# Model or Mirage?
## "Good Governance" Solutions and the Politics of Reform in Ghana's Oil Industry

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by

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*Dedicated to the memory of Abraham Kofi Boadi and Yaw Otchere Nuamah.*
*Ever since you departed, I have never stopped asking why.*

# ABSTRACT

Despite significant growth in the number of "good governance" initiatives promising to generate optimum developmental outcomes in resource-rich countries, there is surprisingly little empirical information about their sector and country-specific dynamics. This thesis focusses on how external "good governance" norms and institutions interact with domestic actors and organisations to shape the institutional landscape of resource-rich countries. This objective is pursued by means of an in-depth case study of Ghana, a Sub-Saharan African nation that has become a middle-sized exporter of crude oil since January 2011. More specifically, it scrutinises two major reform efforts designed to steer the country's oil industry towards a developmental direction: the Extractive Industries Transparency Initiative (EITI), an international auditing and multi-stakeholder oversight mechanism, and the Public Interest and Accountability Committee, a home-grown citizens' oversight initiative in Ghana. The analytical lens employed in the study is based on comparative political economy and comparative institutional analysis. They are employed to make sense of the dialectic between the promise of corrective "good governance" measures and the mirage of reform outcomes in the Ghanaian oil sector. The main argument advanced here is that "good governance" solutions in the oil industry are essentially weak instruments, due to their inability to grapple with deep-seated instrumental politics, perverse institutional environment, and elite capture that continue to undermine reform in Ghana. This point is adduced to highlight the shortcomings of the "good governance" agenda. The thesis draws from multiple data sources, collected through semi-structured interviews with various stakeholders, public officials, NGOs and community activists, development agencies, and oil companies. These are complemented by archival research, documentary sources, non-participant observation, and workshops.

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# ACRONYMS

| | |
|---|---|
| ABFA | Annual Budget Funding Amount |
| AFRC | Armed Forces Revolutionary Council |
| APRM | Africa Peer Review Mechanism |
| ARICs | Audit Report Implementation Committees |
| BOG | Bank of Ghana |
| BOPD | Barrels of oil per day |
| BPEMS | Budget Public Expenditure Management System |
| CCSRP | Collège de Contrôle et de Surveillance des Ressources Pétrolières |
| CDB | China Development Bank |
| CDR | Committee for the Defence of the Revolution |
| CEPA | Centre for Economic Policy Alternatives |
| CEPS | Customs, Excise, and Preventive Service |
| CHRAJ | Commission for Human Rights and Administrative Justice |
| CMB | Cocoa Marketing Board |
| CPC | Cocoa Purchasing Company |
| CPP | Convention People's Party |
| CSP | Country Strategy Paper |
| CSPIP | Civil Service Performance Improvement Programme |
| CSPOG | Civil Society Platform on Oil and Gas |
| CSRP | Civil Service Reform Programme |
| CVC | Citizen's Vetting Committee |
| DWCTP | Deep Water Cape Three Points |
| DWT | Deep Water Tano |
| DWTCTP | Deep Water Tano Cape Three Points |
| EITI | Extractive Industries Transparency Initiative |
| EOCO | Economic and Organised Crime Office |
| ERP | Economic Reform Programme |
| EXTRACON | Expenditure Tracking System |
| GAPVOD | Ghana Association of Private Voluntary Associations in Development |
| GBA | Ghana Bar Association |
| GCM | Ghana Chamber of Mines |

| | |
|---|---|
| GET-Fund | Ghana Education Trust Fund |
| GHEITI | Ghana Extractive Industry Transparency Initiative |
| GIFMIS | Government Integrated Financial Management Information System |
| GIHOC | Ghana Industrial Holding Company |
| GJA | Ghana Journalists Association |
| GNA | Ghana News Agency |
| GNGC | Ghana National Gas Company |
| GNPC | Ghana National Petroleum Corporation |
| GNTC | Ghana National Trading Company |
| GPRS | Ghana Poverty Reduction Strategy |
| GRA | Ghana Revenue Authority |
| GSDA | Ghana Shared Growth and Development Agenda |
| GYEEDA | Ghana Youth Employment and Entrepreneurial Agency |
| IAC | Investment Advisory Committee |
| IEG | Independent Evaluation Group |
| IPAA | Independent Petroleum Association of America |
| IPAC | Inter-Party Advisory Committee |
| IRS | Internal Revenue Service |
| ISODEC | Integrated Social Development Centre |
| ISSER | Institute of Statistical, Social & Economic Research |
| KITE | Kumasi Institute of Technology and Environment |
| MDAs | Ministries, Departments, and Agencies |
| MDBS | Multi-Donor Budget Support |
| MLFM | Ministry of Lands, Forestry, and Mines |
| MOEP | Ministry of Energy and Petroleum |
| MOF | Ministry of Finance |
| MOFEP | Ministry of Finance and Economic Planning |
| MPA | Model Petroleum Agreement |
| NAL | National Alliance of Liberals |
| NCM | National Coalition on Mining |
| NDC | National Democratic Congress |
| NEPAD | New Partnership for Africa's Development |
| NIRP | National Institutional Reform Programme |

| | |
|---|---|
| NLC | National Liberation Council |
| NLM | National Liberation Movement |
| NPP | New Patriotic Party |
| NRC | National Redemption Council |
| NREG | Natural Resources and Environment Governance Programme |
| NUGS | National Union of Ghana Students |
| OCTP | Offshore Cape Three Points |
| OFY | Operation Feed Yourself |
| P/WDCs | People's and Workers Defence Committees |
| PAC | Public Accounts Committee |
| PAMSCAD | Programme of Action to Mitigate the Social Costs of Adjustment |
| PCAOB | Public Company Accounting Oversight Board |
| PIAC | Public Interest and Accountability Committee |
| PITL | Petroleum Income Tax Law |
| PNDC | Provisional National Defence Council |
| PP | Progress Party |
| PRMA | Petroleum Revenue Management Act |
| PRMB | Petroleum Revenue Management Bill |
| PRML | Petroleum Revenue Management Law |
| PSC | Public Services Commission |
| P-TRAC | Petroleum Transparency and Accountability Index |
| PUFMARP | Public Financial Management Reform Programme |
| PWYP | Publish What You Pay |
| SAPRI | Structural Adjustment Participatory Review |
| SEC | Security and Exchange Commission |
| SINOPEC | China International Petroleum Corporation |
| SMC | Supreme Military Council |
| SOPCL | Saltpond Offshore Producing Company Ltd |
| UGCC | United Gold Coast Convention |
| UGFCC | United Ghana Farmers' Council Co-operatives |
| UNIGOV | Union Government |
| WCTP | West Cape Three Points |

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# 1.

# QUESTIONING THE "GOOD GOVERNANCE" TRAPS IN GHANA'S OIL INDUSTRY

*Through the lessons from positive and negative examples, we have committed ourselves to ensuring good governance in Ghana's oil and gas industry, taking our socio-cultural and political circumstances into consideration.*

H. E. John Dramani Mahama, *Oil and Gas Weekly*. October 9, 2013.

## 1.0. Introduction

Over the last three decades, compliance with various "good governance" norms has been professed as the surest way by which resource-rich countries could derive optimum benefits from resource extraction and utilisation.[1] This interest in "good governance" has been fuelled by a growing concern that the most pronounced aspects of corruption and institutional weaknesses, and their adverse effects on economic output, civil society, and democratic accountability are more prevalent in the extractive sector (O'Higgins, 2006).[2] Consequently, the surge in "good governance" norms has been accompanied by a number of initiatives that have sought to secure, among others, public sector reforms, transparent and inclusive processes, citizens' voice, and public accountability, in order to secure benefits from resources ranging from minerals, forestry, to hydrocarbons (see Barma, 2012; Goldthau & Witte, 2010; Kjaer, 2004). Whereas these norms and initiatives continue to be deployed, especially across resource-rich countries in the developing world, they have attracted severe criticism for their failure to incorporate contextual variations (Andrews, 2013a; Booth, 2011; Evans, 2004a; Mkandawire, 2009). Critics have also warned that "good governance" norms and initiatives often fail to address practical problems that are posed by collective action (Booth & Cammack, 2013; Bräutigam, 2000; Moore, 2001), socio-political and economic incentives (Grindle, 2007; Kahn, 2012; 2008), and even democratic processes (Jayal, 1997). However, the growing stream of voices, either supporting or opposing the "good governance" agenda in development

[1] The inverted commas are deployed throughout the study to indicate that the concept of good governance is seldom straightforward and incontestable.

[2] Throughout this work I employ the concept of corruption not in its strict sense of abuse of "public" office for "private" gain (Friedrich, 2002; Nye, 1967:419; Rose-Ackerman, 1999), but in a loose and nuance sense a la "corruption complex" emphasising related practices at the state and societal, or public and private realm (Blundo & de Sardan, 2006; de Sardan, 1999).

processes, has not come with a deeper assessment of how various country-level actors and institutions internalise and interact with its norms, and how these, in turn, shape the institutional landscape, around which different resources are extracted and utilised. More specifically, there is a dearth of insights about the country and sector-specific dimensions of various "good governance" blueprints that have been fashioned to address the institutional and political challenges posed by natural resource endowment.

Based on a comparative analysis of two reform efforts in Ghana – the Extractive Industries Transparency Initiative (EITI) and the Public Interest and Accountability Committee (PIAC) - this study seeks to investigate how "good governance" norms interact with domestic institutions, actors, and processes to shape the institutional landscape of Ghana's nascent oil and gas industry.

On one hand, the EITI is among the key instruments that have gained much traction in the global architecture for the management of natural resources. The Initiative prescribes, among others, public disclosure of payments, revenues and receipts from resource extraction, overseen by multi-stakeholder deliberations. Since its introduction in 2002, the EITI has evolved into an important mechanism for dealing with revenue management in resource-rich countries with participation and endorsements of various governments, leading financial institutions, extractive firms and non-governmental organisations (Kolstad & Wiig, 2009; Ölcer, 2009; Shankleman, 2009; Weidner, 2011). Within the body of academic literature and policy presentations that have massed around the EITI, Ghana is cited as an important signpost not only for what the Initiative has accomplished but also its prospects. Since 2003, when Ghana initiated the EITI in the mining industry, the country has recorded significant progress in terms of institutionalising various EITI mechanisms and other national-level innovations in the form of sub-national reporting, the disclosure of disaggregated data, and process auditing.[3]

On the other hand, various observers and analysts of Ghana's petroleum sector have welcomed the establishment of PIAC as a case of "good practice" that offers a more home-grown and robust channel for enhanced public oversight and voice over the oil industry.[4] The Committee, which was formally inaugurated in 2011, is charged with ensuring "transparency and

[3] See Aguilar, Caspary, and Seiler (2011), EITI International Secretariat (2014c), Manteaw (2010), Nguyen-Thanh and Schnell (2009).

[4] See Adam Smith International (2013), Africa Progress Panel (2013), Government of Ghana (2013c) Pellegrini (2013), World Bank (2013a).

accountability in the management and use of petroleum revenue and investments" (MOFEP, 2014). It is composed of representatives of statutorily designated social groups, essentially to promote the interest of the public in the petroleum industry (see Boamah, 2012; Gyimah-Boadi & Prempeh, 2012; Kopiński et al., 2013; Obeng-Odoom, 2014a).

Whereas GHEITI and PIAC have been flagged as the testament of Ghana's commitment to "good governance" norms, especially in setting the right institutional context for the optimum use of the newly developed oil industry, there is a huge minefield in terms of evidence to support these claims. By interrogating how these "good governance" initiatives interact with the nested network of actors and institutions in Ghana's energy industry, I intend to apply empirical rigour and distill the sector and country dynamics of "good governance" norms. I am also interested in how these norms and institutions support optimum institutional transformation, especially in resource-rich countries. The underlying questions are as follows:

1. How has "good governance" become the solution of choice for managing natural resources?
2. What are the normative and institutional expressions of "good governance" prescriptions within the extractive industry?

In the Ghanaian context,

3. Who are the key actors and forces that are driving the "good governance" agenda in the oil industry?
4. How have "good governance" solutions transformed the institutional contours of the oil industry?

