as we see in most countries. Political patronage has the tendency of influencing the objectivity of the media. Stiglitz (1999) makes the point that the media plays a significant role in the “conspiracy of secrecy”. For example, in Ghana, even though the media is often cited as one of the most independent in the world, it is very partisan (political bias) and often reportage is skewed to favour one political party (Gyimah-Boadi and Prempeh, 2012). Shiller (2002) and Herman (2002) have demonstrated how media influence is capable of providing a biased version of issues.

Agent controlled transparency, on the other hand, according to Lindstedt and Naurin (2010) refers to the release of information by the agent as may be required by laws or other external requirements³⁵. Governments are forced to release information as a result of laws requiring them to. Such sunshine laws or requirements may have been adopted by governments as a result of external influence or simply to increase the legitimacy of the government (Lindstedt and Naurin, 2010 p305). For example, the Petroleum Revenue Act (PRMA) ACT 815 of Ghana puts a responsibility on the government to make available information about the revenue flows within the petroleum extraction industry. This type of transparency has the potential of reducing corruption in the resource sector as the agents are obliged by law to

³⁵ This could be for example conditions imposed by donor countries and institutions on resource dependent countries. Likewise it could be international agreements such the Kimberley Process for example.

behave properly. This however does not concisely cure the rent-seeking problem. Two problems are inherent in this transparency process.

First the information released by the agent (government) is subject to manipulation and distortion to serve its interest (Stiglitz, 2002). The provider of the information has a strong influence on the type of information provided (Djankov et al., 2001). Rationally a corrupt government would not release vital information that exposes its corrupt management of the state's resources, since it risks facing punishment from the people (for example losing elections). Assuming however that the agent adheres to moral ethics (which mostly would not be the case) and provides accurate information, the end users of the information, the principal (citizens) also have a significant role to play.

This presents the second problem of the agent-controlled transparency process and indeed actual achievement of transparency. The ability of the principal to access, process and act on the information released is most paramount. If the principal is unable to access the information or process the information she receives, then the argument is that Resource Transparency has not been achieved. This opens up the debate as to whether the mere provision of information by governments (e.g. about revenue flows) about how they are managing the resources is enough to be considered as transparency and good governance. The argument here as suggested by other researchers (see (Lindstedt and Naurin, 2010) is that availability of information merely is not enough to constitute transparency, at least the one capable of halting the resource curse. The disclosure of information constitutes the building blocks of transparency, but not transparency in itself.

Whereas information availability is necessary it does not constitute transparency, but rather could best be referred to as openness or open governance. Openness within governance doctrine implies "government operating based on published rules as opposed to arbitrariness" (Hood, 2006p14). While governments could be open to their citizens by publishing their activities, transparency in its strictest sense goes beyond openness or simple disclosure of information. The information must actually be accessible and acted upon by the public. In the management of natural resources it is not enough to be open or make information available. A cursory look however at the strategies of various transparency and accountability initiatives, one would realise that the emphasis has been on information disclosure. For example, the IEA-PTRAC survey (discussed in chapter) that measured transparency in

Ghana's oil sector failed to take into account whether the citizens actually received information provided by the government.

The end usage of the released information by the citizens or the principal is the most important ingredient in achieving transparency. Both Larsson (1998) and Birkinshaw (2006) urges the need to move transparency beyond openness by making information simple and comprehensible as well as removing all other obstacles. Transparency as simply disclosing information to the citizens will do little to impact corruption (Lindstedt and Naurin, 2010 p305).

3.5.1 Nominal vs. Effective Transparency: The Research Questions

Heald (2006), recognising the seeming misconstruction of openness with transparency, provides two alternative clearer concepts. He draws the distinction between Nominal transparency and effective transparency. For him, effective transparency would involve the ability of the consumers of the information to process the information. This could be likened to informed citizenship where the citizens could base their electoral choices on information available and understood by them.

Nominal transparency on the other hand is a mere making available of information which in itself is simply a characteristic of government (Heald, 2006p34). According to him the gap between nominal and effective transparency is *transparency illusion*. Such illusion could be seen when measures of transparency is increasing on transparency indexes but in reality there is no transparency. Thus, is possible for governments to be scoring very high on transparency and accountability indices while in actuality that may not be the case.

The arguments by Heald (2006) are supported by other authors. Lindstedt and Naurin (2010) argues that if transparency were to eradicate corruption "the information made available through transparency reforms must stand a reasonable chance of actually reaching and being received by the public" (p 302). Ross (2012) also affirms that to achieve transparency, the information provided must be *accurate and complete*. Such information must have undergone independent audit and importantly made extensively public at no cost to the public. To be able to measure how effective any transparency efforts are in resolving the resource curse it is important to know for example how the information reaches the people, what are their information access points and how effective they are. In any case, do people actually receive the disclosed information? The first three research questions of this study positioned within this remit are:

1. To what extent has Ghana EITI given these people access to information on how their oil resource revenue is being managed?
2. Do the people of Cape Three Points have access to information on the revenue flows from the oil companies to the state?
3. If they do, how do they have access to the information on how the government is utilising these oil revenues?

Heald (2006) further suggests that for transparency to be effective there must be external “receptors capable of processing, digesting and using the information” (p. 35). Kolstad and Wiig (2009) also emphasize that, apart from access to information, the capacity and incentives to process the information provided is important. Lindstedt and Naurin (2010) argues that transparency must be beefed up with the building up of people’s capacity. Capacity in this case could be the educational level of the people (Kolstad and Wiig, 2009). The level of education of the people would influence their ability to comprehend the information provided and act on it. This calls into question the level of literacy in resource rich countries. When the level of literacy or education of the citizens are higher the assumption is that their capacity to understand, process and act upon the information to hold their leaders accountable will be higher. Following from this the fourth research question is posed:

4. Do the people of Cape Three Point possess the capacity to process any information provided about the management of the petroleum revenues?

In the presence of available information and even adequate capacity, the willingness of the people to access the information and act upon it is also essential. Where political patronage exists the people may not be willing to demand accountability from the leaders. As pointed out earlier, non taxation in oil economies often provides a lack of incentive for people to demand accountability from their leaders. The motivation of the people to avail themselves of knowledge about how their resources are being managed is therefore necessary to force the governments to do the right thing. Whether citizens are willing to demand accountability in the first place is also a critical part of the transparency puzzle. Lindstedt and Naurin (2010) identifies a lack of demand as one of the factors why information may never reach citizens even if it is available. When people feel or believe that certain issues of the state are not of interest to them, they would not be enthusiastic about obtaining the information to hold leaders accountable even though such information may be available. Thus the fourth research question:

5. Are the people of Cape Three Point willing to demand accountability from government on how the petroleum revenues are being used?

3.6 Summary

This chapter presents relevant aspects of the resource curse problem pertaining to most resource dependent countries. It has been identified that the most important cause of the problem is the political aspect involving corruption and rent seeking rather than economic aspects previously emphasised.

The rent seeking and corruption within the extractive sector can be conceptualised as relating to information asymmetry created by governments as modelled in the Principal-Agent model. An emerging consensus as a solution is to ensure transparency within the sector hence the concept of resource transparency. To achieve resource transparency, however, first there is a need to differentiate between transparency and mere information disclosure, which often has created a misconception. It is argued that for information disclosure to translate actually into transparency, the citizens have a significant role to play. The study thus explores the information access points, willingness and capacity of citizens to receive process and act on available information.

CHAPTER FOUR

Methodology

4.0 Introduction

This chapter presents the methodological framework used in conducting this research. It provides details of the participants and means through which the data was collected during the fieldwork, analysed and presented. Thus, this chapter highlights the methods used and a critical reflection on aspects such as validity, reliability, power relations as well as a discussion of some limitations during fieldwork.

4.1 Choice of Research Methodology

Research provides a means for knowledge acquisition or inquiry into various facets of human life within diverse disciplines. Research methods according to Powell and Myers (1995) provide the avenue through which one acquires and constructs knowledge within any discipline. The robustness of the research method used goes a long way in making such knowledge acquired acceptable or otherwise. Powell and Myers (1995) assert that for any area of knowledge acquisition, the methods used must be relevant and rigorous to ensure legitimacy of the work produced.

As conceptualised by Kitchin and Tate (2000), methodology of a research involves “a coherent set of rules and procedures which can be used to investigate a phenomenon or situation”. In conducting geographic research, often two broad methodological processes, qualitative and quantitative are available to choose from. Quantitative methods are distinguished from qualitative methods in terms of the former generating data that can be empirically analysed by employing numerical techniques (Lindsay, 1997).

Both methods have their inherent strengths and weaknesses they bring to bear on any piece of research. Creswell (1994) points out that choice of a research method is informed by what the researcher is interested in investigating or knowing. Qualitative research methods produce data that is rich in information and can enable a researcher to make conclusions about social processes in particular settings (Neuman, 2005). This study thus used qualitative methods to explore how transparency and accountability is achieved in Ghana’s oil industry from the perspective of the people of Cape Three Point. The use of qualitative methods provided a platform to gather vital information about how information is accessed in this community, people’s perspectives on how transparent the oil revenues have been and how their

perceptions have been shaped by their socio-cultural environment, attitudes and economic status.

4.1.1 Rationale for choice of method

Research is about finding knowledge and the choice of methodology should be based on the most appropriate method that leads to finding the required knowledge (Kitchin and Tate, 2000) and should also be capable of answering the tentative research questions. With this in mind, researching the issue of transparency in revenue management from the perspective of a local community such as the Cape Three Point, would require an in depth interaction with the people that can produce quality data.

Research using qualitative methods has over the years become a dominant approach to social research and as pointed out by Crang (2002) “qualitative research has not only arrived but gone far”(p647). Its use within social sciences has similarly been on the rise since the 1980s (Huberman and Miles, 2002). Within the field of geography, the increasing trend in the use of qualitative methods has been the focus of many books on qualitative and mixed methods(Brannen, 1992, Eyles and Smith, 1988, Flowerdew and Martin, 2005, Lindsay, 1997, Winchester, 2000). Its use in a research has become common practice and therefore requires less justification (Limb and Dwyer, 2001) and thus very relevant for this study.

Qualitative research according to Winchester (2000) is about obtaining information about human environments and their experiences. In doing qualitative research, one is able to describe social phenomenon that occurs naturally. People’s experiences, feelings and opinions on a particular subject matter can be elucidated. This a researcher can do through a closer interaction with the people studied through data collection techniques, such as observation, interviews, focus group discussions and photography.

Winchester (2000) argues that qualitative research answers two fundamental questions concerning either *social structures* or *individual experiences* or both. According to him, social structures are internally related objectives or practices and, within the field of geography, could be social, cultural, economic, political or environmental. The focus of my research falls within this scope. The relationship involving the citizens on one hand and the government on the other is one involving social structures. These structures exist, for

example, in terms of government providing information or otherwise to the citizens relative to oil revenue accountability and transparency. Within this same socio-political structure are citizens whose role is to hold the government accountable. The use of qualitative methods would help uncover and bring an understanding of the processes underling this structure. Such processes to be uncovered include how government disseminate information and how the citizens receive and act on such information. The relevance of choosing qualitative methodology therefore cannot be over emphasised.

The second question according to Winchester (Winchester, 2000) that qualitative research tackles is about individual experiences. In examining the issue of transparency and accountability, there is the need to move from generality to the particular. That is, rather than writing about general impacts of transparency initiative, it is important to examine what people's experiences in the actual implementation of such initiatives are. For example, we need to find out if the people actually benefit from such initiatives and how their economic, geographic location and cultural experiences influence their ability to benefit or not. The use of qualitative method in this study thus enables me to get closer to the people to examine their experiences regarding transparency and accountability in resource governance.

The use of qualitative research methods in my study is also based on the fact that it is a better method to generate data for the type of research questions posed. That is, qualitative methods are more suitable to answer my research questions than quantitative methods. This is precisely because my research questions fall within the category of "how" rather than "How many". For example, am interested in knowing how the people of Cape Three Point have access to oil revenue information, how Ghana EITI has impacted on them in terms disseminating information. These types of questions examines processes and as such do not necessarily require numerical counts or quantitative data in order to be answered.

Furthermore, employing qualitative techniques provides context and a voice to local people affected by natural resource exploitation. Qualitative techniques give deeper insights into processes that construct our social worlds, and by using techniques such as interviews, discussions and participant observations, the feelings and knowledge of others can be explored (Limb and Dwyer, 2001). The time I spent with the local people gave me an insight into their access to information and their perceptions of how government is managing the oil revenues. Additionally, observing their body language, moods and reaction to the various

themes raised in our discussions provided a vital and holistic picture of their situation, one that could not be obtained through quantitative methods.

4.2 Types of Data: Secondary and Primary Data

This study was largely based on both primary and secondary data collected from multiple sources. Secondary data includes data derived from various existing databases of organisations and previous studies undertaken by other researchers. Some of these secondary data sources used included the World Bank, Legislative Acts of the Ghanaian Parliament, Ghana National Petroleum Company, Ghana Institute of Economic affairs, the Afrobarometer among others. Data obtained from these sources are largely used as either background information, or to compliment the primary data. Data obtained from these sources were evaluated based on the sources independence, reliability and relevance.

Primary data formed the main information for analyzes and discussions of this research. The data was generated based on two months of fieldwork conducted in Ghana and specifically the Cape Three Point Community. I obtained the primary data from several sources that included local community residents, the traditional authority, and key government and EITI officials. To be able to obtain this data in a holistic and complete manner, bearing in mind time and limited financial resources available, interviews and observation was utilised. The key aim for the use of the two varied techniques to collect data from multiple sources was to generally strengthen the validity of the research.

4.3 Data collection and Sampling techniques

The research, apart from using two varied but complementary techniques to collect the qualitative data, also used different categories of samples or informants. Before describing the specific techniques and processes involved, details of the informants and sampling methods used are discussed.

4.3.1 Samples and Sampling techniques

The research informants can be categorised into three groups. These include the Cape Three Point community residents, government officials and Ghana EITI officials. This is shown in Table 2 below. The thirty informants selected from the community served as the primary informants for the research while those in the other three categories served as key informants. The option of using multiple units or groups of respondents provided not only an advantage of multiple data, but also gave an opportunity for comparison. The multiplicity provides an opportunity to obtain a holistic picture and effective use of available time.