To respond to these questions, I have framed the analytic problem as part of explaining the dialectic between the promise of corrective measures under the rubric of "good governance," and challenges of transforming state institutions and political structures pertaining to the extractive sector in Ghana. At the core of my argument here, is that the "good governance" paradigm remains an essentially weak instrument in transforming the institutional environment and incentive structures that underpin the extraction and utilisation of oil resources in Ghana. This argument largely reverberates with the scepticism that many analysts have expressed about oil-induced developmental transformation due to the challenges of institutional fragility, weaknesses in state-society interactions, and elite capture. In taking this position, I draw on a significant body of literature that have linked "good governance" with different modes of institutional patterns and analyses, which frame global and national development processes in a manner that privileges market-based solutions and the normative goals of liberalism

(Doornbos, 2001; Florini, 2010; Fung et al., 2007; Haufler, 2010). I have also undertaken a deeper scrutiny of the historical trajectory of institutions and incentive structures of Ghana's commodity-driven economy, which suggest that the constitutive dynamics of this market-based approach have generally worked to legitimise the adverse institutional environment around which oil resources have been extracted and utilised. Finally, I rely on an impressive range of data, compiled from semi-structured interviews, archival research and field notes, which portray residual controls retained by political elites and deep-seated contestations around various "good governance" initiatives, which have been largely ignored by the bourgeoning literature on the political economy of Ghana's oil sector. [5]

While acknowledging its contested and constitutive dynamics, I employ the concept of "good governance" to denote the normative conception associated with the World Bank, which rose to prominence in international development in the late 1980s.[6] At its inception, "good governance" was formulated in a manner that engaged with how the "exercise of political authority" and poor institutional development underpinned the crisis of development in Africa (World Bank, 1989). Following various permutations, largely fuelled by internal changes within the World Bank and the scholarly inputs from the New Institutional Economics School, "good governance" has been reframed in terms of the "rules and institutions which create predictable and transparent framework for the conduct of public and private business" (see Hout, 2007; Olukoshi, 2003; World Bank, 1991a; World Bank, 2000). As demonstrated by various World Governance Indicators (WGI), and reinforced by the Bank's engagements, the technocracy of "good governance" reforms often involve: rule-based operation of the government itself to improve supply of public goods; voice and accountability for citizens to demand better public services, and; more efficient regulation of the public sector to improve its competitiveness (World Bank, 2000).[7] Hence, my reference to "good governance," relates to those institutional and policy fixes that, according to Doornbos (2001), emphasise state-market relations, and structures designed to ensure accountability, due processes of law and related safeguards. Most recently, this formulation has also been designated as "market-enhancing," opposed to "growth promoting," governance (Ahrens, 2011; Kahn, 2012).

[5] A more detailed account of the research strategies employed by the study is offered in Chapter 2.

[6] I present a more elaborate discussion of various dimensions of the "good governance" concept in Chapter 3.

[7] The WGI consist of six composite indicators of broad dimensions of governance covering over 200 countries since 1996: Voice and Accountability, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption (see Kaufmann et al., 2010).

Whereas the mainstream formulation of "good governance" has gained wider currency, especially within policy circles, it continues to raise various conceptual and empirical contestations within the academic literature. Many analysts, including Mushtaq Khan (2012), Booth and Cammack (2013), have called for a rejection of the marketised, technocratic, generalised and apolitical view of "good governance" for a more "transformative" and "growth promoting" viewpoint that is premised on inclusive and smart political processes (see also Booth & Unsworth, 2014; Unsworth, 2005). The main conceptual and analytical tools that I employ in this study, broadly share this scepticism by recasting the "good governance" narrative within the politics of institutional transformation in Ghana's oil industry. To be more specific, I borrow heavily from comparative institutional analyses (Evans, 1995), and insights from comparative political economy (Payne, 2006), and view "good governance" initiatives as embedded in context, specificity and history, which are also intertwined with the political system, power and conflicts. Hence, while I associate with the general critique of the "good governance" agenda, my emphasis on historical and current trajectories of institutional transformation and incentive structures marks a radical departure from economistic and rational choice theorists, who are mostly preoccupied with how societies move from "primitive accumulation" towards "capitalist transformation," or economic growth (Khan, 2008; Mkandawire, 2003).

The main contributions that I attempt to offer in this study rest on an inherent paradox that has characterised the adoption of various "good governance" norms in Ghana, and the enduring challenges of poor institutional performance, predatory politics and adverse incentive mechanisms, especially in the extractive sector. Recently, commercial oil production has further exposed this paradox in the shape of poor regulation, implementation challenges, and inadequate elite buy-in for various governance initiatives and reforms. Whereas Ghana's experience raises several questions, not least in terms of the positive references that the country has received in the policy and academic literature, my broader ambition is to draw attention to the model of "good governance" reform and its limits in engendering optimum developmental outcomes in resource-rich countries. As I later set out in the proceeding chapters, my main motivation does not necessarily lie in the potential of "good governance" interventions to succeed, as various impact assessment studies tend to do. Rather, in line with the analytical tools offered by comparative political economy and comparative institutional analysis, I am interested in the content of such interventions and the power effects they generate in specified domains of resource extraction and utilisation in developing countries (see Bebbington et al., 2008; Mkandawire, 2007; Solli, 2011; Watts, 2004). Hence, in addition to the empirical insights

of the study, confined within the scope of Ghana's new oil industry and the historical trajectory of institutional reform, the broader relevance of this study emanates from the interdisciplinary perspectives connecting "resource curse" analysis with institution building, and state-society relations in resource-rich countries. The rest of this chapter fleshes out these empirical and conceptual contributions more deeply.

### 1.1. Oil and Gas in the Ghanaian Context

In June 2007, Ghana's natural resource profile, which includes gold, diamond, bauxite, manganese and commodity crops such as cocoa and timber, received a major boost when the Government of Ghana, with a consortium of energy firms - Tullow Oil, Kosmos Energy, Anadarko Petroleum and a local firm (the EO Group) - announced the discovery of 600 million barrels of light oil offshore from the West Cape Three Points and Mahogany exploration blocks in the Western Region (see BBC News, 2007). The fields, which were jointly labelled the Jubilee Fields to commemorate Ghana's Golden Jubilee celebrations in the same year, are considered as one of the "fastest deep water developments, chalking approximately 40 months from discovery to production" (Boas & Associates & GHEITI Secretariat, 2013:2). Commercial crude production began on 5th January 2011, when Tullow Ghana Ltd and the EO Group lifted approximately 649,064 barrels of crude from the Jubilee Fields, which were marketed and sold through Vitol SA (GNPC, 2011b). Hitherto, the only known crude production site was the Saltpond Fields, with a record that ranged from 4,800BOPD in 1978 to 700BOPD in 2006 (Boas & Associates & GHEITI Secretariat, 2014:52).

Since 2007, 23 more discoveries have been made by the Ghana National Petroleum Corporation (GNPC), in partnership with various multinational companies, including ENI, Kosmos Energy, Hess, and Tullow Oil, in the Jubilee, Sankofa and TEN (Tweneboa, Enyenra-Ntomme) Fields (GHEITI Secretariat, 2014b:6; PIAC, 2011; World Bank, 2013b:46). Estimates also put associated gas reserves at 120mmscf/day, at the initial stage, rising to 240mmscf/d with a projected span of 20 years (Environmental Protection Agency, 2011:4; Panford, 2014). At the time of writing this study, the Government and its partners had lifted a total of 123,336,422 barrels of crude oil from the Jubilee Fields, with production estimated at 99,685 BOPD (Terkper, 2015:3). According to the World Bank (2013b:46-47), production is expected to peak in 2019-20 at about 230,000 bbl./d (in the case of oil) and 345MMcfd (in the case of gas) from 2020 to 2022. Table 1.1 below outlines discoveries that have been made after Jubilee Fields, outlining hydrocarbon type and status of development.

### Table 1.1. Ghana's Oil Discoveries since the Jubilee Fields

| Block Operator | Discoveries | Discovery Period | Hydrocarbon Type | Status |
|---|---|---|---|---|
| GNPC | Ebony | November 2008 | Condensate/Gas | Marginal |
| DWT/Tullow Oil | Tweneboa-1 | March 2009 | Gas Condensate | PoD |
| | Tweneboa-2 | February 2010 | Oil | PoD |
| | Owo/Enyenra-1 | July 2010 | Oil | PoD |
| | Ntomme | January 2011 | Oil & Gas | PoD |
| | Wawa | July 2012 | Oil & Gas | Exploration |
| WCTP/Kosmos Energy | Odum-1 | March 2008 | Heavy Oil | Marginal |
| | Mahogany-Dee | January 2009 | Light Oil | Appraisal |
| | Teak-1 | February 2011 | Oil & Gas | Appraisal |
| | Teak-2 | March 2011 | Gas | Appraisal |
| | Banda-1 | July 2011 | Oil | Marginal |
| | Akasa-1 | August 2011 | Light Oil & Gas | Appraisal |
| OCTP/ENI | Sankofa-1 | July 2009 | Gas | Appraisal Completed |
| | Gye Nyame-1 | July 2011 | Gas | Appraisal Completed |
| | Sankofa East | September 2012 | Oil & Gas | Exploration |
| DWTCTP/Hess | Paradise-1 | May 2011 | Oil & Condensate | Exploration |
| | Hickory North | June 2012 | Oil & Condensate | Exploration |
| | Beech | September 2012 | Oil | Exploration |
| | Almond | October 2012 | Oil | Exploration |
| | Pecan | December 2012 | Oil | Exploration |
| | Cob | January 2013 | Oil | Exploration |
| | PN-1 | February 2013 | Oil | Exploration |
| DWCTP/Lukoil | Dzata-1 | February 2009 | Oil & Gas | Appraisal |

Source: GNPC Geology Department (cited in Boas & Associates & GHEITI Secretariat, 2014:49)

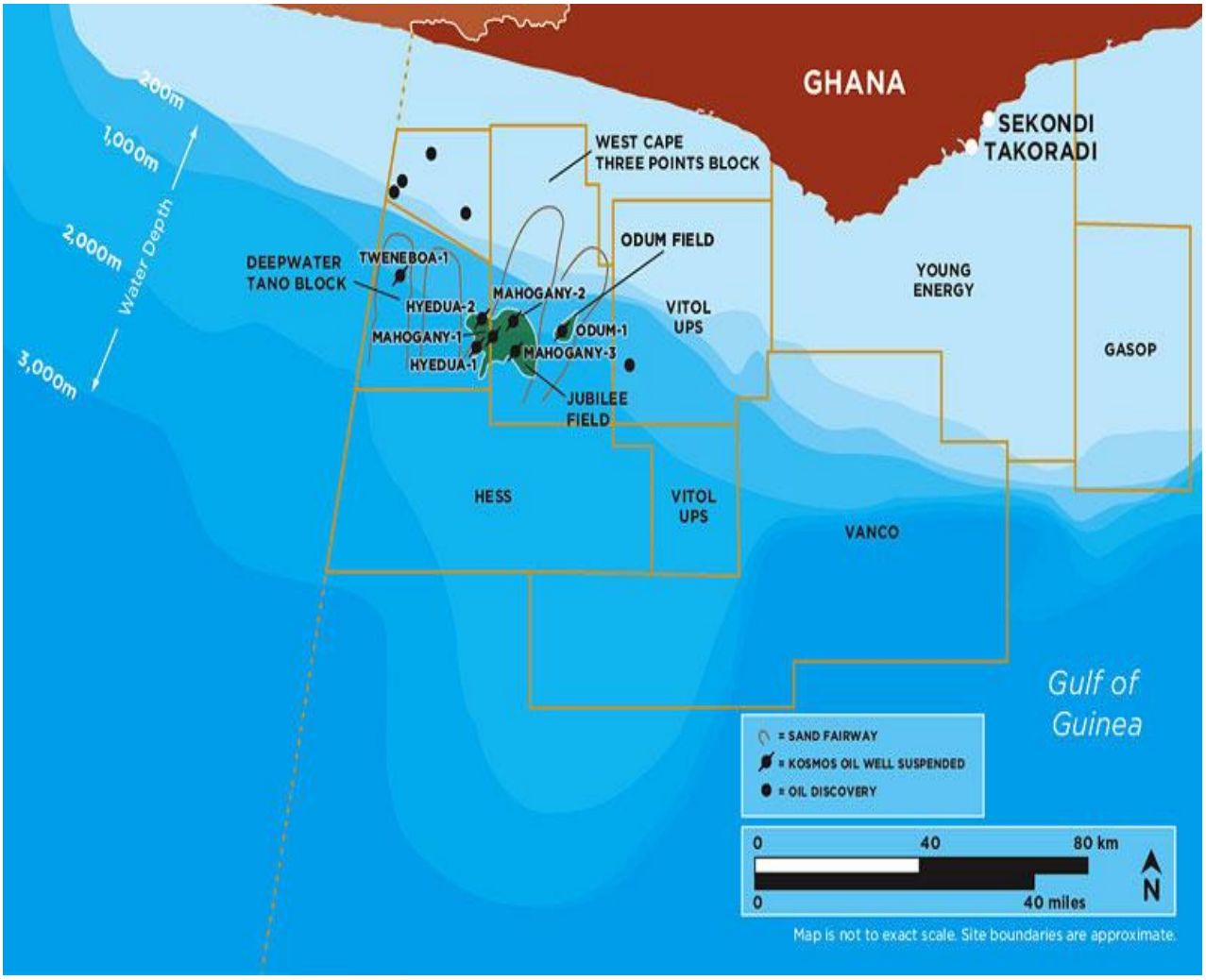



**Figure 1. Oil Blocks off the Coast of Ghana (credit: Kosmos Energy)**

On the revenue side, receipts from petroleum resources - broadly prescribed by the Petroleum Income Tax law, 1987, the Petroleum Revenue Management Act (PRMA), 2011 and various contracts - include corporate tax, royalty, surface rental, (initial) carried interest, and participating interest, which I explain in Table 1.2 below (see Amoako-Tuffour & Owusu-Ayim, 2010). The state's revenue pool also includes sources such as dividends for government's equity in national oil companies, investment income derived from accumulated petroleum funds, and revenues emanating from upstream and mid-stream operations, as outlined by Section 61 of the PRMA.[8] As at July 2013, during my fieldwork in Ghana, the Ghana Revenue Authority quoted the total petroleum revenue at $595,000,740.41.[9] In the *2014 Reconciliation Report on the Petroleum Holding Fund,* by the Finance Minister to Parliament, the net receipts available to the state amounted to $978,886,410 (Terkper, 2015:5). Like previous revenue

[8] See Boas & Associates and GHEITI Secretariat (2013), PIAC (2012), Tekper (2015).

[9] Accessed from the national headquarters of the Ghana Revenue Authority in Accra during fieldwork in 2013.

patterns, Carried and Participating Interest (51.01%), Corporate Income Tax (29.07%) and Royalties from Jubilee (19.68%) and the Saltpond Offshore Producing Company Ltd (SOPCL) (0.02%), make up the most significant components of the revenue streams accruing to the state (Terkper, 2015:6). Table 1.2 below provides a description and details of the revenue streams from the petroleum industry in 2014.

**Table 1.2. Ghana's Revenue Streams from Petroleum Resources in 2014**

| REVENUE | DESCRIPTION | AMOUNT (US$) |
|---|---|---|
| **Corporate Tax** | Tax payable on income derived from oil and gas production. Based on the PITL, 1987. The Capital allowance regime is 20% on a straight-line basis. Expenses ranging from exploration, capital expenditure, development and operational costs prior to the year of commencement of production is accumulated and amortised over a 5-year period. | 284546191.31 |
| **Royalty** | Production levy which is based on the gross value of oil and gas won irrespective of profitability | 192812796.8 |
| **(Initial) Carried Interest** | The interest held by the Republic in respect of which the contractor pays for the exploration and development costs without any entitlement to reimbursement from the Republic. However, the republic contributes towards production cost. For the Jubilee Fields, the carried interest is 10%. | 499330322.56 |
| **Participating Interest** | Interest acquired by the GNPC on behalf of the state after the discovery of oil and gas in commercial quantities. Under this arrangement, the GNPC/ Government of Ghana pay its share of development and production costs. The state or government of Ghana, however, does not contribute towards exploration expenditure | |
| **Surface Rental** | Per the Model Petroleum Agreement (MPA), contractors with exploration rights are required to pay surface rental for blocks assigned to them for petroleum operations at a rate charged per square kilometre. However, these rates may vary for different agreements with contractors (initial exploration period is $30 per square kilometre | 1775768 |
| **Others** | Dividends from a national oil company for government's equity, investment income derived from accumulated petroleum funds, and other revenues derived from upstream and mid-stream operations (Section 61 of PRMA). | 421332 |
| **Total** | | **978886410.67** |

**Credit: Boas & Associates and GHEITI Secretariat (2013); Terkper (2015:5)**

It is difficult to estimate how much petroleum revenue that Ghana would receive due to volatile global prices and the unpredictable nature of the cost of production. Nonetheless, estimates from the World Bank project Ghana's expected petroleum revenues to reach US$ 1.6billion in 2016 with a surge to a peak of almost US$4 billion in 2019-22 (World Bank,

2013b:48-50).[10] The Government of Ghana also entered a US$3 billion Master Facility Agreement with the China Development Bank (CDB), with disbursements to the country in 2013 amounting to US$ 372.25 million (Terkper, 2014a:19). The Facility was part of an implementation agreement between the Ghana National Gas Company (GNGC) and China International Petroleum Corporation (Sinopec) to construct and complete a gas processing plant that is expected to produce about 120-140 MMcf/d at the Jubilee Fields (see MOFEP, 2011).[11]

Within the extant political economy literature on oil, there is a minimum threshold - 10 % of GDP and 40% of total merchandise exports - by which petroleum resources are considered as significant enough to generate specific economic and political outcomes (see Auty, 1998; Dunning, 2005; Karl, 1997:17). In this sense, Ghana may not be viewed as a quintessential "petro-state," given that its petroleum output and revenues (actual and projected) are not at par with major producers in Africa, like Nigeria and Angola. In 2011, for instance, total petroleum receipts represented 5.9% of domestic revenue and 1.2 % of GDP (Terkper, 2013:7). Estimates from the 2015 Budget Statement, put expected revenues and grants from the oil sector at 4,203.7 million Ghana Cedis representing 3.1% of GDP (Terkper, 2014b:39). Whereas, the value of crude exports overtook cocoa as the second largest export commodity of Ghana in 2012 (Bank of Ghana in Boas & Associates & GHEITI Secretariat, 2014:61), a sectoral breakdown places services (49.5%), industry (28.6%), and agriculture (22%), as the key driving forces of economic output in Ghana (ISSER, 2014:13).

Despite the limited volume, Ghana's petroleum industry has taken a more significant turn in a manner that has not been anticipated by the 40% GDP threshold set by mainstream political economists. The country's oil industry remains the object of enormous economic and commercial interests, domestically and externally. According to reports in the international media on June 18, 2007, when news of commercial oil find broke out, Tullow Oil shares closed up more than 12% in trading in London (BBC News, 2007). In 2011, the Environmental Protection Agency reported that since the discovery, about 12 offshore licenses had been granted for exploration and over 20 companies had either submitted applications or expressed

[10] This estimate was based on Ghana's production profile, projection of capital and operating costs, and oil and gas price estimates at US$ 100/BBL and US$ 8.00/MMBtu for the Sankofa Fields (World Bank, 2013a:48-50). This estimate preceded the fall in international crude prices, which has fallen more than 70% since mid-2014. Government sources quoted revenue losses from this slump in oil prices at nearly US$700 million in 2014 (see Ghana News Agency, 2015).

[11] The Ghana National Gas Company (GNGC), which was incorporated under the Companies Code, 1963 (Act 179) as limited liability company is owned by the Government of Ghana (Terkper, 2014a:8).

interest the oil and gas sector (2011:3). The increase in commercial activity has greatly enhanced Ghana's fiscal position. For instance, in 2011, Ghana recorded unprecedented growth rate of 14.4%, largely due to investments in the oilfields and the commencement of commercial production (Boas & Associates & GHEITI Secretariat, 2014:60). The GHEITI Report for 2012 and 2013, recorded some gains to the Ghanaian economy to include, an increase in foreign direct investments, which moved from US$2 billion in 2009 to US$ 32.2 billion in 2011, expanding exports, and local employment which stood at 0.039% of total employment in 2013 (Boas & Associates & GHEITI Secretariat, 2014:60-61).

Another area of interest in Ghana's oil could be explored within the context of the country's impressive democratic and "good governance" record. Indeed, oil was discovered at a time when Ghana was hailed as a model of democratic growth. Since 1992, when constitutional rule was restored, the country's commitment to key democratic principles, like checks and balances, free press and open debate, openness and accountability in public affairs, judicial independence and review, legislative oversight and free and fair elections, has been widely acknowledged and celebrated (Boafo-Arthur, 2008; Gyimah-Boadi, 2009; Ninsin, 2007; D. Smith, 2002). As I will demonstrate very soon, democratic institutionalisation has coexisted with a remarkable "good governance" profile, with the adoption of an impressive repertoire of institutional reforms. Hence, for many analysts, the discovery of oil in Ghana did not only come at the right time but also offered an invaluable laboratory test to resolve an impasse in the academic literature on the impact of natural resources on institutional outcomes and politics (see for instance, Aydin, 2011; Zounmenou, 2009). However, beyond the overwhelming consensus that Ghana began on the right footing, the complex interplay between the exigencies of democratic politics and the control of rents from oil industry has not attracted adequate analytical and research interest. Indeed, far from the early optimism, a pioneering report on the oil industry by the World Bank, *Economy-Wide Impact of Oil Discovery in Ghana,* while noting the "reduced" climate for "institutional failure," called attention to the potential of Ghana's "factional" politics in generating incentives that may lead to a "high level of clientele and patronage," fuelled by petroleum resources (2009:4).

The combined effects of the increasing economic interest and democratic politics significantly account for the equal measure of public expectations and apprehension that were stirred by Ghana's oil industry. Domestically, the commercial oil find led to an overriding national chorus for sustainable and equitable development from oil revenues (Arthur, 2012). In announcing the oil find in 2007, for instance, the then President, John Agyekum Kuffour exclaimed, "oil is money, and we need money to do the schools, the roads, the hospitals…even without oil,

we are doing so well, already. Now, with oil as a shot in the arm, we're going to fly" (BBC News, 2007). Three years later, a group of traditional leaders from the Western Region petitioned the legislature requesting that 10% of the oil revenues should be allocated to the region for infrastructure development (Oppong, 2011; also see Western Region Development Forum, 2010). Under a medium-term national development strategy paper, *Ghana's Shared Growth and Development Agenda, 2010-2013 (GSDA)*, the Government earmarked the hydrocarbon sector to promote the rapid development of infrastructure, increase agricultural productivity, enable a paradigm shift in the structure of the economy towards increased industrial value-added production, accelerate job creation and facilitate the building of national capacity to harness advanced technologies (Government of Ghana, 2010c).

The national euphoria took on a dramatic turn, particularly during the 2012 general elections, when the leading candidates and political parties sought to feed on the national appetite for state intervention, which was stoked by oil production, with promises of gargantuan projects and social support schemes. On one hand, the leading opposition party, New Patriotic Party (NPP), rolled out a campaign manifesto, in which it promised to employ revenue from the oil and gas industry to underwrite an ambitious social programme of Free Senior High School education and other welfare interventions. On the other hand, the ruling National Democratic Congress (NDC) pledged, among others, to construct 10 regional airports and 250 state-of-the-art Senior High Schools in 2013 (see National Democratic Congress, 2012; New Patriotic Party, 2012).

The expectations that greeted Ghana's oil industry have coexisted with deep-seated anxiety; largely due to the grim prognoses of the "resource curse" thesis, and what many consider as the poor management of mining and cocoa revenues (see Asafu-Adjaye, 2010; Gary et al., 2009; Rupp, 2013). Indeed, several scholars dating back to Adam Smith have advanced the notion of the "resource curse" to explain the discrepancy between natural resource endowment and sustained economic growth in developing countries (see Lederman & Maloney, 2007; Ross, 2012; Sachs & Warner, 2001). According to economists, the negative relationship between natural resources and economic outcome hinges on the fact that commodity booms often draw resources away from growth-promoting activities, such as agriculture and manufacturing (Sachs & Warner, 2001). The "resource curse" is also reinforced by macroeconomic instability, via exchange rate depreciation and excessive government expenditure (Frankel, 2011). On the other hand, political economy analysts have underscored the linkage between natural resources and political deterioration in terms of corruption and

poor accountability (Leite & Weidmann, 1999), less democratisation (Ross, 2001), and proclivity towards armed conflict (Dunning, 2005; Snyder, 2006).

Expectations and apprehensions from the oil industry in Ghana have led to an animated interest in a plethora of policy and institutional fixes that mimic the "good governance" paradigm. Various stakeholders, ranging from community activists to donor agencies, have called for a comprehensive strategy, informed particularly by transparency and accountability principles, as the most effective means to meet the mounting social demands from the oil industry (see G-RAP, 2009; Mahama, 2013; World Bank, 2009). As I demonstrate later, since the oil discovery, Ghana has become a hotbed of numerous macroeconomic, technical and institutional mechanisms, which have promised to offset the detrimental impact of the "resource curse." Whereas these corrective measures continue to grow, only a handful of studies has attempted to assess their impact, especially on the institutional and political landscape that they profess to transform. A scrutiny of Ghana's experience so far reveals severe pitfalls within the impressive repertoire of "good governance" reforms when applied to questions of institutional performance and political incentives.

### 1.2. A Golden Age of "Good Governance."

Since 1997, when Ghana launched the National Governance Programme, reform initiatives seeking to, among others, promote transparency and accountability, enhance citizens' participation, incorporate multi-stakeholder representation, and undertake public sector reform and public finance management, have become common themes in various policy documents, budget statements, loan and grant agreements, public debates and political party manifestoes (see Government of Ghana, 2013c). These initiatives, often organised under the sub-headings of the "good governance" theme, constituted important components of the two Ghana Poverty Reduction Strategy Programmes (GPRSPs) between 2003 and 2009. They were also one of the key pillars of the Ghana Shared Growth and Development Agenda (GSDA), which was the Government's medium-term development policy framework for 2010-2013. Under the GSDA, the specific target of "good governance" was to "empower state and non-state organisations and institutions as well as the general public to participate and collaborate effectively to achieve national development goals and objectives."