Table 2: Summaries of respondents and sampling techniques

Respondent Categories	Sample Size(units)	Sampling Technique	Data Collection technique
Community Informants	30	Theoretical Sampling	Structured Interviews/Observation
Ghana EITI Official	1	Purposive	Semi-Structured Interview
Government Official	1	Purposive	Semi-Structured Interview
Traditional Leader	1	Purposive	Semi-Structured Interview

The sampling techniques used in selecting the respondents of each broad category varied in each instance. The choice of subjects, their number and procedures used in selecting them are critical to the validity of any research work. Glesne and Peshkin (1992) observes that in doing research it is practically impossible to interview everyone or observe everything. The number and choice of samples in this research was critical to ensure trustworthiness of the research findings. To ensure validity and trustworthiness of results with regards to samples, Crang and Cook (2007) proposes the use of theoretical sampling and saturation in such research situations. That is enough respondents should be interviewed or observed until the point where no new information is being obtained.

During the fieldwork in Cape Three Point, informants in category 1 (see table 2) were sampled based on the idea of theoretical sampling. This was done by selecting households within the community. The process involved selecting every other house beginning from the main entrance to the community all the way to the fishing beach at the end. In each household, one individual is selected to serve as an informant. The chosen person in most cases was the head of the household, but in cases where the head is not available any adult individual was used. In all thirty individuals including both males and females were used.

The overriding principle applied here was theoretical sampling mentioned previously. Sampling for new households was terminated when enough information had been collected and it appeared no significantly new information was forthcoming. Robson (2002) notes that a researcher can continue gathering information until a point of diminishing marginal returns, that is when you are not adding to what you already have. It has been suggested, for example, by writers such as Berg and Lune (2004) that a criterion for fieldwork being conclusive is when theoretical saturation is reached.

However, for the other categories involving the key informants, a purposive sampling technique was used. This type of sampling in principle is based on the investigator's interest or what he deems relevant in obtaining his data (Robson, 2002).

Purposive sampling was used to select informants from who a detailed and rich data relevant to a research can be obtained (Liamputtong and Ezzy, 2005). When collecting qualitative data, "the number of people we interview, communities we observe, or texts we read is less important than the quality of who or what we involve in our research" (Bradshaw and Stratford, 2010 p6). The principle thus used in selecting the informants for these categories was based on who could provide rich and relevant data. For these data collection units, the number of informants was not a factor for consideration. This is because the aim was not to obtain data that reflected the views of members of those data collection units (or institutions). Rather, information that reflects the state of affairs and policies of the institutions was the prime concern. It was therefore necessary to identify and select the respondent that could serve the purpose of the research most. The rationale for choosing each of these respondents and the details of the data collection techniques and process are discussed below.

4.3.2 Interviews

Interview is a data collection technique that involves an interaction between an interviewer and a participant or interviewee (Yin, 2011). Crang and Cook (2007) observes a distinction between treating interviews as a collection of unbiased data, on the one hand, and interviews being a means of constructing inter subjective understanding on the other. Irrespective of how it is conceptualised, the underlining notion is that interview involve a conversation leading to gathering of data for a study. (Robson, 2002) affirms that interviews potentially bring rich data to the fore.

Interviews could take the form of structured, semi-structured or unstructured. These different forms of interviews are linked to the depth of data one seeks (Robson, 2002). In this research, semi-structured interviews were conducted and were carried out face to face. Semi-structured interviews involves the use of key questions that predetermines the areas of issues to be explored and at the same time given room to the researcher to ask follow-up questions for clarity or details of a response (Gill et al., 2008).

4.3.2.1 Semi-structured Interviews with Community Respondents

A semi-structured interview was conducted in the community to elucidate information on various themes. The interview with each of the thirty primary informants in the community

lasted usually between forty-five minutes to an hour. On the average about five to six people were interviewed a day. The interviews were conducted face-to-face and in the homes of the respondents

To be able to interview the community people, an interview guide containing open-ended questions was used to facilitate the interview process. These interview questions were used to solicit information from the respondents on various issues. Examples of open ended were framed like:

- How do people in this community have access to information?
- Have government officials come to talk to the village about the oil revenues? And if they have, often?
- How do you expect transparency to have impact on your grievances?
- What do you think the government and the oil companies can do to make information about the oil revenues more accessible to you and the community?

These questions allowed the respondents to provide in-depth responses and have the opportunity of sharing their experiences and feelings without being limited. Designing the interview questions as described above brought to bear a structure and standardisation. It ensured that relevant issues are not glossed over during the conversation. Above all the use of the prepared questions prevented me from being drowned in transcribed data during analysis. Using the questions enabled me to easily develop codes and categories during the analysis stage.

The questions for the interviews were written in English as it is the language I am most proficient in. It was, however, anticipated and proven that most of the informants in the community were not proficient in English compared to their local “ahantan” and “nzima” spoken dialects. While the service of an interpreter was anticipated to be required, it became apparent during the fieldwork that most of the local people spoke the “fanti” dialect, which I was equally capable of speaking. Thus the “fanti” dialect was used as a means of communication during the interviews.

The above notwithstanding however, I made notes of their responses in my field note book in English for later analyzes as well as recording the interviews. The duality of language in the process of the interview and note taking obviously could lead to misinterpretations and misrepresentations in the final analyzes and invariable affect the research’s validity. To avoid

this, I took strenuous efforts to paraphrase and ask for confirmation from the interviewees if my understanding of their opinion accurately reflects what they tried putting across. Although time-consuming, this back and forth process of respondent validation (Yin, 2011) ensured accuracy of the data obtained. It also enriches the interaction, since the respondents through this realised that I was actively listening to them and regarded their opinions highly. This in a way made them more open and enthusiastic about the research.

4.3.2.2 Semi-Structured Interview with Traditional Leader/Chief

At the community level an in-depth interview with the traditional chief was conducted. The rationale for the choice of this category of key informant was based on the fact that these chiefs are in constant touch with the political authorities and at the same time their subjects. It is a belief within the Ghanaian setting that traditional chiefs represent the embodiment of the hopes and aspirations of their subjects. Traditional leaders, along with their other colleagues at the regional level, have, for example, in the past agitated for the payment of ten per cent of all oil revenues to the region. It was therefore vital to get their opinions on how they gain knowledge of how the oil revenues are being managed. For this research, this group of interviewees are not considered as experts when it comes to resource curse and issues of transparency however, they represent the embodiment of the people. Their perspectives brought richness and contributed partly to the completeness of the data as key stakeholders.

The chief of the Cape Three Point Community gladly accepted to be interviewed for the research. Before interviewing the traditional chief, I made initial inquiry from his household with regards to customary demands that needs to be performed before seeing him. Having performed the customary demands the chief became available for interaction. During this initial interaction, he was made aware of the purpose of the visit to his community. The chief showed much interest in the research and scheduled a time for the interview proper.

The interview with the chief was in depth, semi-structured and lasted for a little over an hour. It was conducted in his home. The interview began with a small talk about issues such as community life, hierarchical system of the chieftaincy system in their area and their relationship with governance process vis a vis the District Assembly system.

The interview proper was conducted using an interview guide I had prepared before the visit. The chief was very open and frank, as the issue of the oil and gas appeared to be important to him. He took time to express his opinions on the various subject matters raised during the interview. The issues discussed ranged from how much interaction he had had with the

government, community grievances with oil related developments, consultations with government and knowledge of oil revenues.

4.3.2.3 Semi-Structured Interview with Ghana EITI coordinator

The Ghana EITI secretariat implements the Extractive Industries Transparency Initiative in Ghana. The secretariat represents one of the key stakeholders in achieving transparency and accountability in the extractive industry in Ghana. Their role as key informants in this research therefore cannot be over emphasised. This interview aimed at knowing the perspective of the experts on how the processes of EITI intended to ensure transparency in the natural resource sector impacts on rural communities mostly affected by the exploitation of the resources such as Cape Three Points. The interview was in depth and based on an interview guide prepared earlier. A sample of the interview guide is included as Appendix 3. The interview was recorded for later transcription with prior consent of the respondent. Among some of the issues discussed were the institution's communication channels and its impact on information dissemination.

4.3.2.4 Semi-Structured Interview with Minister for Finance

Another stakeholder whose position was of absolute importance to the subject matter of the research was the government of Ghana. They are by law responsible for the management of the petroleum resources hence have a significant role if not the most important in dispensing transparency and accountability to the people on whose behalf they are managing the resource. As pointed out in previous chapters of this research the petroleum Revenue management law tasks the government through its agencies to ensure transparency and accountability.

The Ministry of Finance and Economic Planning was selected as the best option for information. The choice was useful to the study because this ministry is directly involved in the revenue management aspect of the industry and could possibly contribute to any policy on transparency and accountability. Furthermore, this Ministry houses the Ghana EITI secretariat and therefore has a direct input in information dissemination as far as the oil revenues are concerned.

For the interview, one of the deputy³⁶ Ministers of the Ministry was contacted through his secretary. An official appointment was booked for the interview. Whiles I did not encounter

³⁶ At the time of conducting the interview he was a deputy Minister however at the time of writing he had been made the substantive Minister of the Finance Ministry.

an earlier anticipated bureaucratic difficulties in booking the appointment, honouring the appointment rather was problematic due to a number of challenges. Key among these challenges was the death of the sitting President of Ghana during this period.

The interview with the deputy Minister despite the initial challenges was honoured and was informative. The interview was conducted in his office using an interview guide and recorded for later transcription and analysis. A sample of the interview guide showing the various themes discussed is included in appendix 3.

4.3.3 Direct Observation

Qualitative observations involve the taking of field notes on behaviours and individuals in the research field (Creswell, 2009). Observation as a data collection strategy is very useful as it provides the opportunity for the researcher to perceive at first hand with his own senses without any filtering of information (Yin, 2011), as opposed to other strategies.

The use of observation in this research provided another angle for answering the research questions with adequate verifiable data. As pointed out by Kearns (2000) observations provide complementary evidence or as Robson (2002) notes can be supportive to data collected through other means. Through observation, I was able to directly verify some of the things the respondents in the community were saying. It served as a means of collaborating and validating what the people told me.

The overriding aim was to have a firsthand experience of how the local people had access to information. This approach contributes to the validity of the research. This is because I could directly verify the claims of the community respondents on the issue of access to information. For example, when most of the respondents said they do not have access to online or newspaper information I similarly observed same since I could not find any newspaper vendor to purchase one. Before visiting the village I had a checklist of key things to observe during the fieldwork. These included how the people were in contact with the outside world, their means of getting information, and their daily life activities.

I personally tried gaining access to oil related information to see how difficult or easy it was. The observations I made during the period were recorded in my field notebook for later integration into the other data. The observations also broadened my appreciation of the issues from the community perspective, thus shaping my conversations with the community people and later the interview with the government and GHEITI officials.

As part of the observation process, I made attempts at accessing information through the print and electronic media on a daily basis, while staying in the village. The only radio station accessible to the community Ankobrah FM was monitored regularly for type and quality of information provided in their broadcasts. The village is yet to be connected to the national electricity grid hence obviously viewing of television was impossible. Attempts to purchase newspapers proved futile just like accessing the internet. Likewise when I tried contacting people outside the community, it was practically impossible as my mobile phone's connectivity was unstable and most often unavailable. My experience in accessing information from the community brought to bear the reality of living in two separate worlds, urban and rural.

4.5 Characteristics of Informants

In conducting this research, the primary data as mentioned was based on the observations and interviews. For the interviews, in all thirty-three (33) informants were used, out of which thirty were primary informants and the other three key informants. Obviously there were differences in the characteristics of the primary and key informants with regards to their socioeconomic status and knowledge levels. These differences impacted on the kind of information they provided. For example while most primary informants related accountability to development projects at the community level, key informants related it to legal and institutional framework. Understanding their background characteristics therefore is critical to understanding the research findings.

4.5.1 Primary Informants

The thirty primary informants were mainly residents of the Cape Three Point community in the Western region of Ghana. They comprised of thirteen (13) males and seventeen (17) females. The ages of these informants ranged between 20 years to over 50 years. Specifically, 7 informants were in the age range of 20-30 years, 10 between ages 31-40 years, another 8 were in the age bracket of 41-50 and the remaining 5 were over the age of 50. Out of these thirty informants, only seven (7) were unmarried and all lived either in their personal homes or family homes.

In terms of educational level, most of them have had little or no education. Those in the younger age bracket between 20 to 30 years however have had some basic education. The older age groups mostly have had no education. This notwithstanding, literacy level among all the age groups was very low. A number of them pointed out their inability to read or write

hence initially hesitated in participating in the research. They were reassured that they would not be required to read or write anything during the interview process.

Because the community is a coastal one, a number of these informants were engaged in the fishing sector. Most of the males made livelihoods out of going to the sea to fish while the female counterparts were either fishmongers or engaged in selling the fishes. Chapter six presents a more vivid description of the Cape three Community that gives a better understanding of the social circumstances of these informants.

4.5.2 Key Informants

The key informants were made up of three male interviews. These were the traditional chief, the deputy government minister and the Ghana EITI coordinator. All three of them were above the age of forty (40).

The traditional chief of the community resides in the community and shares the same characteristics as the primary informants. He is however a key informant because he occupies a position of authority and has direct interaction with government officials. It was therefore expected that he would provide a more in depth perspective with regards to his interaction with government as head of the community.

The other two key informants reside in the capital city Accra and have higher levels of education. Each of them have had education up to the postgraduate level and have vast working experiences in management. The EITI coordinator for example has been with the transparency initiative since its inception. Thus, his perspective on the issue of transparency and accountability was of paramount interest to this research.

4.6 Data Analysis and Presentation

A suitable approach to conducting qualitative data analysis is to begin in the field during the data collection process. This is useful not only because the data is “fresh” and easily remembered but also it shapes the results by providing the flexibility in choosing subjects or useful data collection sources as well as developing your concepts along the way (Miles and Huberman, 1994, Zhang and Wildemuth, 2009). Thus, much of the data generated from the interviews conducted were transcribed and subjected to some level of analysis (such as categorizing, coding and establishing patterns) immediately.

Dunn (2000) has identified two ways of analysing interview data to be Manifest Content analysis and Latent Content Analysis. According to him, while the Manifest approach

involves a tally of number times some words appear in an interview transcript, Latent on the other hand involves searching the interview document for themes. The Latent content analysis was used for analysing the interview and observation data generated in this study. The process evolved from transcribing, developing codes, categorizing and reviewing the data by themes.

The first step was to generate a text data by transcribing all the interview recordings. Having obtained a printed copy of the transcript, I handwrite at the margins also relevant notes of observations logged in my field notebook. This formed the complete text data for my analysis.

The second stage in the analysis was to develop codes that could be assigned to various sections of the data. Codes according to Robson (2002) are symbols applied to a portion of text to classify or categorize it. The codes were developed with the help of the interview guide used for the interview. This is because as mentioned, the guides were well structured and pointed to thematic areas of the research. The coding assisted in reducing the large text data into smaller form and established a system of patterns and relationships. Most of the coding was done with a mind to answering the research questions. After selecting the codes, all texts that are similar are assigned same codes and categorized after.

A further process in the analysis process was to construct a matrix table. The table allowed me to cross reference my different respondent categories with the various themes that emerged out of the data. Table 6 below is a sample of the matrix table used.

Table 3: Analysis Matrix

Respondent/Theme	Information accessibility	Impacts	Attitudes	Grievances
Government				
Local people				
EITI/Institutions				
Externalities/environmental factors				

Summaries of the text data are extracted and filled into the matrix table. This allowed for comparison to identify similarities and differences within the system. From my analysis matrix table I could easily see how the opinions of say government differed from those of the

respondents in the Cape Three Point community. Also, I could identify what channels Government or EITI is using to communicate information and how these channels are similar or different from how the people access information. The emerging differences, convergences and possible reasons for that occurrence were interesting going through the data. The data analysed into the matrix table forms the basis for developing a storyline in the final results and discussions.

4.7 Rationale for choice of Study Area

The choice of Cape Three Point for the study presented an opportunity to study the issue of transparency as a strategy in avoiding the resource curse in the emerging oil and gas industry in Ghana. The choice of this village for the research stems from three reasons:

Firstly, the village lies in the heart of Ghana's petroleum resources as it is located a short distance away from the oil rigs offshore. The advent of the oil industry in the country has led to the increasing appropriation of the lands of the people for development of infrastructure and other related investments in support of the emerging oil and gas industry. Also, if someone should be interested in finding out about the revenues, it should be the communities closest to the source especially because in the case something goes wrong and there is an oil spill, it is them that will be hit hardest.

Secondly, it is becoming clear that the fishing industry, which forms the basis of the livelihood of the local people, is being threatened by the emerging oil industry. Complaints of reduced fishing stocks and restricted fishing zone have abounded with the emergence of the industry. This has led to heightened expectations of the oil revenue being used to develop the area significantly and provide alternative livelihoods.

The third and perhaps the most important reason for the choice of this community relates to the demand from traditional leaders of these oil affected communities that 10 per cent of all oil revenues should be allocated for the development of the area. In as much as this demand may be justifiable, it would be important knowing how these traditional leaders and their people have access information about how much revenues are being generated and how it is distributed or used.

Lack of adequate information or perceived corruption in the management of the revenue has the potential to lead to grievances among the inhabitants. This has implications that include

civil conflicts. Such implications has been extensively researched on by other authors (Collier and Hoeffler, 2012, Lujala, 2009, Lujala et al., 2005, Lujala, 2010, Lujala and Rustad, 2012).

Studying this village gave an in-depth understanding of how local inhabitants access information with regard to the oil resources and the meaning they construct out of it. Results from this study can also be related to other communities facing similar issues.

4.8 Evaluation of the Methodology

4.8.1 Trustworthiness, Validity and Reliability

The need for every research to meet the criteria of validity, reliability and trustworthiness is paramount. These concepts, however, mean different things in qualitative research and quantitative research (Creswell, 2009). Some of the measures employed during the process of data collection and analysis to ensure this research is not only trustworthy but reliable and valid to a large extent are discussed subsequently.

Trustworthiness is more central to qualitative methods. The underlying presumption of qualitative data is that texts potentially have multiple meanings and hence its interpretations in some ways could be subjective hence the issue of trustworthiness (Graneheim and Lundman, 2004). A discussion of trustworthiness in qualitative research takes into account in most literatures the concepts of credibility, transferability and confirmability (Graneheim and Lundman, 2004).

Credibility as a criterion for trustworthiness pertains to how the methods and procedures employed address the focus of the research (Graneheim and Lundman, 2004) and can be likened to internal validity (Rolfe, 2006). To ensure credibility in this research the choice of research design was important. The use of multiple sources of respondents and data collection techniques allowed for the examination of the issues from different perspectives. Gray (2009) also argues that the content of the interview questions must be linked directly to the research objectives. To ensure credibility and validity of my research I prepared the interview checklist beforehand. I ensured the checklists and guides covered relevant and foreseeable aspects of the research. More importantly during the interviews process, even though many issues emerged during the conversations, I ensured every aspect of my checklist was covered. Likewise for the data obtained through observation, it was also controlled with the checklist I had prepared. It made me focus on relevant things to take note of during the fieldwork.

Transferability can be equated to external validity (Rolfe, 2006) and relates to the extent to which the findings of the research can be transferred to other settings. The ability to generalise findings of this research to other geographic settings may be limited. The setting of this research is a rural community and has peculiar culture as well as circumstances hence cannot be overly generalised to other settings. This notwithstanding, the findings can be useful indicators of the situation in other communities in Ghana that are affected by the exploration of oil. This is because most of these communities are lying in the coastal areas and have very similar cultural and social circumstances to those of Cape Three Points. These communities are only separated by few kilometres hence are much alike.

Confirmability of the research relates to how to be able to audit the entire process, remove personal biases in the analysis and give opportunity to respondents to verify your conclusions (Crang and Cook, 2007). Even though member checks is a popular way of achieving this, time and distance between myself and my informants did not give me the opportunity to relate back to them my conclusions for verification. This notwithstanding, the back and forth verification of responses during the interviews with the informants at the community level ensured that their views were accurately recorded. I made it a point to summarise back to them their opinions on the various issues that were discussed. Furthermore, personally observing things from their perspective provided a way of actually verifying what they were saying. For example, if a respondent tells me he does not receive information through the television, I could verify this as I could not also access information from that medium.

5.8.2 Ethical considerations

Ethics is ‘the conduct of researchers and their responsibilities and obligations to those involved in the research....’(Davidson and Layder, 1994 p55) as quoted in (Dowling, 2000). As in many research works, ethical considerations are issues not only based on morality but also about maintaining standards. In conducting research, researchers have a responsibility of protecting research participants and the promotion of integrity of the research (Creswell, 2009). It has been pointed out by other authors that ethical dilemmas must be anticipated and addressed far ahead of conducting the research proper (Berg, 2001, Creswell, 2009, Punch, 2005). This research took into account a number of ethical issues and planned for them during the preparatory stages.

The first and perhaps most important is the issue of confidentiality and anonymity. It was important that anyone reading my research report would not be able to easily know the identity

of my respondents. This is because some of the issues touched on pertains to judging government performance and could lead to potential future victimisation. Dowling (2000) proposes the use of pseudonyms and masking of identities. To ensure anonymity, the identity of my subjects (such as names) were not sought and used in this research report. In instances where respondents need to be referred to, their positions within their institutions are referred to rather than their names. Also, materials accessed during the research that are deemed confidential are treated as such.

Furthermore, informed consent was given critical consideration. Because most of the research involved direct interaction with subjects, adequate permissions were sought beforehand. In seeking permissions for interviews, adequate and relevant information about the research such as purpose, methods and intended uses (Crang and Cook, 2007) were provided. Potential respondents who felt uncomfortable were promptly allowed to opt out.

Also, it was necessary and desirable to use a tape recorder to capture the interviews for later transcription. This however is an important ethical issue hence the consent of the participants were first obtained. And finally, efforts have been made to produce respondents' views as accurately as possible not only for ethical reasons, but also to ensure trustworthiness of results.

5.7.4 Power relations

Researchers and their informants occupy different speaking positions and likewise have different capacities to change situations and people (Dowling, 2000). Differences between the researcher and respondents such as knowledge levels produce power relations.

Power relations played some role in this research in a number ways as anticipated and it was important for me to plan and deal with them head on as advised by (Crang and Cook, 2007). Some of the interactions with the respondents that may have power relations embedded in them were anticipated, identified and appropriate measures considered before the fieldwork began.

The first of these has to do with the interaction with the local inhabitants of Cape Three Points. As a researcher coming from outside their rural community and having a better knowledge in the subject matter, the possibility of me dominating was anticipated. This type of power relation has been characterised by England (1994) as potentially exploitative

relationships. Having envisaged this, the situation was dealt with by engaging with the respondents more cordially both in terms of framing questions and my body language.

The second aspect has to do with interviewing the traditional leaders, GHEITI national coordinator and government officers. This group of respondents are not only knowledgeable, but also wield political power, hence the balance of power tilted in their favour and potentially could have affected the interviews with them. To ensure this anticipated power relations did not affect the data collection, I had to prepare adequately by reading and being conversant with background knowledge on the various topics raised during the interview.

In sum, dealing with power relations in this research required that me being flexible and able to reflect on situations before and during the data collection process.

5.8.3 Fieldwork Experiences and Limitations

The entire research and especially the fieldwork has been an interesting experience and represented an important element in my learning curve.

The choice of research topic at the initial stages was perhaps one that involved a lot of thoughts and interactions with my supervisor. A number of important factors were thoughtfully considered. The need to make a balance between my interests, resources (time, financial, knowledge base), and what is relevant in the contemporary literature were critical factors. The determination of a research methodology was also important issues determined.

Whiles the choice of Qualitative methods allowed the necessary data to be obtained and used to answer the research questions posed; it equally came with some challenges. The use of qualitative techniques and data is not straight forward like in quantitative. It requires a lot of careful analysis to avoid personal biases. Thus, I made strenuous efforts in reading around this methodology.

During the fieldwork proper the experience likewise was very interesting despite the challenges faced. It is important to mention that the data collection and analysis processes were dynamic, fluid and constantly changed. For example different issues were highlighted during the interactions which hitherto were unknown to me and invariably affected the development and refining of the research questions.

An important challenge during the fieldwork worthy of mention was the untimely death of the President of Ghana. This did not only psychologically affected me personally but also

made it difficult having access to government officials for information. As the nation was in a mourning mood it practically made it unreasonable and difficult to approach people to participate in the research.

Chapter FIVE

Background of Study Area

5.0 Introduction

This chapter presents a background description of the Cape Three point Community as the study area of this research. The chapter provides basic information about the geography of the area, economic and social aspects of the community and, most importantly, issues related to the community as an emerging resource community. Resource community as used refers to a community affected by the exploitation of natural resources. The presentations here are mostly based on information obtained during the fieldwork and where otherwise, references are provided.

As typical of most developing countries, Ghana's development is characterised by a spatial variation in terms of socioeconomic development. This variation is made manifest in terms of the rural-urban divide. The variation between rural and urban communities is marked by sharp differences in economic and social life of people living in either side. These differences range from infrastructural development, to access to social amenities among others.

5.1 Geography of Cape Three Point

Cape Three Point is one of many rural communities in Ghana. Locally, the community is referred to as *Andenle* (in the Nzema Language) or *Akyenkyin* (in the Ahanta Language). The name Cape Three Point is derived from the shape of the shoreline that houses the community. It is a small coastal community, more or less a peninsular protruding into the Gulf of Guinea sea, as can be seen from Figure 1.

The community is located on longitude 0⁰ and latitude 0⁰ and thus often referred to as the "*land nearest nowhere*" (see FIG 1 below). The geographic location of the community is not only the most southerly point of Ghana, but also of the West African coastal line. Cape Three point is situated between Akwedaa and Princess Town. Other similar communities lining the west coastal strip include Discove, Miamia, Axim, Buma and Butre.

For administrative governance, the community falls within the Ahanta West District in the Western Region of Ghana. The Western Region is home to the oil and gas development projects and has been noted in the past for its vast natural resources, such as forestry, gold

and rubber. The Western Region is the largest producer of cocoa and timber as well as the second highest producer of gold.

Figure 5: Map and Aerial image of Cape Three Point



Source: Google Earth and Ghanawestcoast.com

The total population of the community is estimated to be about 900 inhabitants and is comprised of 200 and 430 adult males and females respectively (CRC, 2011). Like many other rural communities, homes in Cape Three Point are built from local materials; mostly clay and bamboo with iron roofing. There are around 100 houses in the community with an average of 7 people residing in each house (CRC, 2011). Most of these houses are owned privately by the households residing in them. The spatial arrangement of the homes makes the community a close knit one.

5.2 Accessibility and Social Development

The physical accessibility of the community is very poor and cumbersome. Cape Three Point, like its neighbours, is linked to the nearest major town Agona by a feeder road network. Travelling on this undulating road takes about an hour or more depending of the season and type of transportation. During the rainy season, vast stretches of the road, for example, become impassable preventing access to the community.

The community likewise has limited communication with the outside world. There is no internet service provider making available internet services in the community. The cost of computer and accessories to access and provide information online is beyond the pockets of many of the inhabitants. Email and sourcing information online is, therefore, yet to be part of the community's life. Even though there is a proliferation of radio stations in Ghana, the community has access to only one, Ankobrah FM. This makes accessibility to diverse information resource difficult.

Out of the current five mobile communication networks, only one can be accessed from the community. For the inhabitants who can afford mobile phones, they can only use the Airtel network. Even with this limited choice, strength and availability of the network is not guaranteed throughout the community at all times.

The social developments in the community are similar to those of other rural communities in Ghana. The community has a primary school and a junior high school staffed with just 10 teachers (CRC, 2011). Other basic social amenities such as running water, electricity and health care are not available in the community.

The community has no access to electricity, hence most rely on fuel wood and other traditional means to obtain energy for cooking and lighting up their homes. Even though in the past, the Ghana Ports and Harbour Authority (GPHA) had provided them with a generator to provide light, the high cost of fuel has rendered it impractical (CRC, 2011). The lack of electricity inadvertently influences much of the people's life. For example watching television in the evening which is a common feature of most Ghanaian homes is absent in the community.

A borehole and a public bathroom facility situated at the entrance of the community exemplify the water and sanitation predicament of the community. There is no access to potable drinking water in the homes of the inhabitants. The single borehole serving over 900 inhabitants is insufficient and its location at the very entrance of the community makes it also less convenient to use.

For health care, inhabitants often rely on traditional healers living within the community. For those who require hospital care, they have to be transported by sea with canoes to the nearest hospital in Discove, a nearby town. This has negative impact on the healthcare delivery of the community.