What could be accurately described as Golden Age of "good governance" in Ghana has witnessed the passage of some important legislation such as the Financial Administration Act, 2003 (Act 654), the Public Procurement Act, 2004 (Act, 663), and the Whistleblower Act, 2006 (Act 720) (ibid.). In addition, several policies, including the National Anti-Corruption Plan

(2012), African Peer Review Mechanism (APRM),[12] GHEITI and, recently, Action Plan for the Open Government Initiative, have been cited among Ghana's impressive repertoire of "good governance" commitments. As I demonstrate throughout this study, various government officials and other non-state actors in the country either profess to comply with, or rally around, "good governance" issues ranging from anti-corruption, budget transparency, community participation, freedom of information, to the declaration of assets by public officials.

"Good governance" has become the anchor that is holding Ghana's relations with the donor community. Both bilateral and multilateral donor agencies have crafted their "good governance" interventions with an emphasis on; "supply-side" programmes meant to improve governmental effectiveness, transparency and public sector performance; and "demand-side" initiatives that have sought to promote citizens' voices and engagement, as well as public accountability (See Booth and Cammack, 2013). The Multi-Donor Budget Support (MDBS) framework, which was established in 2003 to harmonise development financing to support various development programmes of the government, has served as an important instrument by which donors deploy and track "good governance" norms and institutions in the country.[13] Annual MDBS reviews, which include assessment of the country's performance in areas such as, public finance, budgeting, decentralisation, public sector reform and governance, are considered as "disbursement triggers" for continued budgetary support (Government of Ghana and Development Partners, 2003:3; Woll, 2008).

On June 21, 2012, Ghana's relations with her development partners entered a critical stage with the signing of a Partnership Compact for 2012-2022 (see Citi FM, 2014; Government of Ghana and Development Partners, 2012). Under the Compact, the Government reluctantly agreed to wean itself of Official Development Assistance (ODA) within a decade.[14] Over the

[12] The APRM was initiated by the African Union in 2002 as part of the framework for the implementation of the New Partnership for Africa's Development (NEPAD) to monitor aspects of the governance and social development. In March 2003, Ghana signed the Memorandum of Understanding and became the first country to be peer reviewed under the APRM.

[13] There are 11 members of the MDBS scheme: the African Development Bank, Canada, Denmark, the European Union, France, Germany, Japan, the Netherlands, Switzerland, UK and the World Bank. The IMF is not formally a member of the scheme but a representative in Ghana indicated, in a personal interview, that it occasionally participates as an "observer" at their meetings.

[14] Evidence of the Government's reluctance is supported by the *Ghana Aid and Policy Strategy,* which was adopted in September 2010. In the document, the Government anticipated that "aid will continue to play a significant role in the short to medium term" to support national development priorities without addressing the possibility of weaning itself of aid entirely (Government of Ghana, 2010a:38).

next decade, a series of "good governance" measures have also been identified as what would guide Ghana's "partnership" with the development community. In the past, other donor programmes such as the United States' Millennium Challenge Compact, coupled with recorded increases in development assistance and official aid, have been cited as evidence of Ghana's impressive "good governance" performance and commitments (see OECD, 2012).

Ghana's impressive "good governance" profile has been recognised by a number of international ratings, such as the Ibrahim Index of African Governance, the WGI, Corruption Perceptions Index (CPI), as well as African Governance Reports of the United Nations Economic Commission for Africa's (UN-ECA). Over the last decade, Ghana has consistently outperformed other developing and resource-rich countries in various governance appraisal reports such as the WGI and Transparency International's Corruption Perception Index (see Allum, 2012). In 2011, for instance, apart from South Africa and Botswana, Ghana's CPI score of 3.9 was comparatively better than other major oil and mineral exporters in Africa (see Transparency International, 2011). Besides, the Third Africa Governance Report in 2013 rated Ghana above the average score of other African countries with an overall average of 62% (see UN-ECA, 2013:2-3). Recent gains in economic output, which recorded 14.4% growth rate in 2011, have been generally mentioned as the direct outcomes of Ghana's "good governance" performance, especially in terms of improvements in policy climate, investor friendliness, and aid inflows (see Al-Kasim et al., 2010; Breisinger et al., 2007).

Paradoxically, despite decades of unquestionable faith, impressive profile, and enormous investments in "good governance," Ghana's institutional landscape is riddled by poor enforcement, weak capacity and the prevalence of perverse incentives at all tiers of government. In the GSDA (2010-2013), the Government conceded that there is; a general conflict of roles and uneven resource capacity among the various governance institutions; little interest of citizens in the democratic processes; and a strong perception of corruption in the public sector (Government of Ghana, 2010b). Deep-seated weaknesses in Ghana's apparent "good governance" profile have also been documented by several evaluation reports of various donor-funded projects on capacity and institutional development in the shape of missed targets and poor results.

A case in point is the public bureaucracy, which has witnessed several "good governance" reforms. These include the Civil Service Performance Improvement Programme (CSPIP), supported by the UK in 1995, and the World Bank-funded Public Sector Reform Management Programme in 1999. Nonetheless, a recent review commissioned by the Department of

International Development (DFID) described the public service as "oversized" and "lacking the "capacity to deliver" (DFID, 2013). The bureaucracy is also considered as highly "politicised" with difficulty in drawing a distinction between professionalism and partisan activity (Gyimah-Boadi & Brobbey, 2012). Over the past decades, successive governments have loaded the management and boards of various state organisations, like the National Health Insurance Scheme, the Ghana Youth Employment and Entrepreneurial Agency (GYEEDA), and the Ghana Education Trust Fund (GET-Fund), with political appointees without serious consideration to technical competencies(ibid). The intrusion of partisan elements into the public service, apart from the increasing patronage, has adversely affected the development of critical competencies within the service while various reform initiatives have hit major implementation difficulties (Ohemeng, 2011; Ohemeng & Anebo, 2012).

Another example of Ghana's poor institutional environment that has thrived alongside "good governance" reforms relates to various anti-corruption and public finance reform programmes. While the presence of independent institutions, such as the Commission for Human Rights and Administrative Justice (CHRAJ) and the Economic and Organised Crime Office (EOCO) have been hailed, anti-corruption in Ghana is undermined by weak oversight and accountability systems (Ayee, 2000; USAID-Ghana, 2011:11). This poor anti-corruption environment was recently reinforced by the 2010 Auditor-General's Report, which recorded a plethora of "avoidable expenditure," amounting to GH¢ 275,917,484.25 (representing about 11% of total administration expenditure), which was paid as compensation and cost against the state (Government of Ghana, 2011b:48-51). Revelations that some of the payments were based on invalid contracts with some political activists in the ruling party have generated suspicion that "structures have already been put in place to defraud the state."[15] Besides, the compliance records of successive Governments to audit findings have been generally poor. Another Auditor-General's report read:

> The cataloguing of financial irregularities in my Report on MDAs and other Agencies has become an annual ritual that seems to have no effect because affected MDAs are not seen to be taking any effective action to address the basic problems of lack of monitoring and supervision and non-adherence to legislation put in place to provide effective financial management of public resources. Whatever efforts have been made by MDAs in the past has not been effective enough to deal with the issues of non-

[15] Statement attributed to Dr Sulley Gariba, Senior Policy Coordinator at the Office of the President. See "Saga of judgment debts: Gov't suspects structured plan to defraud state" (see Ghana Nation News, 2013).

> compliance and outright disregard for established order in the conduct of public financial business (Government of Ghana, 2012:9).

How Ghana manages its public revenues, amid the impressive "good governance" profile, has also been a matter of general concern. The management of the country's public finances has witnessed sustained "good governance" reforms. Many programmes such as Expenditure Tracking System (EXTRACON), Public Financial Management Reform Programme (PUFMARP), Budget Public Expenditure Management System (BPEMS) and, currently, Government Integrated Financial Management Information System (GIFMIS) have been implemented under various donor guidance and support schemes. Nonetheless, the public finance structures are generally riddled by gaping leaks with weak internal controls, poor oversight, and lack of transparent processes (Africa Peer Review Mechanism, 2005; African Development Bank, 2011). In areas where transparent mechanisms have been adopted, uniform compliance remains an issue. For instance, since 2007, public sittings of Parliament's Public Accounts Committee (PAC) are broadcast live in the media. There are also provisions for the creation of Audit Report Implementation Committees (ARICs) to pursue the implementation of matters in audit reports and submit annual reports about the status of implementation with suggestions to deter future occurrences to Parliament, the relevant Minister, and Office of the President.[16] However, a study by the Ghana Anti-Corruption Coalition in 2011 revealed that whereas a handful of audit organisations were putting corrective measures in place to curb issues raised in the PAC reports:[17]

> …evidence of the depth of action taken was not easily traceable in the MDAs and Assemblies visited…management members revealed that they did not know they were legally mandated to send a status report to the Office of the President and Parliament…. Many ARICs were non-functional and therefore are not discharging this constitutional mandate. Discussions revealed that the committee did not understand their roles well and felt insufficiently equipped to be able to carry out the tasks given to them (Ghana Anti-Corruption Coalition, 2011).

Within the donor community, the gaps within Ghana's "impressive" "good governance" commitments are beginning to filter into formal publications. Most significantly, an

[16] See Section 30 of the Audit Service Act, 2000.

[17] For instance, the Customs, Excise and Preventive Service (CEPS) had instituted the Ghana Community Network Services Limited (GCNet), a seamless electronic system that links all trade operators, revenue agencies, and regulatory bodies. In addition, Some Ministries had drawn the attention of Controller and Accountant General to stop salaries of staff that had left the ministries and "ghost names" (See Ghana Anti-Corruption Coalition, 2011).

independent evaluation of the implementation of Ghana Country Assistance Strategy of the World Bank between 2008 and 2009 ranks the overall outcome of these "good governance" reforms as "moderately unsatisfactory" (World Bank, 2013c). The most critical issue that consistently figure in various reports has been the mounting wage bill, which captured about 57% of government revenue in 2008, with a growth rate cited as 17% between 2000 and 2008 in real terms (Republic of Ghana, 2011). The effects of the increasing wage bill on Government's ability to finance other critical social investments, such as health and education, have also been noted (DFID, 2013)

Various questions have equally been raised from the demand-side of "good governance" initiatives in Ghana. Over the years, NGOs and the public have accused their alleged representatives on multi-stakeholder and tripartite platforms of not articulating their interests and reporting to them. A number of civil society activists who I interviewed as part of this study, for instance, accused their representatives on various tripartite platforms like Forestry Commission, National Climate Change Committee and the National Resource Advocacy Council, of "not raising a single issue." In other instances, they averred that these representatives were not "even known." The NGO community has also come under intense scrutiny for "not practising what they preach" by taking matters related to "good governance" seriously. This matter took centre-stage during an Oil and Gas Stakeholders Forum in September 2013 at Takoradi when a parliamentarian, responding to Government's commitment towards accountability in the petroleum industry, asked various NGO representatives to whom they also account. The response of a leading NGO activist who angrily retorted that "we will only be accountable to the people who fund us!" raised recriminations about how uncomfortable other civil society activists treat questions related to transparency and accountability (Personal Notes, 2013).

Within academic circles, those who commend Ghana's competitive democracy and participatory institutions equally bemoan the lack of broad-based citizen participation, increasing politicisation, and the dominance of political patrons in areas that are often marked as "civic spaces"(Abdulai & Crawford, 2010; Booth et al., 2005; Debrah, 2005; Ohemeng, 2011).

Ghana's political experience, which has flourished since the introduction of multi-party democracy in 1992, has recently come under intense scrutiny for the predatory outcomes it has engendered (Whitfield, 2011a). This grim assessment is largely because of the prevalent forms of patronage and the "substantial tolerance" of corruption among the leading political parties especially on campaign financing (USAID-Ghana, 2011:11). According to Gyimah-Boadi and

Prempeh, "patronage and associated distribution of spoils are the primary payoff for campaign and party donors as well as the means of securing new financiers" (2012:101). Within this patronage environment, many observers maintain that political elites can frustrate the operation of existing laws, rules and regulations, and other "good governance" reforms mostly because the institutional framework for implementation is weak (Ninsin, interview, 2013).

As confirmed by the Nationwide Survey on Oil and Gas, which was conducted by a government taskforce to seek public inputs into the management of petroleum revenues, the poor governance environment has led to a decline in the level of trust held by the public for various state institutions (see Amoako-Tuffuor, 2011). The latest Round 5 of Afrobarometer Survey (2011-2013), revealed that Ghanaians perceive widespread corruption among various categories of government workers, including the President (and officials in his office), Members of Parliament (MPs), government officials, local government councillors, Ghana Revenue Authority (GRA) officials, the police, judges, magistrates and District Chief Executives (Armah-Attoh et al., 2014). Trends in the survey from 2002 to 2012 point to failures in public accountability and an increase in the perception of corruption among these officials from 15% to 41% (ibid). As demonstrated in concrete detail by field interviews conducted for this study, various Parliamentarians concede that "partisanship" and "weak capacity" often worked to undermine the oversight effectiveness of the legislature.

The Government of Ghana and its development partners have often presented these "good governance" challenges in technocratic and, sometimes, abstract terms requiring the adoption of equally tried and tested solutions based on "international best practices" of "good governance." Nonetheless, as rightly observed by Prempeh and Kroon (2012) in a study of the extractive sector, Ghana's capacity challenges and "good governance" conundrum could be viewed as a problem of political incentives. Based on a World Bank-commissioned study in 2011, which identified incentive problems - like excessively centralised policy making processes, weak parliamentary oversight and political patronage - as underlying the poor impact of Ghana's mineral resources, Prempeh and Kroon (2012) maintained that unless existing structures of incentives within the extractive sector are improved, various technical solutions may not have any meaningful effects on the oil industry.