5.3 Community Livelihoods

As typical of most coastal communities, fishing is the dominant economic activity of the people. Apart from fishing, other economic activities include farming, commerce (petty trading) and, to a limited extent, tourism. Most of these other livelihood activities are however, very much dependent on the fishing industry.

5.3.1 Fishing

This livelihood activity is very common to all communities along the coast of Ghana. In Cape Three Point, artisanal fishing predominates rather than industrialised fishing. They use traditional fishing methods and equipment, such as paddled canoes designed and crafted by the locally. In recent times however, through government interventions, some canoe owners have begun to use canoes mounted with outboard motors. Fishing is a year-round activity, while catches vary dependent on the season.

The local fishing “industry” employs men and women as well as children. The men usually are those that go out into the sea to bring in the fish. While a few men form the crew of a canoe, others also help in dragging the nets ashore. Therefore the proceeds from a fishing trip are distributed among the canoe owner, crew and those who help in the pulling of the nets.

The women are also active in the industry and work with processing, storage and marketing. After a successful fishing expedition, the women process the catch by either salting or smoking. The women later sell the fish in the Agona Nkwanta market, or to the tourist chalets in the area.

Apart from those actively engaged in the fishing activities, there are other inhabitants who also provide ancillary services to generate income of their own. There are those who are engaged in carving out the canoes, or mending them when they are damaged³⁷. Also, there are women who sell food at the fishing landing beach to men returning from sea. The children, on the other hand, assist their parents in performing most of the fore mentioned activities. The younger children do not, however, go out into the sea.

5.3.2 Other livelihood Activities

Farming is secondary to fishing in Cape Three Point. Most of the inhabitants have farms where they cultivate various crops with the most common being cassava. The farming is mostly engaged in by women and children. The men usually help out during the off-peak fishing season. Produce from the farms is most often consumed by the individual households.

³⁷ Some fishermen also do these activities by themselves during their spare time.

Surplus produce is sold locally in the community or at the Agona Nkwanta market to supplement the household income.

Some inhabitants (usually the women) are engaged in petty trading. This involves the selling of basic items such as soap, milk, stationary and sweets that they obtain from the Agona Nkwata market. These items are sold to their fellow inhabitants in makeshift table-top stalls. Some are also engaged in selling farm produce and cooked food.

Despite the potential, tourism is not fully developed in the community. The community's capes, sandy beaches, a sign post with arrows showing the exact locations of cities such Tokyo, Brasilia, New York among others and an old lighthouse are conducive tourist attractions (see Figure 2). Even though there has not been significant investment to promote tourism in the area, there are a few companies providing services for tourists in the area. A few inhabitants also rely on the tourist industry for their livelihoods. Most are employed by the tourist companies providing lodging to visitors to the area, while others work as tour guides. Some home owners in the community also receive income from renting out rooms to tourist workers from other communities. The number of inhabitants employed in the tourism industry, however, is very few.

Figure 6: Tourist sites: Old Lighthouse and Sign Post



Picture source: Ghanawestcoast.com

5.4 Cape Three Point as a Resource Community

The discovery oil and gas resources a few kilometres offshore away from the community have propelled Cape Three Point on to the national and international stage. A Google search of “*Cape Three Points*” would result in several hits linked to exploration of Ghana’s oil and gas resources. The discovery of oil and its anticipated impact on development have raised expectations of the community.

Even though the oil production is offshore, the development of a petrochemical industry, and gas infrastructure, as well as other related activities in the region, is expected to impact on this coastal community as well. While the people are yet to see any meaningful benefits from the oil find on their community, they do already have some misgivings. As an emerging resource community they have already began experiencing some negative consequences. Some of these concerns are highlighted below:

5.4.1 Emerging Livelihood Impacts

Some of the inhabitants interviewed have attributed the decline in fish catches in recent times to the oil activities offshore. For them, the number of fish they have been catching has reduced significantly since the discovery of oil in 2007. They also claim that they have lost access to fishing territories on the high sea, especially areas close to the oil rigs. For safety reasons, a 1000m exclusionary zone has been established around the *floating production, storage and offloading (FPSO)* vessel used for oil production, (Tullow Oil Ghana, 2009). Fishermen are not allowed to fish within this zone.

Furthermore, the inhabitants claim that significant amounts of seaweed have been washed onto their shore line. More problematic is that seaweed is often caught in their nets hampering fishing. These occurrences are new to them and have not been a problem in the past until oil production began.

While I have not verified their claims independently, there may be reason to believe that they may have some merit. The Environmental impact assessment report of the Jubilee Partners for example identifies that most of the pelagic fish species of the area are attracted to the oil’s FPSO and as long as they remain under it or within the exclusion zone, fishermen cannot access it (Tullow Oil Ghana, 2009)

5.4.2 Land Grabbing

Another emerging issue of concern is the rate at which lands of the inhabitants are being appropriated by investors (both in the oil and tourism industry) and politicians, all in

preparation for the expansion of the oil industry in the area. Most farmlands have been sold off in anticipation of a planned relocation. This land problem is not peculiar to Cape Three Point alone. For example, the shoreline of Busua, a nearby community has been sold off and in future the fisher folks in the community would have no space to dock their fishing vessels or canoes (CRC, 2011). The chief of Cape Three claimed that government representatives had hinted at relocating the community in the early days after oil was discovered. When these relocations would take place is until now unknown. What is certain however is that the inhabitants have and are losing their farmlands.

5.4.3 Unnecessary Intrusion

The oil discovery has also brought about the disturbance of the solitude of the people of Cape Three Point. People are trooping the village to see the Community associated with the oil find. Some other people have also visited the community in anticipation of finding oil jobs (CRC, 2011). These frequent visits have brought about some discomfort to the inhabitants.

Interestingly, it is not only the curious “oil tourists” and “ignorant oil job-seekers” intruding the village that has incurred anger. The frequent visits by researchers including NGOs and students according to the local people is creating nuisance. For some of them, they have vowed not to cooperate any longer with these researchers³⁸. This is because over the period, findings of these researches have not been shared with them and also no promised interventions have taken place in the community after the researchers have collected their data and left.

5.4.4 Expectations and Unfulfilled Promises

As pointed out, the announcement of the oil find brought with it excitement and expectations by all Ghanaians. The people of Cape Three Point closest to the oil rigs were no exception. Expectations of job opportunities and social development in the community have been very high.

These expectations according to the people were further heightened by government promises made in the early days of the oil find. A promise such as relocation to a relatively developed community is still not fulfilled. Most of these promises are yet to be fulfilled and local people find it difficult to gain employment within the oil industry. For now, they have to contend with their social problems and underdevelopment while waiting for government to fulfil its promises.

³⁸ This created some initial problems for this researcher in finding respondents during the fieldwork.

5.5 Summary

This chapter provided a background to the research study area. The presentation here dwelt mainly on the nature of the Cape Three Point community. From this chapter it is easy to picture life in this community and the problems they face. More importantly, the community's link to the oil industry and corresponding emerging impacts are pointed out. This sets the stage for further discussions and analysis of the findings of this research in subsequent chapters.

CHAPTER SIX

Access to Information and EITI Impact

6.0 Introduction

We are reminded by Kolstad and Wiig (2009) that achieving transparency is not simply about making information available, but other intervening factors, such as political will, competitiveness of the media, educational level of the citizens and their resources to make use of the information provided are key.

Two key issues have been identified so far as necessary ingredients to make transparency initiatives work. First, government and private actors must make information readily available to the general public. Second, the citizens have a certain responsibility of accessing such information and using it as a tool to hold the managers of the resource to account.

This chapter therefore examines how citizens, particularly the people of Cape Three Point, have access to information about the management of the petroleum revenues in Ghana. It looks at the impact of the Ghana Extractive Industries Initiative (GHEITI) in informing the people. Further, factors inhibiting people's knowledge of management of the oil revenues are discussed.

6.1 Access to Information channels

People's power to demand accountability from government actors depends on the availability of information to them. Thus, one of the key issues for consideration in this research was to investigate whether the people of Cape Three Point have access to information on the revenue flows from the oil companies to the government, and also how they have access to such information at the community level. This is important because it would reflect the level of transparency in the management of the oil revenues. When people have a means of obtaining information that is both reliable and trustworthy, then their ability to know what is going on becomes higher. Consequent to this, I examined the information access points of the community.

Interviews with the people in the community and their traditional leader, as well as my own observation revealed that listening to the radio is the most important source of information in the community. Almost all those interviewed cited Ankobrah Fm, a privately owned radio station, to be their main source of information. The main language of transmission is the local 'fanti' which is the language spoken by most of the people.

It was common to see people glued to their portable battery powered FM radio receivers most times of the day beginning from the early Six O'clock news bulletin. From the men resting at the fishing landing beaches to the women selling in their make-shift table stalls listening to the radio appear to be a defining part of their day's activities. Enquiring much further into why the radio is a popular source of information in the community, some of my interviewees pointed out that they do not listen to the radio only for information but also it serves as a source of entertainment. Listening to local music and other programmes broadcasted in their local language keeps them entertained.

Most of those interviewed in the community noted that while they obtain some small amount of information from town hall meetings, they however have little or no information at all from other sources such as the television, newspaper, or Internet. This finding would not be surprising to anyone who has visited and observed the community. For example, the people cannot access television information, not perhaps due to affordability, but rather because the community is not connected to the electrical grid. It was apparent also that there was also no newspaper vending point in the community.

In terms of trustworthiness of the information they obtain, interviewees generally trust what they hear from their "single source" radio station. Some of the interviewees pointed out that they have no other alternative than to trust what is broadcasted on the radio since getting information from other sources is limited. Interestingly however, a few of my interviewees, especially the women were of the view that they trust information from town hall meetings. For example, one of them said "*.....when we go to the community centre, the things they tell us we believe and we do as they say*". The community centre referred to by this interviewee is a meeting hall in the community. Often health education and some form of immunisation take place there. Health promoters visiting the community meet with the local people at that community centre.

The key point is that both the radio and the town hall meeting are entry points or channels of communicating information to the people. Obviously, it becomes an opportune avenue that can be exploited for any outcome. People who wish to spread false information to create mistrust leading to conflicts and antagonism can use such avenues to effect. Government and its agencies have a similar opportunity to reach out to the people with reliable, accurate and timely information. Thus, government and other agencies such as the EITI, PIAC can disseminate information about the management of the oil revenues using for example the

radio or town hall forums to good effect. The question then is whether or not such information has been made available in this way.

6.2 Ghana EITI Reports and Information dissemination

A key aspect of GHEITI's activities involves the production of reports on its findings and dissemination of information to the public. Without information dissemination and communication, the underlining basis for pursuing transparency would be lost. The communication strategy adopted and its intended impacts are critical in achieving the institution's stated objective *to develop and implement a revenue disclosure, oversight and publication mechanism to ensure that Ghanaians get all the information on their extractive industry revenue and public expenditure enabling them hold the government to account* (Ghana Extractive Industry Transparency Initiative, 2006).

The institution since its launch in 2004 has produced seven audit reports on the mining sector covering company payments and government receipts spanning the period of 2004 to 2009³⁹. Regarding the oil sector, GHEITI produced its first audit report covering the sector in the last quarter of 2012. Prior to this report, they had produced several newsletters covering the revenues in the oil sector.

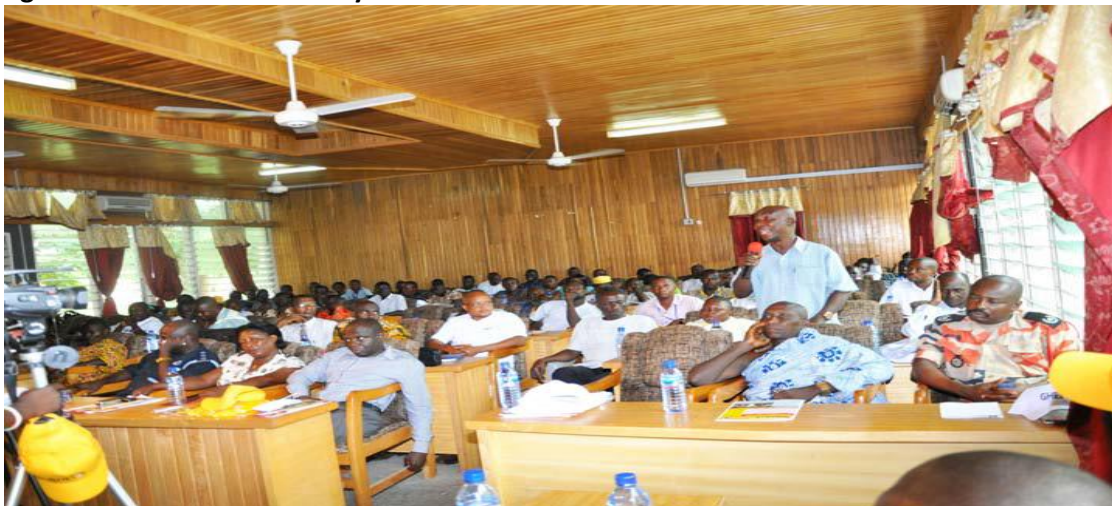
The institution has developed and costed a communication strategy it is using in disseminating its findings and recommendations to the general public in line with its objectives. The communication strategy contained in GHEITI's work plan includes both direct and indirect communication mechanisms. Some of the direct communication means being adopted includes the use of publications on its website, printing of hard copy audit reports, quarterly publication of newsletters, and workshops.

The institution has established a comprehensive website for information dissemination. On the website, one can easily access a number of publications covering various audit reports and activities being undertaken by the secretariat. This provides a one stop shop for firstly knowing what the initiative is about and secondly accessing audit reports that cover company payments and government receipts. Beyond this electronic media outlet, printed versions of newsletters and audit reports are readily available from the secretariat. They can be obtained upon demand by anyone.

³⁹ See Ghana Extractive Industry Transparency Initiative Gheiti Reducing Poverty Through Revenue Transparency in the Extractive Industries. *In*: GHEITI, G. E. I. T. I. (ed.). Accra, Ghana GHEITI.

In my interview with the National Coordinator, he reveals that GHEITI also has undertaken several outreach programmes to spread awareness about its programs and disseminate information to various stakeholders. Several sensitisation workshops have been organised for officials of MMDAs, mining companies, CSOs, community leaders and the media on activities and findings of the organisation (GHEITI, 2011a). Some of these workshops have been organised at the community level, especially in the mining communities. During such forums, participants are given the opportunity to ask questions for further clarifications on presentations given by GHEITI officials.

Figure 7: A GHEITI Community Forum Session



Source: Initiative (2011).

GHEITI has also employed other indirect communication strategies to provide information to the public. These mainly have been through the media, both print and electronic. The media has been producing news items on the various workshops and sensitisation activities of the organisation⁴⁰. Also more importantly, portions of the EITI reports have been published in the national daily newspaper, Graphic.

6.2.1 Impact of EITI information dissemination

As mentioned, transparency initiatives are as good as they are only if they translate into providing accessible information to the intended public. Thus, any communication mechanism adopted by transparency initiatives or institutions must in the long run lead to an informed citizenry capable of holding authorities accountable. This study however reveals

⁴⁰ See for example: Ghana News Agency. 2012. First GHEITI Report On Oil And Gas Expected In September. *Ghana News Agency*.
Myjoyonline.Com. 2011. Ghana achieves EITI compliance status. *Myjoyonline*.

that Ghana EITI had not had much impact on the People of Cape Three Point in terms of how much they knew about the oil revenues.

It became obvious during my fieldwork that many people in the community have not heard about GHEITI or their role in promoting transparency in the extractive industry. When I explained to them what GHEITI was and how they could get information from the institution, most of my interviewees were sceptical as to how the initiative can have any impact in the community. For example one interviewee asked interestingly that “...*if these people [GHEITI] are in Accra [capital city], how can we in the village benefit?*” When told about the community sensitization workshops being undertaken by GHEITI, they still insisted no such thing had occurred in their community since the exploration of the oil began in 2007. Interestingly, I was expecting perhaps the Traditional Chief to have had some interaction with GHEITI at the regional level at least or some other forum. However, his knowledge of GHEITI was not different from those of his subjects. He had not heard about the transparency initiative or received any information from them before.

One key realisation from all of this is that information is available but the information is not reaching the people. Publishing reports on GHEITI websites, Newspapers, among others which are not accessible to the Cape Three Point community has denied the people an opportunity to benefit from the initiative. For a community such as Cape Three Point closest to the oil fields to have little or no knowledge about the oil revenue reports and newsletters from GHEITI reflects to an extent a disconnect between the people and the Communication strategy of the institution. Online websites may serve theoretically large populations, but in reality critical stakeholders, such as people in Cape Three Point, can be disadvantaged. The issue goes beyond a mere recognition of the community as being a rural community with information deficits typical of most rural areas. It also reflects information gaps and deficits in the Ghana EITI communication strategy and perhaps government as a whole.

One must take into account at this point of the fact that Cape Three Point is not a mining community and GHEITI’s focus over the years had predominantly been on the mining sector. To be fair, the possibility of these findings to be significantly different if the research had focused or included a mining community cannot be ignored. This notwithstanding, the interest of the people of Cape Three Points is nevertheless important like all other Ghanaians irrespective of the natural resource under consideration. Also, being closets to the oil

exploration field, they should be aware how much the companies are paying to the governments.

It is also worthy of note that these findings are consistent with other research findings. In July 2009, the Ghana EITI appointed a communications consultant who assessed the level of awareness of the initiative among various stakeholders. The survey concluded that awareness of EITI was very low (Yankah, 2009). For example, in the survey conducted, out of 15 media houses contacted, only 3 with nationwide coverage (Ghanaian Times, Ghana News Agency and Daily Graphic), had some broad knowledge of the initiative and its objectives. Interestingly, most media houses surveyed in even the mining areas repeatedly asked what the EITI acronym stood for (Yankah, 2009). This gives an indication that whether it is in the mining or oil exploration area, the situation is not so different. Again, the country validation report in 2010 recognised the various efforts being made by GHEITI in the dissemination of information, but also pointed out the consistent low levels of awareness of EITI among all stakeholder groups (IDL Group, 2010).

The implication of this is that there is still a gap in the dissemination of information to the public in general and the people of Cape Three Point in particular. The national coordinator of the GHEITI secretariat, while emphasising the target audience of the initiative to be everybody, acknowledges the possibility of the People of Cape Three Point and others not being aware of the activities and publications of the organisation. He argues that despite the various communication avenues provided, people have different interests and thus will not be bothered to access such information if they are not interested. He points out that “.....*oil and gas issues are technical issues, is not everybody that is interested, you can even go and ask somebody within the Ministry of Finance here if he has heard about EITI and he will say no!*” The coordinator in fact may not be far from wrong. It was pretty obvious most people I enquired from about the location of his office had no idea about EITI or let alone its offices within the same building they were also working.

The Coordinator further laments the reading culture of Ghanaians and aptly paraphrases a popular Ghanaian axiom:

“In Ghana if you hide something in a book that is the safest place you can hide it”.

These arguments are not farfetched and perhaps reflect a situation possibly faced by the EITI in other developing countries implementing the initiative. It fits well with the writings of

Kolstad and Wiig (2009) that achieving transparency is not only about making information available but dependent on other factors such as media competitiveness and level of education of the people.

The implication of this for transparency and accountability is that the danger of targeting a certain special group of people as the gatekeepers or those “worthy” to have access to information regarding resource management is real. For example, following the much touted NEITI audit reports of Nigeria’s oil sector, Shaxson (2009) reveals that such reports, even though they made information available, only empowered the elites and the technocrats as opposed to the ordinary citizens. The tendency for the larger public who do not have access to this information to hold misconceptions about the way the state is managing the resource is high. Such misconceptions or lack of information can fuel agitations and possibly conflicts. The possibility of the technocrats and the elites bowing to political pressure is also greater compared to the wider public being the drivers of change or those holding the government accountable. The need to make information available at the local level and most importantly communities affected by extraction activities, as suggested cannot be underestimated in achieving real transparency and accountability.

6.2.2 Making information more available

On the specific issue of information dissemination to the public at the grassroots level, the GHEITI coordinator makes a cogent suggestion that, civil society organisations are critical stakeholders with representation on the ground who must take their reports and make it more readily available to people. According to him “...CSOs takes our report and hit the ground running with it, in fact their presence is on the ground, they educate the people, and they empower them”. He underscores the challenge of GHEITI of not having presence everywhere in the country as compared to the CSOs. Thus CSOs ought to inform, educate and empower those at the grassroots through community forums. Interestingly however, in Cape Three Point, there is no presence of any CSO doing oil related work there.

While the Coordinator’s suggestion about the role of CSOs is good, it also brings to the fore the need for the EITI international governing board to critically examine and define the role of CSOs as stakeholders in the EITI process. If they are to be regarded as playing a principal role in information dissemination, as opposed to mere audience or participants, it should be clearly stated and advocated. More civil society organisations with representatives at the

grassroots level, especially within extractive communities, must be actively engaged in the EITI process. They would then be able to transfer the information to the people.

Also, the coordinator during the interview revealed that as part of making information more available they have included a representative of the District Assemblies affected by the extractive industries on the new GHEITI National Steering Committee. This representative is supposed to serve as a point of focus for information when needed by people at the local level. Beyond this, the need and ability of GHEITI to establish its proposed community information resource centres in various communities especially those in the extractive areas would be important for information dissemination.

6.3 Knowledge of Oil Revenue Management

Beyond the low impact of EITI, it was still interesting to examine whether or not the people have information about how the oil revenues are being managed and if they do, how they come by such information. This is particularly necessary because, apart from the EITI, the media, CSOs, PIAC and government itself are avenues through which information can be obtained.

The local people interviewed for this study all agreed that at their community level they knew very little about how much was being paid by the oil companies to the government and what government in turn was using the revenues for. Even though they listen most often to the radio, they hardly hear such issues being discussed or some information being given. Most of the people interviewed in the community were of the view that neither government nor other organisations have been providing them with adequate information about the oil revenues being generated and how it is being spent. An interviewee said *“the radio hardly speaks about it (oil revenues) and even if they do its just politicians arguing over it....”* another interviewee also said *“we don’t even know how the oil looks like, so the money is beyond our knowledge”*.

These views were not only shared by ordinary people, but also by the traditional leader of the community who also had his own concerns. According to him, in the early days of the oil find, government officials came to meet them to discuss resettlement plans as their village was to be used by the oil workers and related projects. Beyond these initial visits, no one has come to discuss or tell them anything. What has visited them rather is the “curse” of sea weeds on their coasts making life unbearable especially for their fishermen. According to most of the interviewees and the traditional leader, most of their lands have been acquired by

government, politicians and investors in fervent anticipation of the oil industry in the near future. No one has told them, however, the size of revenues so far, or what these revenues are being used for.

The point raised by the interviewee about politicians arguing about the management of the oil revenues gives an indication of a lack of clarity in information dissemination. Even though it was only one interviewee who raised this concern, it provides another side of the story. That is, the possibility that information about the oil revenues is being provided through their “radio” but they find it difficult to understand or make meaning out of the information. Gyimah-Boadi and Prempeh (2012) has underscored the partisan nature of the Ghanaian media and further notes how so many untrained but practicing journalists are political in their reportage and commentaries. When politicians and such journalists with partisan interests are those debating these issues sometimes it becomes difficult for the ordinary person to decipher the truth and objective details. Political debates are good and serve as a form of public scrutiny, but for local people, the media must be clearer when putting out information about oil and other extractive revenues. In effect there must be clarity in the information being provided.

In examining my data, it was also notable that the lack of information was also reflected in what people think about transparency in the sector. One of the most notable consensus in opinion among the people interviewed was that government has not been transparent about how it has been managing the resource. The discontent and negative perception about the management of the revenues is illustrated in this statement by a respondent “*we don’t know anything going on, all we see is the plane above [pointing to a moving helicopter in the sky] carrying the oil in the sea to Accra everyday!*” Another interviewee made even a more scathing claim that because “*the government is spending all the oil money hence no electricity and development here*”.

It was often the case that they equated transparency to development. For them, so far as there has not been any significant transformation in the socioeconomic development of their community since the inception of the oil revenues, government has not been transparent. Their opinion it appeared was being shaped by the fact that they have no access to information and at the same time they are not seeing any transformation in their community in terms of development. One interviewee suggested that “*if government wants us to see what*

they are doing with the money, then they should come and build our road and schools for us”.

On the contrary, the people’s view about transparency differs from the conservative but optimistic views of the government minister and the Ghana EITI coordinator as well. While eschewing complacency, the government minister made a forceful statement about how transparent they have been;

I can say we are the most transparent of all, is about the implementation. In addition to the Petroleum Revenue Management law, we have the Petroleum and exploration bill in the pipeline coming up, 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, 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 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 –Deputy Minister of Finance

The National coordinator of GHEITI likewise believes there is transparency even though it can be improved further with time;

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. The Petroleum Revenue management law has given enormous reporting requirements for all institutions, there is also PIAC in which EITI is represented on, so these are the things that would propel and demand transparency and accountability. It is the way it is handled that will show if government wants it or not and so far is been good. Ghana EITI Coordinator

Without making farfetched inferences, a certain pattern of thought can be gleaned from the interviews with these key interviewees. It would appear that their focus or measure of transparency is also on the legal frameworks and institutions being put in place. Sunshine laws such as Petroleum Revenue Management law are good, but they are not enough. The information required by such laws to be published must have intended audiences. When the audience do not receive such information transparency is limited.

Because the government and Ghana EITI have made some information available through their publications, it can be argued that the problem is not about a lack of information, but rather a lack of access to the information. From my observations and interviews I found a number of factors that appear to influence people's access to information, both of a general nature, and more particularly about the management of oil revenues. Some of these factors include the following:

6.3.1 Lack of access facilities

From the transparency literature, Birkinshaw (2006) urges that we have to move transparency beyond openness by removing all obstacles to information accessibility. There can be no effective dissemination of information if the basic infrastructure to support it is absent. It was obvious from the community that one of the key challenges the people face in getting access to information is inadequate facilities. Access to information from television is limited simply because there is no electricity in the community. Also, out of the five telecommunication networks in the country, only one is accessible in the village. Even with that, one has to be positioned at vantage points in order to connect to the operator's network. This makes it practically impossible for anyone to connect to the internet with their mobile phones to access any information if they so wish.

Even when the people may be willing to know what is going on, their ability to do so is very limited. It was a common theme in the opinion of the people that in their community if they do not receive information from the radio, their abilities are limited. An interviewee puts it this way "*...we want to know but if the radio does not say, how can we also know?*" The information resources of the community are very limited. Norris (2004) avers that to improve access side of transparency, infrastructure policies must take into consideration the plight of underserved areas and core user groups.

6.3.2 Lack of awareness

Another factor affecting the level of accessibility of information is the people's seeming lack of awareness of where to source the information. Apart from most people having not heard about the activities of the EITI for example, even more worrying is the fact that they had no idea of the Petroleum Revenue Management Law. The majority if not all of interviewees had no idea of this law and what was contained therein. This is particularly problematic, since this law does not only require transparency in the management of the revenues, but is also an

important law that the people can use to demand accountability. As discussed in previous chapters, the law obligates the government to make available information about the management of the revenues. If the people were aware of the law, they would have, for example, known about the role of the PIAC and how useful their Member of Parliament can be.

6.3.3 Government Information management policy

When government controls information it can decide how and how much of information is made available to the public. For many obvious reasons, governments can starve the citizens of vital information to achieve various goals. In the case of Ghana, while the government has made some amount of information available to various institutions, such as Parliament, EITI, and civil society organisations, the will to make that information readily available to the citizens at the grassroots level is largely absent. This can be explained perhaps as the government intending to minimise people's expectations in case the oil revenues are lower than expected. While this reasoning cannot be backed by any government policy statement, it is a fair inference that can be drawn from my interaction with both the Deputy Minister of Finance and the Ghana EITI coordinator. Both alluded to the need to temper the expectations of the people with the information given out. The Deputy Minister, for example, argued that supplying information about the amount of revenues generated by government in millions of Dollars would sound huge in the mind of the local fisher folk at Cape Three Point and lead to unnecessary expectations and demands. He went on to argue that this would be problematic, because the revenues in reality are small compared to the needs of the country, stating that:

.... you see we are doing some 80000 bpd and not even 100,000 or like Nigeria, so for me from a fiscal perspective we may end up raising expectations very high [.....].out of government's tax revenues of \$10 million we have collected 0 [.....] So is true that some villages close to the extraction point may not be made aware but if care is not taken we raise so many expectations higher than what is there in reality. I think there are enough mechanisms in place to ensure transparency, even though am not belittling the importance of informing the people though.