### 1.3. Saving Ghana from Oil: Preliminary Issues

The discovery and production of commercial oil have once again brought "good governance" norms to the epicentre of development policy in Ghana. Section 49 (1) of the Petroleum Revenue Management Act (2011), for instance, instructs that; "the management of petroleum revenue and savings shall always be carried out with the highest internationally accepted standards of transparency and good governance." The Act also enjoins the principal state institutions in charge of petroleum revenues - Parliament, the Minister, the Bank of Ghana and the Investment Advisory Committee - to "take the necessary measures to entrench transparency mechanisms and free access by the public to information" (Section, 49 (7)). In addition, the law established the PIAC that, with GHEITI, is earmarked for deepening "good governance" in the oil industry. The analysis of Ghana's "good governance" experience, and its associated loopholes, which I identified in the previous section, pose a serious question about the extent to which these commitments in the oil industry could help mitigate the adverse impact of the oil "resource curse."

Conceptually, within the broader "resource curse" literature, the initial scepticism has given way to a number of analyses which posit that the real challenges of resources do not pertain to the presence of resources per se, but how they are managed and used (Morrison, 2012). Here, it is argued that countries, such as Indonesia and Malaysia, circumvented the "resource curse" by employing their oil revenues to support increased agricultural output and infrastructural development (ibid). At the heart of these implicit assumptions about the potential benevolent outcomes of natural resources has been the explicit recognition that the quality of governance and state institutions are critical. More specifically, writers who have noted the prevalence of corruption and adverse rent-seeking behaviour have been quick to note that regime types and quality of institutions (Acemoglu et al., 2003), and the level of participation (Leite & Weidmann, 1999; Ross, 2001), are key intervening mechanisms that could place resource-rich countries on the path to development. For instance, in an insightful contribution to the "oil-impede-democracy" debate, Morrison (2010) insists that oil revenues are not "anti-democratic", or even "pro-democratic," but simply "stabilising" in the sense that they rather solidify whatever regime they encounter. As I advanced earlier, the normative fixes centred on the market-oriented governance paradigm remain generally weak, especially in grappling with the institutional and political requirements needed to offset the "resource curse." However, in the Ghanaian context the puzzle that remains largely unresolved is if oil resources are "stabilising," then what have they so far stabilised? Whereas several studies have

broached this question, my humble view is that there are serious methodological and conceptual flaws.

Following from Morrison (2010) and the mainstream literature, the fleet of analyses and research that greeted Ghana's oil discovery were initially concerned with exploring the potential impact of the hydrocarbon industry and paid closer attention to alternative routes that the country could take to overcome the "resource curse" (Arthur, 2012; Cavnar, 2008; Gary et al., 2009; Kopiński et al., 2013). These analyses have underscored a few fault lines in the oil industry, such as the challenges of communities and groups that are adversely affected by the oil industry in terms of livelihoods (Ackah-Baidoo, 2013; World Bank, 2009), environmental and ecological risks (Bawole, 2013; Sakyi et al., 2013), structural discrimination especially against women and youths (Akabzaa, 2010; Darkwah, 2013), and the need to manage political and social expectations (Broni-Bediako & Addei, 2010).

One of the evident conclusions that emerged from the initial analyses of the oil industry was that the country is likely to circumvent the "resource curse." Many analysts pointed to Ghana's impressive "good governance" profile, which has witnessed the adoption of various reform initiatives, coupled with its impressive democratic journey and the institutionalisation of competitive and pluralist politics, to buttress such conclusions (see Gyimah-Boadi & Prempeh, 2012; Kopiński et al., 2013). Gyimah-Boadi and Prempeh (2012), for instance, argued that unlike other oil-rich countries in the region, Ghana has benefitted immensely from its democratic dividends in escaping the "resource curse." They cited, among others, the sustained involvement of organised civil society groups in the legislative processes, creation of PIAC, and the invaluable space provided by the country's vibrant media to buttress this point. Gyimah-Boadi and Prempeh (2012) were supported by Kopinski, Polus and Tycholiz (2013) who identified crucial factors such as the "timing" of the oil discovery under a "democratic government" and the deeper "awareness" of the "resource curse" among key actors, including politicians, civil servants, representatives of the Ghana Revenue Authority (GRA), GNPC, intellectuals and civil society leaders.

Optimism around the oil industry was subsequently reinforced by the adoption of a number of governance instruments, such as the Petroleum Revenue Management Act, 2011 (PRMA). Kopiński et al. (2013) for instance, argued that Ghana would avoid the "Nigeria situation" due to the implementation of various reforms such as the consolidation of revenue collection agencies into the GRA, the enactment of the PRMA, and the extension of GHEITI to the oil industry, based on significant inputs from civil society. Indeed, various sector-wide governance structures, such as the Petroleum Commission Act, 2011 (Act 821), Petroleum Revenue

Management Act-2011 (PRMA), and Ghana Revenue Authority Act-2009, were introduced after extensive public consultations (Bell et al., 2010). Most importantly, the PRMA provides for reporting, at multiple levels, with key agencies such as the GRA, the Ministry of Finance and Economic Planning, the Bank of Ghana, the Investment Advisory Committee (IAC) and the Auditor-General (Openoil.net, 2013). The Act also makes provision for institutions such as PIAC, which apart from the Civil Society Platform on Oil and Gas, provides an institutionalised structure for public engagement and independent assessment of petroleum revenues (PIAC, 2011). A Petroleum Commission which serves as an independent regulatory body with the task of overseeing upstream and midstream activities - licensing and exploration, production operations, field development, production, refining and processing - has also been established (Government of Ghana, 2009a; 2011a).

While Ghana's democratic gains and governance institutions continue to attract positive reviews by both international and domestic organisations, especially for their transparent, prudent and participatory character, industry take-off has unmasked some gaps within the governance structures of the oil industry.

Various industry watchers have expressed much apprehension that industry development is outpacing regulation (Gary et al., 2009; Okpanachi & Andrews, 2012). This anxiety was initially informed by the fact that crude oil production began formally in December 2010 when the country had not set the requisite institutional and legal structures to regulate the sector. As the various sectoral institutions and policies begin to take shape, some of the discrepancies between prior commitments and the new regulatory requirements are increasingly becoming noticeable. Most significantly, key sector-specific laws, such as the Petroleum Income Tax Law (1987), Petroleum Exploration, and Production Law (PNDCL 84), have not been upgraded to reflect new developments in Ghana's production profile and other changes within the industry. As I demonstrate later in Chapter 5, there have been many credible assertions, especially from civil society activists, pointing to revenue losses due to Ghana's poor fiscal regime (see Boas & Associates & GHEITI Secretariat, 2013; Civil Society Platform on Oil and Gas, 2010b). Among its weaknesses, the regime is designed to woo investors into petroleum exploration but lacks robust provisions on capital gains tax and transfer pricing. Besides, despite the country's avowed commitment to transparency, as outlined in the PRMA, the PNDCL 84 does not have provisions on contract disclosure.

The question of contract transparency in the context of the oil industry remains especially critical given reports that a number of firms operating, including Tullow Oil, Kosmos Energy, Anadarko Petroleum and Minexco OGG, are registered in various tax haven jurisdictions

ranging from Jersey (in the case of Tullow) to the Cayman Islands (Adam, 2013a).[18] Even worse, following Ghana's entry into the international capital markets and surge in foreign investments, a report of the Intergovernmental Action Group against Money Laundering in West Africa (GIABA) in 2008 described Ghana as "a weak anti-money laundering jurisdiction" with a lack of public awareness of the phenomenon and its harmful effects (cited in Hardy, 2010:8).

Another dimension of the weak institutional domain of the oil industry relates to various implementation challenges. For instance, the PRMA of 2011 has placed several restrictions on excessive oil-backed borrowing and profligate expenditure through provisions such as Stabilisation and Heritage Funds. Nevertheless, the quest for prudence has been curtailed by various government financial transactions prior to the development of the oil industry, such as a $750 million loan in the shape of a Eurobond in 2008 (Gary et al., 2009).

Poor regulation of the energy industry is considered as more pronounced around social and environmental monitoring. As alarmingly portrayed in a report by Prempeh and Kroon (2012), there is little donor engagement with issues of environmental regulation. Likewise, the government's commitment to environmental regulation remains questionable. Despite consistent assurances, various analysts and stakeholders in the oil sector assert that the Environmental Protection Agency (EPA) does not have the requisite capacity to undertake, and enforce, effective environmental impact assessment audits (ibid.). The weakness of Ghana's environmental regulatory regime became more evident with government's slow and non-transparent response to reported spillages of about 706 barrels of toxic waste into the seas by Kosmos energy in December 2009 (ibid: Prempeh & Kroon, 2012). Similar concerns were also raised after the spilling of 37 litres of oil from broken link pipes by Tullow oil in January 2010 (Okpanachi & Andrews, 2012). Besides, incidents like washing ashore of whales linked to petroleum activities have not been adequately investigated (ibid: Prempeh & Kroon, 2012).

The patterns of petroleum revenue management and heightened investments in short-term gargantuan projects, especially during the 2012 general elections, have come under mounting criticism. Between 2008 and 2012, for instance, government borrowing increased from 14.1% to 21.4% of GDP (International Monetary Fund, 2012). In 2012, while production of oil was recorded at 26,351,278 barrels, representing an increase of 8.9% from 2011, the government recorded a budget deficit of 12.1% from 4% (of GDP) in 2011 (Government of Ghana, 2013a).

[18] These assertions were also made by various representatives of development agencies during personal interviews in 2013.

The Ministry of Finance has been cited for manipulating estimated benchmark revenues, based on which allocations to the Heritage and Stabilisation Funds are made, to increase government's share of petroleum revenue (Adam, 2011; Bawumia, 2013). The first PIAC report, covering revenue management in 2011, reported a huge discrepancy between the government's projected Annual Budget Funding Amount (ABFA), at GH¢ 646,412,601, and actual allocations, which stood at GH¢ 250,432,600.30 (PIAC, 2012). This discrepancy is significant since, under the PRMA, the proportion of oil revenue that accrues to the ABFA is based on projected benchmark revenue (see Bawumia, 2013).

The commitment of various strategic actors to the newly created regulatory institutions in the oil industry has come under intense public scrutiny. The PIAC's report for the first half of 2012, for instance, painted a grim picture of central government's interest in equipping the institution to undertake its mandated tasks under the PRMA. As presented in detail in Chapter 7, the Committee bemoaned, among others, its dire financial difficulties and the failure of the central government to release funds for its secretariat (Adam, 2013a; PIAC, 2012). In the absence of significant government support, the committee mostly relied on international NGOs to fund some of its programmes and activities. The 2012 PIAC report also criticised the Parliament of Ghana's failure to scrutinise its reports due to difficulty in identifying the Parliamentary Committee responsible for scrutinising them (ibid: Economic Tribune, 2012). In addition, the compliance of various extractive companies, including the state-owned GNPC, especially to issues about transparency, has been described as "lethargic" (Hammah, 2011; also see Prempeh & Kroon, 2012:7).

While Ghana was lauded for its participatory approach in formulating the key institutional and policy framework for the oil and gas sector, there have been several concerns that consultations relating to post-legislative processes have been generally weak (Gyimah-Boadi & Prempeh, 2012). For instance, the GNPC has been described as the "most closed and inaccessible institution in the sector" (Prempeh & Kroon, 2012:7). The dwindling public consultations, coupled with mounting political contestations following the oil discovery, have led to several questions about whether Ghana's impressive "good governance" profile could survive the hydrocarbon resource boom (Gyimah-Boadi & Prempeh, 2012).

The decline in public consultations is ascending alongside some emerging contentious distributional challenges on the oil resources that have not been adequately resolved. These contentions around the distribution of oil revenues took centre-stage during various public deliberations and parliamentary consideration of the Petroleum Revenue Management Bill (PRMB). In November 2011, various traditional leaders from the Western Region petitioned

the Ghanaian Parliament to demand, among others, 10% allocation of petroleum revenues into a proposed Western Region Development Fund and 10% representation of indigenes from the Region on the Petroleum Commission (Parliament of Ghana, 2010b:1398). In the petition, the chiefs called for representation on the Investment Advisory Committee, the PIAC and "all governing bodies of institutions established under the laws relating to oil and gas" (ibid.). They also called on the parliamentarians to guarantee employment and "business opportunities" to "indigenes" from the Western Region (ibid). According to the chiefs, the demands were the outcome of various consultations involving traditional rulers, civil society and community-based organisations in the Western Region (see Western Region Development Forum, 2010).

The petition provoked intense media debates with dissent from other parts of the country. Several media commentators accused the Chiefs of making "ridiculous" demands that were inconsistent with Ghana's status as a unitary state (see Citi FM, 2010). Various technocrats who worked on the PRMB also argued that the demands were not supported by the country's property laws, pointing out that the oil industry was "60 km offshore and did not have direct impact on any community" (Send-Ghana, 2013:10).[19] These contending perspectives took centre-stage in Parliament during the consideration of the PRMB. Parliamentarians from the Western Region maintained that the Region is the "El Dorado of Ghana" given the fact that it is home to a significant proportion of the country's resources, but remains marginalised and deprived (for instance, Aiddo, 2010:1469). Some MPs from other parts of the country rejected this claim pointing out other resources and relative marginalisation of their respective regions (see Appiah, 2010:1451). The rejection of the demands for 10% allocation for the Western Region in the final PRMA, which was followed by several government promises to enhance its infrastructure, has done little to appease various actors in the region (Daily Graphic, 2015).[20]

The persistent demands from the Western Region for enhanced development from the oil industry throw further light on the limitations of various "good governance" initiatives that have been adopted in the oil industry so far. From the USAID's Supply Chain Development Programme and Coastal Fisheries Project, DFID's Coastal Foundation Dialogue Forum, to the Western Region Coastal Citizen Oil and Gas Multi-Stakeholder Advisory Council, the Region that hosts Ghana's oil industry, has become a home to many "good governance"

[19] These points were reiterated by a number of field interviews with some members of the technical team who worked on the PRMA.

[20] Similar sentiments were strongly advanced by various chiefs during an Oil and Gas Stakeholders Forum in September 2013 at Takoradi, during the fieldwork (personal notes, 2013).

initiatives. Nonetheless, persistent local grievances ranging from adverse effects of oil on environmental sustainability and livelihoods in the region coexist with these "good governance" initiatives. A study by Send-Ghana, for instance, reported that various fisher folks complained that apart from oil companies taking "full control of the sea," oil rigs and the Floating Production, Storage and Offloading (FPSO) use various highlighting systems which crowd most of the fishes around it, leaving fishable areas empty (2013:11). In addition, the excitement that followed the oil discovery led to an influx of "migrants" that have resulted in an increase in rents and the cost of living.[21]

Another source of anxiety, as poignantly observed by Gyimah-Boadi and Prempeh (2012), is that oil resources, coupled with the country's political system, which largely centralises political authority around an Executive President, have stoked "vitriolic" and "polarising" politics thereby increasingly feeding into patronage politics. Gyampo (2011) makes a similar observation when he asserted that the contentions around the 2008 general elections were due to a deep-seated presumption among activists of the two leading political parties - NPP and NDC - that whoever emerged as winners would have control over enormous oil bounty that could enhance their stay in power. Another dimension of this adverse political environment created by the oil industry, as portrayed by Gyampo (ibid.), relates to policy discontinuities, especially following the suspension of the draft National Oil and Gas Policy after the victory of the then opposition NDC in the 2008 elections.

In contrast to the wave of optimism that greeted the discovery and production of oil, the growing awareness of various weaknesses inhered in what is presented as an impressive "good governance" performance are increasingly fuelling concern that Ghana is not immune from the "resource curse." Nonetheless, there are several flaws in the general approach taken by analysts and policy makers alike on the "good governance" question in Ghana's oil industry.

### 1.4. Getting to Grips with the Problem

A series of explanations, and associated policy fixes, have emerged to grapple with the challenges within Ghana's impressive "good governance" profile, which continue to unravel alongside the development of the oil and gas industry:

The first perspective, largely shared by various policy makers and public officers, appears to suggest that the oil industry, by design, could be insulated from other institutional and political weaknesses. The intellectual foundation of this optimism is derived from various prognoses

[21] Send-Ghana reported, for instance, that a normal room that went for 30 Ghana Cedis before the oil and gas find increased to 60 Ghana Cedis in 2013 (2013:12).

that suggest that oil is an "inhospitable terrain" for "good governance" (Gillies, 2010; Ross, 2012), thereby requiring special institutional arrangements. In an interview with Mr Emmanuel Kuyole of the Africa Office of Revenue Watch International, for instance, he averred that in Ghana:

> …even though the petroleum revenue is one of the new sources of revenue to the government, the money, when realised, should not go straight into the Consolidated Fund. The reason is that if it gets into the Consolidated Fund it would be diluted (Kuyole, interview, 2013).

This position was echoed in the memo that accompanied the PRMB to Parliament, which read:

> Petroleum revenue management legislation is necessary if Ghana is to avoid the costs associated with the alternative options of leaving the revenue to be collected and accounted for as part of *conventional revenue*, or in the hands of the national oil company" (emphasis mine).[22]

Following from this position, the architects of the institutional and legislative framework sought to earmark different revenue paths and other oversight mechanisms to secure optimum outcomes in the petroleum industry. For the most part, most of these mechanisms run parallel to mainstream institutions.[23] Although the study will later demonstrate that there are no significant differences with traditional state institutions in terms of susceptibility to elite predation, these measures have coalesced with a body of literature that posits that unlike the mining and cocoa sectors, Ghana has instituted the requisite safeguards to offset any "curse" from the oil industry.

The second perspective, which is generally held by NGOs and members of the development community, maintain that the challenges of "good governance" in the oil sector primarily constitute a problem of full-scale commitment by various stakeholders and general compliance. Those who hold this viewpoint argue that it is important to extend "good governance" norms across the entire value chain of the industry, from exploration licensing, through procurements, to value-for-money audits of petroleum-funded projects (Africa Centre for Energy Policy, 2013; Manteaw, 2011). What is therefore required to address the "good governance" shortfalls,

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[22]Minister of Finance and Economic planning. *Petroleum Revenue Management Bill. Memorandum*. Dated 12th July 2010. Available at http://www.mofep.gov.gh/sites/default/files/reports/Petroleum_Revenue_Management_Act%20_2010.pdf (accessed 14/07/14).

[23] For instance, the Public Interest and Accountability Committee, which is the subject of Chapter 7, mimics the public accountability functions of the Public Accounts Committee of Parliament, and the auditing functions of the Auditor-General's Department.

is more support (mostly funding and capacity building), by government and donors to help equip newly created oversight bodies, particularly the PIAC, and domestic civil society organisations to engage across the value chain.

The third perspective, which is mostly informed by academic debates, maintains that the weaknesses, which have been uncovered since the oil discovery, are somewhat generic to the "resource curse" literature. In this regard, Al-Kasim, Soreide, and Williams (2010) have observed that the challenges have highlighted the "multiple pressures" that are often placed on "systems of governance" when a significant commodity (in this case oil) is discovered and extracted. Implicit in such discussions is the postulation that Ghana's challenges are temporary and could be lessened by a commitment towards enforcement and more capacity building for "good governance." Kopinski, Polus and Tycholiz (2013) shared this view when they flagged the importance of Ghana's "political conditions" and described Ghana's governance challenges as a "disease," rather than a "curse."

I argue that whereas these perspectives could be credited with acknowledging the often-ignored weaknesses in Ghana's model "good governance" performance, each poses more questions than answers. An important issue that emerges from attempts at earmarking a distinctive path for the management of oil revenues is whether they could equally be insulated from the bigger questions about institutional weaknesses, such as adverse elite behaviour and lack of follow-ups on Auditor-General's reports. The question then is; what is the importance of publicly disclosing revenues by independent oversight committees, if the legislature and other enforcement bodies would not act upon their reports? On the other hand, calls for deepening "good governance" across the "value-chain", often based on amorphous "international best practices," need to be contextualised and problematized. It is important to ask; if "good governance" is the shorthand for institutional quality and democratic accountability, why has its religious application in the Ghanaian context not generated the incentives required to promote effective management of oil revenues? Besides, "oil-effect" postulations lack a deeper sense of history and need to move from limited references to the experience of mining towards insights that track the paths of pre-oil institutional development and other political structures, and how they interact with the oil industry.

The empirical data and analysis presented in this study point to a few observations:

Firstly, through the heuristic devices of aid conditionality, structural adjustment, and the current "good governance" regime, the study presents the legacy of previous patterns of institutional reform amid the country's rent-driven political economy. Here, the study identifies

with available insights offered by Chazan (1983), Frimpong-Ansah (1991), and Killick (1978) about the link between Ghana's commodity-driven economy, "instrumental" politics, and "predatory" behaviour among "vampire state elites." In addition, it shares with other analysts who have underscored significant weaknesses behind the veil of Ghana's successful democratic transition since 1992 in the shape of flaws in associational behaviour and public inputs into policy processes and outcomes, as well as the increasing presence of patronage politics (see Amoako-Tuffour, 2008; Boafo-Arthur, 2008; Ninsin, 2007; Gyimah-Boadi, 2004; Ninsin, 2007; Whitfield, 2003).

Secondly, the study underscores the intricate linkages between these legacies with the poor institutional patterns and incentive structures of the oil industry. These empirical linkages invoke two main theoretical standpoints: The first relates to literature on the "petro-state" or "rentier state," which underscores the corrosive effects of oil resources on institutions and the incentive mechanisms that underpin state-society relations (De Oliveira, 2007b; Dunning, 2008; Karl, 1997; Lewis, 2009; Luciani, 1987; Omeje, 2008). The second theoretical standpoint is linked with insights drawn from comparative institutional analysis. Here, I argue that Ghana's experience resonates with various analyses that suggest that once a set of institutions come to dominate society, it tends to persist over time and changes, if any, are mostly incremental within the context of "critical junctures" (J. Robinson, 2010). Critical junctures denote the "dynamics of self-reinforcing or positive feedback processes" that impact into a political system, and are characterised by the adoption of particular institutional arrangement among alternatives (Pierson and Stocpo, 2002: 669 in Ohemeng & Anebo, 2012). They are critical in the sense that once a particular option is selected, it becomes progressively difficult to return to the initial point where multiple alternatives were still available (Mahoney, 2000 in Ohemeng & Anebo, 2012). As I demonstrate later, the "critical junctures" in the Ghanaian context are the variable outcomes of the interplay between domestic political elites and external development partners in a bid to transform the country's commodity-led economy. Another important perspective from the political economy analyses is that rules and norms are not easily transportable across different contexts (Andrews, 2013a). This is because the institutional edifice is built both on rules and on the enforcement environment (North, 1990).Led by these insights, I contest the technocratic, depoliticised and de-contextualised pretensions of the "good governance" paradigm. I also posit that various "good governance" initiatives in Ghana cannot be delinked from previous patterns of largely market-oriented reforms, which have had limited impact on domestic institutional and incentive structures. This observation rejects the conventional wisdom that suggests that donor-funded market reforms undermine clientelism

and the way elites relate to citizens (Bienen & Herbst, 1996; Grindle, 1996). Instead, I share with Bates (1989), Boone (1994), Bayart (1993) and Reno (1998) in the context of Africa, that Ghanaian leaders have demonstrated a unique skill in translating resources and policy prescriptions associated with their dependence on International Financial Institutions (IFIs) into instruments of political advantage (see Kufuor, 2004; Oelbaum, 2002).

### 1.5. Africa: The New Frontier

The portrait of the paradox of "good governance" norms and Ghana's oil industry resonates largely with many issues that have emerged from ongoing debates about the political economy of hydrocarbon resources in Africa's petro-states. From Turkana in North Western Kenya to Narina in Liberia, new oil discoveries, in addition to traditional commercial producers like Nigeria, Sudan and Angola are pushing Africa towards the frontier of the global energy industry. According to *the Economist,* in 2012 only five out of the fifty-five countries in Africa were neither producing nor actively exploring for oil (The Economist, 2012). In the same year, the region's crude output was estimated at 10 million BOPD, representing about 12% of global production, with 132.1 billion estimated reserves in 2011(Akinkugbe, 2013). Gas production in Africa, per International Energy Agency forecasts, could reach 440bcm by 2035 (in ibid.).

Whereas crude oil has heightened expectations of socio-economic growth on the continent, there have been several questions about the capacity of these states to marshal the requisite expertise and institutional capacity to manage the complex streams of exploration, extraction and utilisation activities (see International Monetary Fund, 2010; Stiglitz, 2007; 2006). Consequently, Africa's "crude states," particularly the new oil producers, have become the centrepiece of several institutional fixes, mostly driven by donor agencies, to address these capacity and institutional gaps (see Schnell & Großmann, 2011). These solutions converge around a number of "good governance" principles that have been advanced and applied through a mixture of binding rules, voluntary initiatives, incentives and sanctions across the value-chain of the extractive industry (Barma, 2012; Goldthau & Witte, 2010). The register of some of these initiatives includes the Global Compact, Publish What You Pay Campaign, the Kimberley Certification Scheme and Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act relating to the Disclosure of Payments by Resource Extraction Issuers in the USA and the World Bank-sponsored Chad-Cameroon Pipeline Project (see Benner et al., 2010).