The position of the government can be seen as reasonable to some extent, in so far as the possibility that people will overestimate the benefits from oil revenues does exist. However, managing expectations by limiting information has its consequences as well. Firstly, it leads to bias in the sharing of information to the benefit of bureaucrats and other decision makers. This risks reinforcing elitism and existing power relations. The ability and interest of these

powerful few to hold the government to account is far limited compared to the entire citizenry driving the accountability agenda. Humphreys et al. (2007) also concur that when more people are involved, the probability of at least one not being corrupt is higher. According to an assessment by Bank Information Centre and Global Witness (2008), information about extractive revenues would be more effective if it is made available to those at the local level and more so extractive communities in comprehensible form. To make progress against corruption, pressure from the citizens at the bottom is critical (Sandgren, 2005)

A second and even more disturbing outcome would be the potential for the emergence of mistrust, lack of confidence in government and more grievances by the people, especially in those areas mostly affected by the exploration of the oil resource. In the absence of credible information, people at the community level may be more likely to believe anything and everything they hear. Disgruntled groups can mobilise the people against the government and oil companies to demand their share of the revenues. This has the potential to create unrest and discontent.

A third consequence is the general perception of the average citizen about government transparency and accountability. While government may score high on transparency indices of international organisations and CSOs (such as the IEA P-TRAC index) mostly headquartered in the capital Accra, the perceptions of the people at the community level such as Cape Three point could be different. For example, as discussed previously, with or without information, the interviewees were of the opinion that there has not been transparency in the management of the revenues judging by the lack of development in their community. A better mechanism for building trust and confidence is by sharing information and explaining to the people the revenues being generated and used. Carrying the people along in the management process is better than leaving them in the dark.

6.4 Summary

Even though Ghana has shown commitment to improving transparency and thus implementing the EITI, there is still more to be done to ensure the citizens are well informed and empowered to hold the authorities accountable. From the view point of interviewees in Cape Three Point, their community knows little about the oil revenues. This indicates a gap between transparency initiatives and what they can actually achieve. This gap we see in the case of Cape Three Point is occasioned by access to information. Without being repetitive,

Lindstedt and Naurin (2010) point that it is not enough to provide information but the information must actually reach the people it is spot on. The government in terms of managing its natural resources can be considered to be open, but not necessarily transparent. Signing on to transparency initiatives and establishing such institutions is not enough in achieving *real transparency*, but at best *theoretical transparency* or what Heald (2006) describes as nominal transparency. It is critical that government, while making information available, takes steps to bridge the information divide between the centre (i.e. capital city, elite groups) and the periphery (i.e. the poor, rural communities, extraction communities) such as Cape Three Point.

Notwithstanding the above, it is also important for the people to develop interest and be willing to access the information made available by the government and its agencies. From the literature (Mungiu-Pippidi, 2003) argues that a competent and demanding citizenry is required to demand or make use of any existing accountability mechanisms. This would be part of their performance of civic responsibility. The next chapter looks at the People's capacity and willingness to demand transparency and accountability.

CHAPTER SEVEN

Civic Responsibility and Capacity Constraints

7.0 Introduction

Beyond making information readily available, comprehensible and accessible, another important issue of consideration is the willingness of the people to demand transparency and accountability. The people must be willing and interested to know what is going on in the management of the oil revenues. This forms the civic responsibility of the people.

Mungiu-Pippidi (2003) notes that transparency initiatives and accountability that exists in a country requires a competent and demanding public to put it to use and where such mechanisms do not exist it would require the public to demand for it. To perform this civic responsibility however, several moderating factors can influence people's ability to demand transparency and accountability. Mungiu-Pippidi (2003) provides us with some indicators of such a demanding society to include individuals who are younger, educated, relatively well-off, residing in urban areas and politically more sophisticated. Some of these indicators were identified and discussed in chapter two with respect to Ghana in general. This chapter focuses on the people of Cape Three Point by identifying their willingness and interest in the oil revenues. The chapter further looks at some of the factors that influence the people's capacity to demand transparency and accountability.

7.1 Demanding Accountability: Interest and Willingness

To achieve accountability, the citizens must be interested in constructing knowledge out of the information made available from the government, media or civil society organisations. It is out of this that they can, for example, decide on the fate of the resource managers (i.e. politicians) during elections, or through other lawful civil actions such as protests and strikes. Without their willingness and interest, government and oil companies would be less motivated about being accountable and transparent. To put it in simple terms, when the resource owners are less concerned and careless about how the resource is being managed, the opportunity for looting and misapplication would be created.

The performance of civic responsibility by the citizens therefore is critical in ensuring accountability and potentially reducing the likelihood of the resource curse. While institutions such as Parliament, EITI, and CSOs can and must play oversight roles, the ultimate responsibility lies with the people to hold the state to account. Institutions would not function

effectively when the people themselves are not interested in what is going on. Even though government is obliged to make information available, it is equally important to find out if the people are interested and willing to receive and act on this information.

7.1.1 Interest in Revenue Information

The research conducted reveals that people are interested in knowing about the management of the oil revenue flows and how government is using it. Interviewees indicated that people in the community would welcome any attempt by the government to provide them with information. Opinions of those interviewed gave the indication that they are interested in knowing, for example, the total amount of revenues government has received and the development projects that the money is being put to. Their interest was less related to total revenues being generated but more about the fine details of the expenditures or distribution of the resource. Specifically, some were of the view that government should periodically provide an account of the distribution of the revenues to regional and local government authorities in their area.

It was apparent during the interviews that both young (below age 30) and older interviewees (above age 30) were enthusiastic about having access to relevant information. This departs from the view of Mungiu-Pippidi (2003) that such interests would be prevalent predominately among younger people. Similarly, there was no variation among male or female interviewees. On the whole, interest was high among all the interviewees and they were quite sure such interest would be similar for the larger community.

The level of interest shown was quite surprising as this is a rural community with low levels of literacy. However, this can be attributed to the community being one of many communities within the oil extraction catchment area. The interest shown is positive for transparency and accountability. This demonstrates that people are curious and want to know what is going on. This justifies the need for government and other related institutions to make available information to the public. Where the people live, be it centre or periphery, socioeconomic status, or educational level should not be equated to interests. The interests shown by respondents in Cape Three Point illustrates that citizens' interest to know exists.

This study also reveals a key issue about what type of information really represents transparency and what people would want to see as accountability. It emerged during the interviews that what people want to hear is not necessarily the type of information provided by government or transparency initiatives such as EITI. I gathered that people's sense of

accountability of the revenues is linked to development in their localities. For example as one young man pointed out during the interviews “.....*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 thing they have done with it*”. It can be argued that the interest shown is linked to the under development of the area especially as often they make reference to information about how the revenues are being used. The possibility that citizens living in relatively well developed parts of the country not having the same interest in obtaining information cannot be discounted.

The above, however, also has implications for the Extractive industries Transparency initiative. Currently, the initiative provides information about reconciliation between what extractive companies pay to government and what government says it receives from the companies as revenues. What transparency initiatives such as EITI believe people would want to know may not necessarily be what people are interested in. From the interests shown by the interviewees, it would be necessary that the Ghana EITI provide diverse forms of information including how these resource revenues are being distributed and used especially at the local level. Such information would be more relevant to the people as it would suit their information needs and allow them to better relate to the management process. While the reconciliatory approach currently being implemented at the national level may serve the needs of other stakeholders (such as CSOs, donor governments and their agencies and of course some section of the public), information about the local use of the revenues would be useful for others as shown by this study.

7.1.2 Willingness to Demand

Apart from gauging people's interest in receiving information, this study further went on to investigate people's willingness to take action and demand that information. This is important because as owners of the resource they must be able to put pressure on the government to do the right thing. This is an important element of accountability. The findings of the research indicate that people appear not willing to demand for such information or accountability. This contrasts with their interest in knowing about the oil revenues. While people in the community are interested in knowing what is going on, that interest has not been translated into taking the initiative and demanding such information. In the same manner, interviewees were unsure of what actions they could take to hold the government to account.

Most of the interviewees said that they had not in any way tried in the past to obtain information about how the oil revenues are being used. They equally were unsure of anyone in the community in the past who had tried demanding information from government authorities. The local people interviewed all agreed that since the inception of the oil exploration in 2007, they have at some point in time brought to the fore issues related to their dwindling fishing fortunes. They also, through their local district assembly representative and chief, have talked about the underdevelopment of the community. However, specifically demanding accountability from government or the oil companies about the revenues has not been part of the community demands.

The lack of demand from the community however is not farfetched. As mentioned in chapter two, the findings of the Afrobarometer survey of 2012 indicate a certain culture among Ghanaians of not taking the initiative to hold state officials to account. As pointed out by that survey, very few Ghanaians have contacted their Government representatives for information in the past. Thus, the people of Cape Three Point appear not to depart from that norm. Mungiu-Pippidi (2003) opines that culture is a determinant in achieving accountability. This finding can be attributed to the larger issue of the Ghanaian culture. Further extensive research in this area would however be required to draw any strong conclusions. While the phenomenon can be discussed in relation to culture, the case of Cape Three Point goes beyond culture in generality. It is also related to issues of ownership rights, perception, history and offshore nature of the oil development as well capacity constraints. The issue of capacity would be taken up in subsequent subsection of this chapter.

Gaventa (2002) asserts that for citizen participation in accountability to be meaningful, the status of citizens must be strengthened from being that of simple beneficiaries of development to legitimate claimants. The principal-agent theory underling transparency similarly assumes or accords citizens (principals) rights of ownership. From the community however, those interviewed felt more that it was not in their right to demand accountability from the government. They did not see themselves as rightful owners of the oil resources, but rather people who should benefit from decisions of government about how the oil revenues should be used. As such they were of the view that demanding more information is not something they should be doing. Some actually believed such a demand can trigger government anger and deny them benefits in the future. An interviewee shares the sentiment that “... *as for us we can't go asking questions about the government's oil money, they will be angry at us*”. For these interviewees they are less likely to take any action on any information

provided them or demand even for it. If more people would be willing to participate in the accountability process, it would be required that they are empowered and educated on their legitimate rights.

Again, perception of the people about themselves and how they perceive others' views of them feeds into their seeming lack of willingness to demand for accountability or at least information. It was obvious from the views of the interviewees in the community that they saw themselves as less critical stakeholders in the oil revenues. This is in a way closely related to their interpretation of their rights discussed previously. It can also be linked to a sense of seeing government officials as rulers as opposed to public servants. They also saw others (government) being less interested in their opinions and believed (rightly or wrongly) that their views would not be respected. For many of those interviewed they saw themselves as rural fisher folks far from influencing government opinion and decisions in the oil sector. This however contrasts with at least the remark of the Government minister that "*.....I think there are enough mechanisms in place to ensure transparency, [even though am not belittling the importance of informing the people though]*". Government may not be belittling the people or disrespectful of their opinions but their lack of interaction with the people it appears feeds a certain perception of disrespect.

The lack of willingness shown can also be interpreted as stemming from the nature and history of the oil development discussed in chapter two. The historical development of Ghana's petroleum industry reveals two significant implications within the transparency and accountability policy frame and citizens nexus. First, it can be realised that unlike countries such as Nigeria where petroleum activities has been dominantly onshore, in Ghana it has been rather offshore. This has meant that local people such as those in Cape Three Point have been somehow disconnected from the management process. The environmental impacts and land tenure problems often associated with onshore exploration, which has given rise to local people to be actively engaged in the management and struggle for the resource, has been absent in Ghana. This partly explains why the people may not have a sense of ownership rights and would be less willing to hold the government to account. The situation could possibly be different if it were an onshore development.

The second implication has to do with how legislations have developed over the years in the industry. Due to the limited and ad hoc nature of discoveries predating 2007, very little was done by governments over the years to ensure transparency and accountability through

legislations in the sector. For example, it was not until 2010 that a proper legislation was put in place to ensure transparency in the management of the oil revenues. It is therefore not surprising that interviewees are not aware of such laws that give them power to demand accountability.

7.3 People's Capacity and Constraints

This subsection looks at the people's resources that can enable them to process any information that may be provided to them. The study found that a number of factors limit the people's abilities in this regard. These factors described as capacity constraints are presented and discussed subsequently.

7.3.1 Socio-economic livelihoods/poverty

Countries are simply not poor because of corruption, but they are also corrupt due to poverty (Sandgren, 2005). Acts of corruption by both public and private actors have meant the denial of basic social services to the citizens, whilst wealth is concentrated in the hands of a few. The direct impact of corruption producing poverty in many countries is no longer an issue in doubt.

Beyond this however, corruption at the same time is a resultant by-product of poverty (Viisimaa, 2008). When people have poor access to education and information abundance is low, their ability to exact their rights is reduced. Because of poverty, people cannot demand accountability from their leaders (Transparency International, 2012) and this has reinforced exclusion and further exploitation.

The capacity of the people of Cape Three Point to demand their right to information and demand accountability from the government is limited in part by poverty. The majority of the inhabitants are engaged predominantly in fishing and peasant farming. Fishing as an economic livelihood is dwindling on the coastal areas in Ghana generally and the people of Cape Three Point have been further affected by the emergence of the seaweed.

The impact of the people's economic status on demanding transparency and accountability was quite obvious during the study. Most people interviewed, whilst showing interest in knowing about the revenue flows, said they would rather pursue activities that can bring about development and improvement in their lives than "chase" government officials for information. This interviewee aptly said "*the government came only once.....all I care about is how to find money for my children's school fees*". An old lady interviewed also poured her

heart out saying *“look at me, I have not eaten since morning, all I am concerned about is getting some of the (oil) money to feed myself and my children”*.

Employment and a good standard of living appeared to be a priority of the community people interviewed rather than demanding transparency and accountability. A number of the youth spoken to during the research likewise pointed out the need for development in their community. More especially, they were more interested in seeing more jobs being created for them in the community rather than chasing the government to demand accountability. Thus, to achieve transparency and accountability through pressure from the bottom, the provision of information is not sufficient. It is important that pressing needs of communities such as water supplies, electricity and livelihoods must be met. This calls for a more holistic or integrated approach to fighting corruption through a combination of community livelihood development and Information dissemination. The two from this research finding are interrelated. When adequate information is disseminated in the absence of substantial livelihoods, people’s capacity to take action on the information provided would be limited and vice versa. The dilemma however is that transparency is supposed to help people to demand these improvements but in reality we see that these improvements need to be in place before transparency can even work.

7.3.2 Educational level

It is not only enough to produce and disseminate information. The people’s ability to read, understand and construct knowledge out of the information is a prerequisite to action being taken. When people cannot read or understand the published reports of the PIAC or GHEITI on the oil revenue flows, then the real likelihood of the people being in the loop of what is going on is limited. They can only take meaningful action when they can read and construct knowledge out of the reports. In Ghana, some 46% of adults are currently considered to be illiterate (Tsikata, 2012). This alarming rate reflects a certain level of people’s ability to read and write. The picture gets even worse when disaggregated to the rural level. In order to identify the people of Cape Three Point’s capacity to read and understand any published oil revenue reports their educational level provided one useful indicator that could be measured.

The study revealed that most of the people have had little or no education. The literacy level in the district is low and is worse for the rural communities such as Cape Three Point. Many of the interviewees were completely illiterates while others with their basic education can

only barely read or write basic English. Even some of the community leaders would find it difficult to comprehend an EITI report.

This becomes particularly problematic when linked to the popular view shared by the Ghana EITI that the best place to hide information from a Ghanaian is in a book. Low literacy and poor reading habits generally has negative impact on revenue reports produced, especially when they are technical and less interesting to the average person. The implications of this for achieving transparency and accountability is that, when information on revenues is presented in a highly technical manner or simply in English, as has been done on the websites and publications of GHEITI and PIAC, the people may not comprehend it and construct any knowledge out of it. Even if the information is provided, the level of education and literacy of the people would make it difficult to construct meaning and take actions to either punish or reward the resource managers (i.e government). This raises issues of comprehensibility of reports, language of reports, context based reports etc.

Within this remit most interviewees were of the view that the community would benefit more from direct interaction with authorities. That is they would prefer people coming to their community or community radio to hold discussions with them about the oil revenues rather than writing in the newspapers and publishing reports. Even though the idea of reports was not popular with the people interviewed, some indicated a translated version in their local languages would be welcomed.

7.3.3 Lack of Voice Mechanism

The study further reveals that not only do the people have limited information access mechanisms but also they have very limited voice mechanisms. That is, even those who may be willing to demand accountability may not have the space and avenues to address their concerns. Even though the radio station accessible to them have “phone-in” programmes through which they can make their voices heard, most of the interviewees noted that it was too expensive calling into such programmes and most of them do not even own a phone. It was very much obvious that writing their concerns for publication in newspapers was also beyond their means unless some journalists take interest in them.

Also, the community chief noted that it was his expectation that the District Chief Executive officer of the area would visit frequently to hear out their concerns. However, prior to this

research fieldwork, according to the chief, the officer had been there only once within the year. This implies that even when the people have access to information, their abilities to process that information by voicing out their concerns can be considered to be limited. In effect, it is not only access to information that is limited, but also mechanisms for seeking clarifications or demanding explanations is lacking. This curtails largely their abilities to take initiatives even if they are willing to do so.

7.3.4 Community organisation/participation

Another factor influencing the ability of the people to receive, interpret and take action on information provided is a lack of community organisations or representation. How the community is able to mobilise, take decisions and engage with authorities would go a long way in influencing their access to relevant and reliable information.

At the community level, it became apparent during the fieldwork that even though some NGOs had done some work in the community connected to social services and research, local offices or representatives were nonexistent. For example, while the civil society organisation, Platform for Oil and Gas was actively engaged in oil related campaigns at the national level, it had no representatives in this community, which is perhaps closest to the oil field. Such organisations could serve as vital conduits of information to the local community by sharing and simplifying revenue flow reports for them. They can perform crucial roles in educating and empowering the people to take appropriate actions and decisions relative to the oil revenues. The lack of such organisations has largely limited not only access but also capacity of the people to demand accountability.

It also became apparent during the research that the community had no organised groups or representatives to take action or speak with authorities on their behalf. Most interviewees looked up to their Traditional chief and the Assembly Member of the area to have discussions with the government. Even with this, the interviewees were mostly of the opinion that the community leaders had little engagement with the government in deciding what the oil revenues were used for. The interview with the chief as pointed out earlier brought to the fore the realisation that the community leaders had had no interactions with government officials apart from the initial meetings in the wake of the oil finds.

7.4 SUMMARY

This chapter presented findings and discussion of the last two research questions. Specifically, it looked at the willingness and interest of the people in demanding

accountability from their government officials who manage the resources on their behalf. It also looked at the constraints on people's capacity to process any information about the revenue that they may come across.

From the analysis and discussions it emerged that, whereas the interest to know about the revenues exists among the community people, their willingness to demand for such information or accountability is lacking. The underlining reasons behind this lack of initiative may relate to factors such as history and nature of the oil development, perceptions and sense of ownership rights.

In the case of relevant information even reaching the people, the study has revealed that several factors can inhibit the people's abilities to process and take action on such information. These identified constraints include poverty, low literacy levels, lack of voice mechanisms and community organisation.

The chapter highlights that much of what transparency theory can offer many not necessarily be achieved in contexts such as Cape Three Point. Beyond making information available, the recipients and their social circumstances have a role to play in what happens to that information if it ever gets to them at all. Where they cannot construct knowledge out of the information, efforts to disseminate information would be rendered less useful in achieving transparency and accountability. Transparency initiatives and policies must look beyond the information supply side (i.e. government and/or companies) to the demand side, which is the citizen. The citizens must be willing and capable of receiving, processing and acting on the information. Anything short of this would curtail the transparency efforts.

CHAPTER EIGHT

Summary of Findings and Discussions

8.0 Introduction

This chapter provides a summary of the arguments, key findings and discussions of the research provided in the preceding chapters. It further identifies some of the implications of the findings for achieving transparency and accountability in the management of the oil revenues in Ghana. Beyond these implications, recommendations and pathways for an effective flow of information between citizens and government officials are provided. The focus of the research has centred mainly on Cape Three Point, a rural community close to the oil development fields in Ghana. This community has been chosen because of its closeness and potential risk of negative impacts for the oil development. Also, to ascertain or demonstrate that information flow from the state institutions at the centre to local people at the periphery may not reach the intended audiences.

Institutions such as the IEA, GHEITI, and the government itself have alluded to an above average level of transparency in the manner in which the oil revenues are being managed. For example, the results of the IEA P-TRAC 2012 survey scored government above average on revenue transparency and expenditure transparency (see chapter 2). Essentially the questions have been whether or not the information being provided by the government on the revenue flows actually reaches the people and also whether or not the ordinary citizens have the capacity and will to act on the information? This has been the focal question the research has sought to answer.

This concluding chapter is presented in four subsections. The first section summarizes the main theoretical arguments that underpinned this research and a re-statement of the research questions. The second subsection provides the main findings and discussions of the research, while the third subsection identifies the implications of the findings for avoiding the resource curse through increasing transparency and accountability. The last subsection provides pathways for improving information dissemination with a focus on local people.

8.1 Research Question and Theoretical Arguments

The study began by examining the negative relationship between natural resource endowment and poor economic performance, a phenomenon referred to as the *resource curse*. A cursory look at the literature provides extensive evidence that demonstrates how resource rich

countries have tended towards poor social and economic performance, and has a higher likelihood to experience armed conflict. The curse is attributable to poor economic management, rent seeking and corruption by government officials. The theoretical chapter identified that both economic and political prescriptions can be used to combat the problem. However, the political aspect has received much attention recently.

The emerging consensus identified as important to improving resource governance is what has been described by Karl (2007) as “a far reaching fiscal social contract based on **transparency** – one that creates incentives to change the rent seeking behaviour of all actors both international and domestic, involved in the oil game” (p. 256). This refers to a social contract between government officials managing the resources and the citizens who are the resource owners. The concept of transparency is not only replete in the literature but has been the focus of civil society campaigns such as those of PWYP, RWI, EITI, Oxfam, and Transparency International. While transparency and accountability is one of many panaceas for poor resource management, the paramount issue is how to achieve it.

To research this issue, the key argument was that information flow between state actors and citizens is necessary to achieve real transparency and accountability. This argument was explored using the Principal-Agent Model. The principal-Agent model posits among other things that for the principal (the citizens) to be able to hold the Agent (government) accountable, the asymmetry of information must be removed. The absence of information leads to agency problems. Thus, citizens can only hold governments accountable (by punishing or rewarding) for how they manage the resources if there is perfect information flow between them. In other words their ability to punish or reward them is hampered by a lack of information. Access to such information however is costly and can be difficult to come by (Prat, 2006).

The focus of much research has been on building effective institutions to ensure transparency and accountability (see (McGee and Gaventa, 2010, Mehlum et al., 2006, Knack and Keefer, 2003), very few have looked at whether or not the information provided by these institutions actually is accessible and likely to be acted upon by the citizens based on their capacity. This has been a gap within the literature on resource curse vis a vis transparency and accountability. This research thus examined people’s access to information and their capacity to act on it. Ghana’s oil industry was selected and the main focus was on how the people of Cape Three Point have access to information about the oil revenue flows. This study went on

to identify if they have the civic will and ability to take action on any information provided. The specific research questions investigated were:

1. To what extent has GHEITI provided information to the people of Cape Three Point?
2. Do the people of Cape Three Point have access to information on the revenue flows from the oil companies to the state?
3. If they do, how do they have access to the information on how the government is utilizing these oil revenues?
4. Are they willing to take action on any information they receive?
5. Do the people of Cape Three Point possess the capacity to process any information provided about the management of the petroleum revenues?

8.2 Summary of Methods and Findings

The stated research questions above were tested using Qualitative research methods during fieldwork in Ghana over a period of eight weeks. The issues were examined by talking to key government and EITI officials, residents of the Cape Three Point and their traditional leaders. The key issues examined and the methods used are summarised in the table below:

Table 4: Data summary and Techniques used to collect them

Variable	Secondary Data	Key informant/interview	Direct observation	Structured Community Interview
Community Access to information		✓	✓	✓
Community Perception of revenue management		✓	✓	✓
Capacity /constraints (i.e education, literacy etc)		✓	✓	✓
Community willingness/Interest		✓		✓
Community Social development		✓	✓	
Community livelihoods		✓	✓	✓
EITI impact	✓	✓		✓
EITI Communication channel	✓	✓		

Oil related laws	✓	✓		✓
Oil Revenue Management regime	✓	✓		
Existing Transparency and Accountability Mechanisms	✓	✓		✓

These data were obtained from respondents within different category sets. The table below provides a descriptive summary of the nature of respondents used.

Table 5: Descriptive Summary of Research Respondents

Category	Number	Male	Female	Average Age range (years)
Community Respondents	30	13	17	31-40
Traditional Leaders	1	1	-	N/A
Government	1	1	-	N/A
GHEITI	1	1	-	N/A
Others	3	2	3	N/A

The key findings and discussions for each research question are summarised below:

8.2.1 To what extent has Ghana EITI contributed to informing the people about how the oil revenues are being managed?

The study indicates that GHEITI has contributed little in getting the people of Cape Three Point informed. Even though the institution has been making information available through publications and its websites this has not translated into informing the people. This demonstrates a lack of progress towards GHEITI's objective of getting all Ghanaians informed about how the extractive revenues are being managed.

It is important to point out however that, this finding does not imply that GHEITI has not put out any information about the oil revenues in the public domain. The problem lies in the communication channels being used. Media such as the internet is simply beyond the reach of the fisher folks of Cape three Point.

8.2.2 Do the people of Cape Three Point have access to information on the revenue flows from the oil companies to the state?

Based on the interviews conducted, it was evident that the people of Cape Three Point do not have access to reliable and relevant information about the revenue flows. The key issue of consideration was to identify the main information access points of the community. It emerged that the radio, specifically Ankobrah FM served as the main information source for

the community. Despite the existence of this information source, much information has not been disseminated to the community.

The limited nature of information access in the community is attributable to factors such as lack of facilities, lack of awareness among others. Also important in this regard are the government's direct or indirect intentions to manage expectations of the people. This is borne out of the need to temper expectations and excessive demands relative to the current size of the oil revenues.

Thus, whilst government, GHEITI and PIAC have published information about the management of the oil revenues on websites and in reports, the people's access to such information is limited. Achieving the core objective of accountability and transparency, therefore, is not fully met based on the views of respondents in Cape Three Point. Generally, the government it can be observed has been open to some extent, but has fallen short of being transparent and accountable. As part of transparency and accountability initiatives planning, people's resources for accessing information must be a prerequisite consideration.

8.2.3 How do they have access to Information about how the government is utilizing the oil revenues?

As a sequel to the previous research question, the study found that the people have not had any means of knowing how government was spending the oil revenues. Most of those interviewed recounted how little they knew about what government have used the revenues for so far. For some the dire poverty and lack of development in the community is due to misuse of the revenues. The people, according to the research results, have a lot of trust in what they hear from the radio and town hall meeting forums. This notwithstanding they have not been able to receive any information from these media. While communicating through mediums such as websites as being used would serve some groups of people (such as elites and urban dwellers), it may not necessary be useful to other significant portions of the public. These other constituents through no fault of their own may be disempowered from holding the government to account. The danger is that spread of distrust, misconceptions and strife can be problematic to both government and the oil extractive companies.

8.2.4 Are the people willing to take action on any information they receive?

For this particular research question, a mixed result was obtained. The people are interested in knowing what is going on in the industry and genuinely would like to be informed. On the other hand, the study showed they have not demonstrated any initiative in demanding

accountability from the state. Majority of the respondents have not attempted obtaining information about the use of the revenues in the past.

This shows a contrast between an interest to gain knowledge and at the same time a lack of initiative in getting to demand accountability. The seeming lack of initiative has been identified in the previous chapter to be attributable to poverty and capacity constraints. An insight gained through my interaction with them was that they are more concerned about sustaining their daily livelihoods. By inference from what they said, typically on a balance of scale one would prefer to secure his or her daily bread rather than chase government for information about how the oil revenues are being managed. The catch here, however, is that when government is held accountable to proper management of the resource that is when the benefit of the resource wealth can benefit the people. It is through proper management that the resource revenues can be used to improve and secure the livelihoods of the people. The promotion of people's livelihoods and accountability must be discussed with the understanding that both can influence each other.