Despite the noticeable presence of several African countries on the "good governance" arena, only a handful of research has examined their impact, and how they harmonise or conflict with

specific contextual conditions of implementing countries. A case in point relates to the EITI, which has taken centre-stage in Africa with 22 (including Madagascar, which was suspended) out of 38 implementing countries in 2012.[24] While hard evidence about EITI performance in Africa is difficult to come by, a casual look at various "good governance" measures of participating countries, raise much suspicion. As outlined in Table 1.3 below, scores from the 2011 World Governance Indicators, revealed that while EITI compliant countries, like Ghana (62.4), Zambia (42.3), Niger (38.5), Mali (54.9) and Liberia (38.5) recorded significant scores above the developing world's average (32.3). Nevertheless, other EITI compliant countries such as Mauritania (22.1), Nigeria (26.8) and Central African Republic (16.4) were below par in terms of Voice and Accountability. This is akin to non-EITI resource-rich countries that manifest a mixture of good performers, Botswana (60.6), Namibia (56.8) and South Africa (45.7), and bad performers, Angola (14.6) and Sudan (4.2). The story is similar in Control of Corruption. The score ranges between 62.1 in Ghana and 10.0 in Nigeria against the overall average of 32.4, while non-EITI countries, such as Namibia and Botswana scored 64.0 and 80.1 respectively.[25] In terms of Transparency International's 2011 Corruption Perception Index, EITI countries rank among the worst and impressive performers with the Central African Republic and Ghana ranking 154 and 69 respectively. Again, non-EITI resource-rich countries in Africa ranked between 32nd (Botswana) and 177th (Sudan).[26]

[24] Nine out of the 16 EITI Compliant countries are from Africa. http://eiti.org/countries (accessed 13/11/12)

[25] See http://info.worldbank.org/governance/wgi/sc_country.asp (accessed, 20/10/12)

[26] http://www.transparency.org/research/cpi/overview (accessed, 24/10/2012)

Table 1.3. Governance Scores between EITI Compliant and Non-EITI Resource-Rich African Countries in 2011

| Countries | Resource Profile | WGI Score (Voice & Accountability) | WGI Score (Control of Corruption | Transparency International, CPI (Rank) |
|---|---|---|---|---|
| *EITI Compliant Countries* | | | | |
| **Ghana** | Oil and Mineral | 62.4 | 62.1 | 3.9 (69) |
| **Mauritania** | Mineral | 22.1 | 34.1 | 2.4 (143) |
| **Nigeria** | Oil | 26.8 | 10.0 | 2.4 (143) |
| **Zambia** | Mineral | 42.3 | 37.0 | 3.2 (91) |
| **Niger** | Oil and Mineral | 38.5 | 29.4 | 2.5 (134) |
| **Mali** | Mineral | 54.9 | 32.2 | 2.8 (118) |
| **Liberia** | Mineral | 38.5 | 39.8 | 3.2 (91) |
| **CAR** | Mineral | 16.4 | 20.4 | 2.2 (154) |
| *EITI Non-Compliant* | | | | |
| **Sao Tome & Principe** | Oil | 54.5 | 44.1 | 3 (100) |
| **Botswana** | Mineral | 60.6 | 80.1 | 6.1 (32) |
| **Namibia** | Mineral | 56.8 | 64.0 | 4.4 (57) |
| **South Africa** | Mineral | 45.7 | 59.7 | 4.1 (64) |
| **Libya** | Oil | - | - | 2 (168) |
| **Algeria** | Oil | - | - | 2.9 (112) |
| **Angola** | Oil | 14.6 | 3.8 | 2 (168) |
| **Sudan** | Oil | 4.2 | 5.7 | 1.6 (177) |
| **Average** | - | 32.3 | 32.4 | - |

*** Countries selected based on the IMF's list of Hydrocarbon and Mineral Rich Countries in 2010. See: IMF (2010). *Managing Natural Resource Wealth (MNRW-TTF)*. Washington, DC: International Monetary Fund, 36

Many critical methodological and conceptual issues have been raised against the WGI and CPI scores that I am unable to resolve here (see Andrews, 2013b; Devarajan, 2008; Fukuyama, 2013; Kaufmann & Kraay, 2008; Rotberg, 2014; Thomas, 2010). Hence, I employ them here with enormous caution only to provide a snapshot of the inconclusive nature of the "good governance" question while drawing attention to the huge minefield within the body of research concerning Africa's resource-rich countries.

### 1.6. Oil: An Inhospitable Terrain for "Good Governance"?

Over the past decades, oil-rich countries have been particularly cited for the poor performance in institutional development and "good governance." Oil-rich countries, particularly those in the Middle East and North Africa (MENA) were critical in fuelling the "oil-impede-democracy" thesis (Dunning, 2008; Herb, 2005; J. Robinson et al., 2006). Comparative analyses of the "third wave of democratisation" in the 1990s revealed that in contrast to their non-oil counterparts, many oil-rich countries did not undergo any significant democratic

transformation with MENA states recording a decline of electoral democracies from 3, in 1972, to 2, in 2004 (cf. Bellin, 2004:139). In Sub-Saharan Africa, between 1990 and 1996, Clapham observed that no oil-producing country achieved successful democratisation despite the region's remarkable democratisation in the wake of the Cold War (1996:71). Leading oil-rich countries such as Sudan, Angola, Central African Republic and Nigeria have consistently featured at the bottom rung of various anti-corruption and transparency indices.

Several researchers have labelled the oil industry as "inhospitable" especially given the proclivity of its multiple actors, including multi-national companies, towards secrecy (Gillies, 2010; Ross, 2012; Stiglitz, 2006). Various attempts at replicating "good governance" initiatives in the petroleum sector have either failed or facing immense resistance. Notably, global calls that were led by the former Nigerian President Umaru Yar'Adua, to implement an oil certification process, similar to the Kimberly "blood diamonds", failed to garner the active interest and support of various "norm entrepreneurs" who have been associated with the increasing growth in transparency and accountability in the extractive industry.[27] In the case of extractive firms, oil companies have not matched the enthusiasm shown for pseudo-reform and voluntary initiatives with an equal measure of interest in robust mechanisms of accountability (cf. Frynas, 2005; Vigneau et al., 2014). Recently, the Dodd-Frank Wall Street Reform and Consumer Protection Act, which has been hailed for its provisions on financial disclosure by extractive firms, has come under severe criticism and resistance by the American Petroleum Institute (API), the Independent Petroleum Association of America (IPAA), the US Chamber of Commerce and other business groups.[28] Even more critically, there has been much less interest in governance initiatives for the oil industry, beyond the OECD. Some international energy players, who are very active in Africa, such as OPEC, China and India have hardly been included in, or supported, the EITI and other similar governance initiatives (see Benner et al., 2010; Leverett, 2010).

Within the academic literature, mainstream state-centric and sectoral analysts postulate that the domestic environments of oil-rich countries are not conducive for effective governance. Crude resources are considered as "quintessential rents" (Dunning, 2008) that have severe corrosive effects on governance processes and the optimal performance of state institutions (Auty, 2007;

[27] See, http://news.bbc.co.uk/1/hi/business/7495105.stm (13/11/12)

[28] See "Section 1504 goes to court in the US" http://www.upstreamonline.com/hardcopy/comment/article1267995.ece (accessed 16/11/12), http://www.doddfrankupdate.com/DFU/DFULibrary.aspx?taxonomy=CourtActions (accessed/11/12).

Lewis, 2009; Omeje, 2008).[29] This observation is partly because rents, defined as the margin between production cost and revenue accrued, from oil are "extraordinarily high" (Barma, 2011; Karl, 1997; Luciani, 1987). In addition, the supply of oil resources is limited, which, coupled with their non-renewal nature, raises the stakes among extractive firms and consuming countries (O'Higgins, 2006). The extraction of crude oil is also considered as "finite" in the sense that it involves extended geological, policy and political processes that require inter-temporal planning and strategic engagements by governments, political actors and extraction firms (Barma, 2012). Finally, what constitutes oil revenue is not given. Rather it is the function of a complex, opaque and unending variation in commodity price cycles, technology, extraction costs and governmental policy (ibid: O'Higgins, 2006).

Oil-rich countries are considered as "rentier states" *par excellence* with enormous resources that enhance adverse elite manipulation, undermine competitive industrialisation and increase rent-seeking activities (Auty, 2007).[30] For many producers, the link between hydrocarbon resources and poor governance is primarily based on the central role played by the state in accruing rents from the sector, either through direct participation, or through award of contracts to investors (Karl, 1997; Luciani, 1987). The significant role of the state is associated with increasing centralisation of petroleum management among a few elites who distribute rents in a way that bolsters their political influence (Abdel-Fadil, 1987) . Hence, Luciani (1987) labelled the rentier state an "allocative" state which, unlike a "productive state", is preoccupied with policies, which spur public expenditure rather than investment.

The puzzle that has been posed by political economists, based on rentier state conditions, could be explored at various levels. At the state-society level, where resource allocation is not based on internal forces of production, citizenship becomes a virtual "welfare ticket" rid of all civic entitlements which, in turn, produces less demands for accountability and participation (ibid). According to such rentier state narratives, because citizens in the oil-rich states pay low

[29] A distinction is often made in the literature between "lootable" resources, like Kimberlite diamonds and water that are easily accessible, and "non-lootable" or "point-source resources, whose extraction requires huge capital and technological investments. The impact of lootable resources is often expressed in terms of adverse impact on political instability and armed conflicts, as demonstrated by the Sierra Leonean civil war between 1991 and 2002 (Dunning,2005; Snyder, 2004).

[30] Richard Auty's use of the notion of rents under his "rent cycle theory" denotes forms of economic exchanges via non-market and suboptimal channels, such as patronage. Here rents connote not only natural resources, albeit significant, but other sources, including geopolitical (foreign aid) rents, and rents contrived by government intervention to change relative prices (Tollison 1982), such as establishment of a government monopoly over sales of a popular commodity (in Auty, 2007).

taxes and are reliant on government allocation, they generally lack the legitimacy to make claims on the state (Bangura, 1999; Moore, 2001).

At the state level, oil rents could generate incentives for governments to undermine demands for accountability and public participation through investment in the instruments of coercion and patronage (Ross, 2001). Within the societal purview, it has been noted that, apart from repression, rentier states can co-opt strategic social groups through patron-client networks, corruption, and rent-seeking activities (Lam and Wantchekon, 1999; Sandbakken, 2010). Related to the societal narrative, is the view that oil rents could be detrimental to domestic politics of exporting countries, especially within regions where extraction is taking place. To paraphrase Le Billion (2005:5), because of their territorialisation, oil resources generate more territorial stakes than many other economic sectors, usually centred on contentious issues such as definition of political boundaries, local representation or alliance with foreign powers. The tendency towards distributional contention in the rentier state is portrayed by conflicts in Nigeria's Niger Delta and in the Sudan, where the huge discrepancy between oil windfall and failed developmental expectations continue to undermine political stability (Patey, 2010).

In Africa, sectoral and rentier state narratives have coincided with other discussions about the adverse impact of weak state capacity and poor public oversight on development. These debates have painted a grim picture about the prospects of "good governance" in the region's oil-rich states. Most significantly, state-centric analyses in Africa generally postulate that development efforts have been obstructed by predatory state institutions and elite behaviour, as well as inefficient patron-client relations (Bates, 1992). State failure or state weakness is often articulated in terms of the presence of "neo-patrimonial" tendencies (Bates, 1992; Berman, 1998; Van de Walle, 2001), lack of autonomy from the "demanding clamour of special interests" (Leftwich, 2000:161; Nordlinger, 1987), and incapacity to undertake predetermined coercive and non-coercive functions.[31] On the other hand, societal analyses, exemplified by Bayart's notion of "the politics of the belly", have pointed to practices and norms in African society that undermine the operationalisation of "rational" policy choices needed for economic development and democratisation (in Olukoshi, 2005).

[31] Coercive functions of the state are usually expressed in Weberian and Hobbesian terms in terms of the capacity for monopolistic control over violence and, with that, the capability to enforce contracts, maintain law and order and provide security in a given territory. The non-coercive functions refer to the provision of social goods and services, the durability and efficacy of state institutions and its social and economic redistributive functions (see Wai, 2012)

The presence of oil, as demonstrated by the poor showing of countries like Sao Tome and Principe, and Niger in Table 1.3, has often worked to reinforce perceptions of various sub-optimal governance processes in the industry. As I demonstrate in Chapter 2, the linkage between oil and poor "good governance" outcomes is loaded with a number of conceptual and methodological flaws (cf. Dunning, 2005; Dunning, 2008; Herb, 2005; Luong & Weinthal, 2010). Equally missing is a deeper analysis of the role of various corrective "good governance" initiatives in mitigating the adverse effects of oil resources on the institutional landscape in Africa.

Tying the above discussions together, this study sprang from an interest in probing the interface between "good governance" interventions and the politics of institutional reform in resource-rich countries across the so-called developing world. To tease out the threads that connect the parallel movement of technocratic "good governance" interventions and the politics of reform in resource-rich countries, I chose a research strategy that rests largely on a positivist approach based on comparative institutional analysis and comparative political economy. Whereas the next two chapters delve deeply into this approach, my broader theoretical contribution is to unpack the main dimensions of the newfound optimism around the prospect of commodity-led transformation, which has been sustained by the deployment of "good governance" norms and interventions. As I argue more forcefully in Chapter, the academic and policy literature is inundated with analyses about the paradox of sub-optimal outcomes in resource-rich countries. Similarly, there are substantial accounts, mostly from donor-funded policy evaluations, of various mitigation measures that could address the ills of resource wealth. The main limitation, as authors like Van de Graaf (2003:9) and Acosta (2013) conceded, is that these studies and analyses have failed to offer insights that could aid in engaging with extractive sector issues theoretically.