8.2.5 Do the people of Cape Three Point possess the capacity to process any information provided about the management of the petroleum revenues?

The study found that in terms of the current state of how information is disseminated, the people do not have adequate capacity to process and take action on any information provided, even if they had access to it. This is due to their levels of literacy, economic status and lack of voice mechanism.

Even though the majority of those interviewed have had some level of basic education, their ability to read materials in English is limited. Thus, reports and newspaper articles about the management of the oil revenues presented in English (as is being done now) may be of little use to them, even if they had access. Again, when such materials are presented in technical language (using industry jargons), even if a few could read it, their ability to comprehend and construct knowledge out of it would be limited. Such reports even though may be available, its comprehension and consequent knowledge that can be constructed out would be limited.

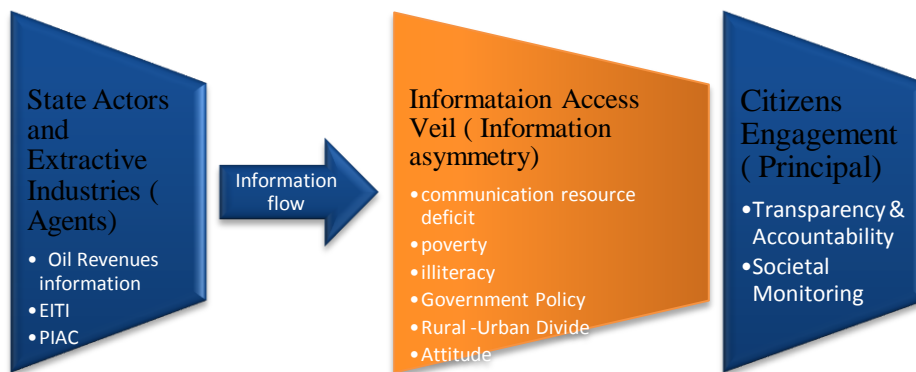
Apart from reading limitations and technicality of such oil financial reports, the people's capacity to mobilize to take action (e.g. demand accountability) was also found to be limited. From my interviews and observations, currently there is no form of community pressure groups or focused groups with interest in oil related issues. Also, there is no presence of CBOs, NGOs, or CSOs to educate, mobilise and empower the people towards any

meaningful action. Indeed not only are they limited by access and capacity but also they lack awareness as to who to direct their voice to, who to engage and appropriate mechanisms for seeking accountability.

8.2.6 Summary of Findings

Conclusively, the above analysis and discussions have demonstrated that even though government may be providing some amount of information to the public, accessibility however is on the low side. From the Cape Three Point context we see why it is so. There is a veil or information gap between the people and the government. This illustrates the gap between what accountability and transparency initiatives and theories promises and the reality. The diagram below summarizes all that has been discussed.

Figure 8: Government-People Information Nexus



From the above summary figure, we see that in achieving transparency and accountability, information flow from the Agents (Government) does not necessarily reach its intended end users, the Principals (Citizens). The flow of information is moderated or veiled by factors such as communication deficits, government policy, cultural and Socio-economic barriers. It can therefore be deceptive if Transparency indexes such as the IEA P-TRAC index which does not take into consideration the citizen side of issues are conclusive about some level of transparency and accountability.

8.3 Implications for Transparency and Accountability

The above research findings have implications for achieving transparency and accountability in the oil industry and consequently avoiding the oil resource curse. While some of these implications have been mentioned previously, they are presented again below and summarised thematically.

False or illusionary Transparency: when information being disseminated by the state does not reach the intended people, a certain sense of illusionary transparency is created in the minds of the government. As realised from this research the government and GHEITI at the centre believe they are doing enough to be transparent and accountable, but this is not truly the case as those closest to the oil resource are lacking in knowledge regarding the management of the oil revenues. Those at the centre the research illustrates possibly overestimate their transparency initiative. What they claim about their efforts in transparency is different from what is on the ground. Similarly, international donor countries and CSOs could perceive a transparent system but examination of the evidence, as far as the citizens are concerned, would indicate that the reality is quite different. This research therefore is a good wake up call for government and other actors to conduct more research at the local level that evaluates the impact of their information communication efforts.

Also, the study shows some of the faulty assumptions about transparency and accountability. Transparency theories assumes that people recognise their rights of ownership as principals but this is not always the case as seen in the contest of Cape Three Point. Similarly what transparency initiatives think the people want to know and what the people actually want to know may not always be the case.

Negative Perception: This research indicates that while government is open and making some information available, the people at the periphery have formed negative perceptions about the management of the revenues so far. This can be attributed to a gap in the dissemination of information. While such perceptions are in many cases unfounded, it simply demonstrates how people can form their own opinions in the absence of credible information. Negative perception generally is not good for the government as they could be unjustifiably punished, for example during elections.

Negative attitudes and antagonism: When citizens hold negative perceptions this can lead to undesirable attitudes and antagonism. For Cape three points, which is a community within the oil development catchment area, their negative perceptions are not good for the industry in general. When they believe they are not getting what they should get from the revenues, how they treat oil related developments in the area in future could be negative. Their willingness for example to lease more lands for development could be limited. At worst they could be antagonistic towards the oil companies. All this is about a lack of trust due to the information

gap. Other countries plunged into similar situation began not only because of endemic political corruption but simply poor information sharing.

8.5 Pathways: Bridging the Information Divide

It's been established from this study that Ghana's case of transparency and accountability is not strictly a lack of information, but rather a lack of access and capacity to process such information to ensure the oil revenues are not plundered. The gap or veil in the information dissemination can be improved through some these mechanisms:

8.5.1 Decentralisation

To enhance information dissemination, oil information centres must be created at least at regional capitals throughout the country and also at the district level for the oil affected areas. While involving a representative of the affected district assemblies in the GHEITI committee is a good step, setting up information centres would be even better. This would provide an avenue for citizens to "walk-in" and "shop" for information especially where infrastructural facilities do not support a variety of information access points in their communities.

Engaging local people from communities affected by the exploration is necessary to enhance transparency and accountability, as well as stability in the oil region. Representatives from the community level through the district to the regional level must be actively involved in various decision making processes about the distribution and allocation of the oil resources. Particularly, discussions as to how much revenue are generated, how much has been allocated to the districts affected and how it would be utilised must be discussed publicly at town hall meetings and district assembly forums.

8.5.2 Livelihood Empowerment:

It has emerged from this research and others that poverty and livelihoods can influence people's ability to demand accountability. Until the people's basic needs, such as food, shelter, education and sustainable income, are guaranteed, their ability to focus attention on keeping the government in check is limited. It is important therefore that while strategies are being adopted to promote transparency and accountability, the people are also empowered economically.

For those in the coastal communities such as Cape Three Point whose economic livelihoods are endangered by the oil exploration, alternative sustainable livelihoods must be initiated.

When there is economic empowerment, citizens are more likely to have greater interest in pursuing public goods such as transparency and accountability.

8.5.3 New Transparency Discourse and Approach

Replete in the transparency and accountability framework currently are campaigns and policy actions to ensure governments and extractive companies disclose information to the public. For example, PWYP has championed the campaign for revenue disclosure. This research has shown that disclosure is necessary but not enough to ensure accountability. It is time for a retrospective discussion about who the target of information released is, and how they receive and process such information.

It is critical that approaches and strategies are developed to ensure that the public have access and capacity to take actions and decisions based on what they have. This would require new thinking and new strategies that would have citizens as the target audience as opposed to civil society organisations and a few bureaucrats.

8.5.4 Context Matters

Information dissemination should be seen as context dependent. More often than not policy-makers and campaigners have sought to replicate directly successful accountability initiatives elsewhere to other countries. This however has been unsuccessful because of variation in contexts. It is important that decision makers take critical consideration of local conditions prevailing in every country. Whilst use of internet is an option in developed countries, such mediums may not be necessarily effective in developing countries. Thus, to promote transparency and accountability, local conditions including cultural norms, attitudes, educational level, institutions and infrastructural constraints should be critically assessed before initiatives are implemented. Information must be tailored to different user groups within the public. Ghana EITI must define the target groups for their reports and accordingly determine what type of information they need.

8.5.5 Use of existing community resources

To make information dissemination more efficient and citizen oriented, government and transparency institutions must make a proactive effort to use community information resources available. For example the people of Cape Three would be better informed through interactive community discussion forums as opposed to internet, newspaper reports and television programming. Community radio stations such as Ankobrah FM can also be targeted as more effective channels of communication as opposed to national media houses which may not have local coverage.

Furthermore, local associations and groupings must be used as focal points of mobilisation and engagement with government officials in demanding accountability. The fishermen's association in Cape Three Point, for example, can represent the community in demanding accountability.

8.6 Limitations of the study and suggestions for further research

While efforts were made to produce a holistic understanding of the issues discussed, there are some limitations that cannot go unrecognised. Methodologically, the study could have benefited from a wider sample in order to draw more conclusive and far reaching findings. For example, a national survey or the use of more communities in the oil region could have been useful. The trade off however would have been the in depth and fine details of people's feelings and experiences that this study provided.

Also, the use of different categories of informants with different backgrounds (e.g. education) provided varied interpretations and understanding of the concepts. It can be argued that because for example the government minister is more educated than the community informants it would be obvious that he would have a better understanding of the issues. This notwithstanding, it also highlights some strengths of the research. That is what people in government or authority perceive or believe to be a transparent process may not always be same for the people at the community level.

Furthermore, the field work was conducted at the time the Ghana EITI was expanding its activities into the oil and gas sector. The initiative had produced its first comprehensive report for the sector even though it had in the past published newsletters about the oil revenues. The possibility that the research findings specific to the impact of EITI to be different in the near future when enough grounds has been covered in the sector cannot be discounted. While recognising this limitation, the study provides good indicators for the Ghana EITI to know the considerable grounds they need to cover if they are to achieve their objective of getting all Ghanaians informed.

The study given the limited time and available resources also could not have covered every critical issue and thus leaves room for further research by others. Further detailed research is recommended in areas such as a comparative analysis of rural-urban dwellers access to information and their perception of transparency and accountability and also community organisation and its impact on accountability.

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Appendices

APPENDIX 1

- **Royalty on Gross Production of Crude Oil**
 - Percentage varies from block to block, water depth dependent, but not fixed in current law.
 - Ranges from 5% - 12.5% of gross production of crude oil, 3% of gross volume of gas production.
- **State Initial Carried Interest**
 - State receives a 10% interest in each contract area. This interest is “carried” during the exploration and development phases. All the risk of exploration and development is borne by IOC’s equity since the latter finances both the exploration and development costs.
- **State Additional Interest**
 - If a discovery is in commercial quantities, the State is entitled to buy additional interest in each contract area, for which it is responsible for full costs during development and production phases. The allowable percentage of this interest varies for each contract.
- **Petroleum Income Tax**
 - Petroleum Income Tax Law (PITL) sets default rate at 50%, but can be altered by contract.
 - In Jubilee, the rate has been set at 35%, 10% higher than the corporate profit tax rate.
- **Additional Oil Entitlement (AOE)**
 - An additional payment to be made to the government if the post tax rate of return for a project exceeds a targeted level. Trigger points at RORs of 12.5%, 17.5%, 22.5%, and 27.5%. AOE terms have become more progressive over time.
- **Other Taxes and Fees**
 - Including surface rental fees and a 5 percent withholding tax on subcontractors.
- **Cost recovery, Deduction and Cost Containment**
 - Exclusion of taxation of capital gains.
- **Stability clauses relate to protection from tax regime changes as provided in petroleum agreements.**
- **All gas is the property of the State.**
- **Contractor funds all exploration and funds development and production expenses less the extent of the State’s initial carried and additional participating interest**

Appendix 2

- Agriculture and industry
- physical infrastructure and service delivery in education; science and technology;
- potable water delivery and sanitation;
- infrastructure development in telecommunication, road, rail and port;
- physical infrastructure and service delivery
- housing delivery;
- environmental protection, sustainable utilisation and protection of natural resources;
- rural development;
- developing alternative energy sources;
- strengthening of institutions of government concerned with governance and the maintenance of law and order;
- public safety and security;
- Provision of social welfare and the protection of the physically handicapped and disadvantaged citizens.

Appendix 3

Interview Guides

INTRODUCTION	Name. purpose, ethical issues, familiarisation etc.
Overview of current operations in Ghana	<ol style="list-style-type: none"> 1. What areas of extractive industries are covered currently 2. Response level form extractive industries and Government 3. Extent of impact of their work on informing the public 4. Target audience
Transparency in the oil sector	<ol style="list-style-type: none"> 1. Current reporting requirements for <ol style="list-style-type: none"> a. oil companies b. Government 2. To what extent has government and oil companies met these requirement 3. Current challenges or defaults 4. General perception of transparency in the management of the oil revenue 5. Suggestions for improvement
Public /community Awareness	<ol style="list-style-type: none"> 1. To what extent has their activities lead to public being informed 2. What has been the impacts-direct or indirect 3. How do they inform the public? 2. What are some of their monitoring or feedback mechanisms 3. What specific role do they play in getting exploration communities informed? 4. How successful or otherwise has this been? 5. Plans for the future.
CONCLUSIONS	

INTRODUCTION	Name. purpose, ethical issues, familiarisation etc.
Overview of current transparency policies in Ghana	<ol style="list-style-type: none"> 1. Discuss policies and legislative instrument for transparency in management of oil revenue 2. Government commitment & challenges 3. Extent of impact of their work on informing the public 4. Target audience 5. What does Government think about transparency (is there genuine interest?
Transparency in the oil sector	<ol style="list-style-type: none"> 1. what are some of the specific activities promoting transparency in terms of <ol style="list-style-type: none"> a. oil revenues received b. how the revenues are being used 2. the impact of these initiatives 3. Current challenges and future initiatives 4. How is the revenue management law being

Eiti/GHEITI

- followed to the later?
- 5. General perception of transparency in the management of the oil revenue
- 6. Suggestions for improvement

- 1. What do they think about GHeiti?
- 2. Is it playing an important role?
- 3. How does government relate to them and why is it housed by the finance ministry (conflict of interest?)

Public /community Awareness

- 1. To what extent has their activities lead to public being informed more specifically oil affected communities like cape three point
- 2. What are some of the grievances in terms of revenue management has been brought to their notice from the oil affected communities.
- 3. How are these being solved?
- 4. How successful or otherwise has this been?
- 5. Plans for the future.

CONCLUSIONS