The positivist analyses that I offer in this study present an important opening to address the gap in the literature by interrogating the normative and institutional underpinnings of these mitigation measures. As I argue more forcefully in Chapter 3, these mitigating measures, which have morphed into the "good governance" mantra, hinge on the belief in the complementarity of liberal economic and political interventions towards addressing almost every developmental question, including the intricate dynamic of resource-led development. The study also emphasises the nested linkages between these mitigation measures with contentious politics and elite dynamics that drive the reproduction or reform of sub-optimal institutional development and effective regulation of natural resources. I shall revisit these issues in Chapters 3 and 8. However, it would suffice to state at this stage that this study extends our

understanding of the nature and quality of institutions that "good governance" mitigation measures offer within the confines of the contentious politics and adverse political economy patterns generated by the presence of natural resources. It also highlights the understated contrasts between the stated objectives of such reforms, and juxtaposes them with the dynamics of the "deep politics" of elite interests and distributional contentions over natural resources.[32] Ghana's unique prominence as an apparent model of what many writers and policy makers celebrate, as a virtuous cycle of liberal reforms in Sub-Saharan Africa, when squared with the presence of commercial oil, is a welcome introduction to the literature. The country offers an opportunity not only to track how oil shapes the broader contours of liberal politics and institutions; but also, how various reform initiatives under the liberal banner work and alter the sub-optimal paths engendered by natural resources.

### 1.7. Case Selection

The observations in the previous section are further developed by the cases that I have selected for this study. Most recently, GHEITI and PIAC have assumed greater significance, among policy and academic circles, within the "good governance" narrative of Ghana. Nonetheless, as I demonstrate throughout this study, their increasing prominence, especially within the petroleum sector, has not been matched by real results for optimum institutional and political transformation.

#### 1.7.1. The Global: Ghana Extractive Industry Transparency Initiative

When it comes to the Extractive Industries Transparency Initiative (EITI), scholars and policy makers have never run short of words to highlight its importance in securing optimum outcomes in resource-rich countries. The Initiative, which was launched in 2003 to promote disclosure of payments, revenues and receipts by companies and governments through multi-stakeholder oversight, has been credited with forging a "global alliance" around transparency and accountability in the extractive sector (Aaronson, 2011; Eigen, 2009; Gillies, 2010; Shankleman, 2009; Weidner, 2011).

With 48 participating countries, and endorsements from various governments, leading financial institutions and multinational firms, several analysts have often relied on the EITI to make bold assertions about a growing convergence around "good governance" norms in the extractive industry (Barma, 2012; Goldthau & Witte, 2010). Consequently, a plethora of research projects have been rolled out to track the diffusion and compliance of EITI norms

[32] My use of "deep politics" in the study borrows from Catherine Boone's *Political Topographies of the African State* (cf. Boone, 2003:13).

among actors ranging from governments, companies to NGOs (see Aaronson, 2010; Garuba & Ikubaje, 2010; Gillies, 2010; Ölcer, 2009). However, alternative viewpoints have called for empirical validation of the assertions that have massed around the EITI, and question their viability given its reliance on voluntary compliance and focus on the revenue side of what is considered as a complex value-chain of resource exploration, extraction, and utilisation (Florini, 2010; Haufler, 2010; Kolstad & Wiig, 2009). For these critics, the EITI is not far from the broader institutional arrangements and social engineering projects that are meant to promote market-based solutions, especially in the extractive sector (ibid.). These critical viewpoints, coupled with less complimentary analyses of the experiences of countries, such as Nigeria and Madagascar, continue to challenge mainstream assumptions about norm convergence around the EITI and other technocratic governance blueprints for natural resource management (see Ocheje, 2006; S. Smith et al., 2012).

The centrality of Ghana in driving academic and policy debates around the EITI has come with flattering commentary about its impact on the extractive sector, which I discuss, in detail, in Chapter 6. However, it would suffice to say at this point that whereas the most ardent supporters of the EITI are often happy to admit to its focus on revenues and payments, claims about the structures and impact of the EITI in Ghana are often uncharacteristically bold. For instance, the 2010 validation report, presented Ghana as having "gone considerably beyond the basic requirements" of the EITI (IDL Group & Synergy Global, 2010:40).[33] Nonetheless, this uncritical portrayal of Ghana's EITI experience masks deep-seated tensions and weaknesses. Domestically, there is serious apprehension about the EITI's narrow scope, poor enforcement mechanisms, and virtually non-existent interlinkages with peripheral stakeholders in the extractive industry. Many critics also berate the EITI's prominence on the agenda of the country's donors for working to de-legitimise other home-grown and regional governance frameworks in the extractive sector. These criticisms took centre-stage during national consultations around the management of petroleum revenues, where the public, among others, called for the creation of an independent and home-grown alternative to the EITI, which led to the establishment of the PIAC (see Amoako-Tuffuor, 2011; Parliament of Ghana, 2010a).

By highlighting the conflictual dynamics of Ghana's EITI experience, I intend to make a broader statement about how global instruments, often informed by technocratic pretensions of "good governance" and apolitical facilitation of private markets, take on political significance at the domestic level without serving as a useful instrument of institutional

[33] Within the lexicon of the EITI, validation refers to an "external, independent evaluation mechanism, undertaken by a Validator procured by the International Secretariat."(See EITI International Secretariat, 2014b).

transformation. In line with the overriding argument of this study, I argue that whereas the EITI is an important instrument in institutionalising market-based and business-friendly principles, it remains a weaker tool for attaining political and institutional transformation in the extractive sector, especially in the petroleum industry.

### 1.7.2. The Local: Public Interest and Accountability Committee

Following from the previous sub-section, the adoption of the PIAC underscored an intriguing preference for alternative "good governance" solutions for the oil industry, which raises serious doubts about some of the bold claims that have accompanied GHEITI over the past decade.

The bourgeoning literature on Ghana's oil industry has offered noticeable commentary over the journey of PIAC, which began with public calls for enhanced and independent mechanisms of transparency and accountability to complement pre-existing institutions to secure optimum outcomes in the management of Ghana's petroleum revenues.[34] While noting their limited scope, these accounts have underscored the institutional and operational contours of the PIAC, as outlined in the PRMA, and the role of various actors, especially domestic civil society organisations, in its establishment. The government's poor commitment towards offering logistical (setting up a secretariat), financial (budgetary allocations and payment of allowances), and institutional (PIAC regulations) has been noted.

The emerging literature on PIAC is riddled by many empirical and normative gaps, which I seek to address in this study:

Firstly, it remains entrapped in the "good governance" narrative and does not critically engage with the normative undercurrents of PIAC. Within the "good governance" frame, the conception of PIAC appears less coherent and, sometimes, contradictory. Specifically, the Committee is often designated as a "citizens-based group," which serves as a "whistle-blower" and the "mouthpiece of the citizens" as far as the management of petroleum resources are concerned (Civil Society Platform on Oil and Gas, 2011:13).[35] However, other actors, especially Government officials, present PIAC, with more caution, as comprising representatives of civil society organisations, which acts like a "referee" between the executive and the legislature, as well as a supplement to the latter in its oversight responsibilities. As I demonstrate in Chapter 7, these subtle differences reflect a deeper tension between the advocates of the PIAC,

[34] cf. Obeng-Odoom (2012; 2014). Ramos-Mrosovsky (2012), Gyimah-Boadi and Prempeh (2012), Kopin'ski, Polus and Tycholoiz (2013), Boamah (2012)

[35] Also, field interviews with World Bank representative, Manteaw, Adam, Edjekumhene and Nyarko-Otoo, 2013.

particularly various NGO activists and external donors, and the political leadership in terms of what its role and place in the institutional frameworks of the oil industry should be.

The above point leads us to a serious empirical gap. The body of thoughts that went into PIAC, the different groups that were associated with them and how they shaped the institutional and operational outcomes of the PIAC have not been seriously accounted for and interrogated.

I attempt to fill these gaps by underscoring two main points: Firstly, contrary to the home-grown postulations that often accompany presentations of PIAC, it represents a situation where external technocratic blueprints and counter-reform tinkering by domestic political elites sidestepped bottom-up demands for independent and effective oversight mechanisms for the oil industry. Secondly, like various "good governance" technocratic fixes, PIAC remains an important instrument in legitimising less participatory and accountable mechanisms that rather strengthen predatory elite behaviour in the oil industry.

### 1.8. Outline:

This Chapter has provided a general overview by delineating key questions, arguments, theoretical contributions and the general scope of the study. The rest of the study is organised as follows:

The next Chapter outlines the epistemological orientation of the study and presents how the conceptual lens offered by a comparative institutional approach guided data collection. It also addresses questions about research ethics and reflexivity.

Chapter 3 engages with the normative and institutional expressions of the "good governance" concept by tracing how they have evolved from an initial concern with the politics of managing and distributing public resources to its current concern with market-enhancing structures. The chapter challenges, its rigour as a theoretical blueprint in tracking patterns that cumulate into optimal or sub-optimal outcomes in resource extraction and utilisation.

Chapter 4 provides a history of Ghana's institutional development and the enduring legacy of predatory politics that have been fuelled by the presence of economic and resource rents. It argues that Ghana's historical trajectory points to a successful transfer of market-oriented norms with poor outcomes in institutional transformation.

Chapter 5 traces the legacies of poor institutional reform and their impact on the early phase of the oil industry in Ghana. The chapter also delves into how the discovery of oil compounded the poor institutional and incentive patterns, amid heightened application of notable "good governance" initiatives.

Chapter 6 presents the case of GHEITI highlighting its key drivers within and outside Ghana, and its impact on the institutional landscape of the extractive sector, especially the oil sector.

Chapter 7 discusses the case of the PIAC, which is often associated with domestic, bottom-up and participatory processes. It provides first-hand account of the politics of institutional choice that went into PIAC's adoption and how they, in turn, undermined its transformative capacity.

The last Chapter draws some conclusions based on the study's objectives and offers a synthesis of the key discussion points raised in this study. It also outlines the critical analytical areas that need closer attention in building a transformative governance paradigm for Ghana and Africa's emerging petro-states, in general.

# 2.

# RESEARCH STRATEGY

*Ideas are not born of other ideas, philosophies do not beget other philosophies, but these are the ever-new expression of real historical development…Every truth, even though it may be universal and expressible in an abstract formula of a mathematical type…owes its efficacy to being expressed in the language of particular, concrete situations; if it cannot be expressed it is a Byzantine, scholastic abstraction, a pastime for phrase-mongers.*

**-Antonio Gramsci (quoted in Kołakowski, 2008:229)**

## 2.0. Introduction

According to a popular Ghanaian adage, "If you probe beneath the eyes of a corpse, you would find a ghost." For many Ghanaians, this saying is a reminder of the dangers associated with excessive intrusion into the affairs of others, especially that of powerful players in society. Implicit within this adage is a profound caution for researchers probing various questions in Ghana, against superficial strategies of inquiry. Based on the s ambit of the comparative institutional approach and comparative political economy, this Chapter maps out the strategies by which data was collected and analysed for this study. It begins by setting out the overarching theoretical approach of this study. This is followed by a presentation of the methods by which data was collected and analysed. The final section recounts the challenges and limitations of these techniques and analytical approach, and how they were addressed.

## 2.1. Analytical Framework and Implications

The real research, according to Abbot (2004), is not a monologue but a conversation that is typified by a continual interchange between "intuition" and "method." To capture this recurring dialogue between "intuition" and "method," Abbot has implored social scientists to iterate "scientific" rigour with "gambits of imagination," specifically defined in terms of the nature of arguments, description, and conceptual issues. Pearce (2010) reiterated this point when she observed that the tools for conducting research do not make sense without a broader methodological framework, and a theory of knowledge or epistemology that guides them, reiterated this view.

As outlined in the previous chapter, and to anticipate the theoretical propositions in Chapter 3, I have framed the analytical construct of this study within the broader context of explaining the challenges and outcomes of various reform efforts in Ghana's oil industry based on the purview of "comparative political economy" (see Payne, 2006) and "comparative institutional

approach" (Evans, 1995). Whereas the theoretical thrust of this approach has been explored, its methodological dimensions, especially in generating insights about the context and specificity of political behaviour, and institutional choices and outcomes, remain equally important (see Evans, 1995; Granovetter, 1985; Grindle, 2001; Migdal, 1988; Thelen et al., 1992). Additionally, they offer useful tools that straddle the multi-disciplinary boundaries of International Development, especially political science, anthropology, economics and sociology.

For some time now, there has been an enormous interest in studies exploring the institutional roots and consequences of government decisions and actions. Within this field, economists, sociologists, and political scientists alike have coalesced around a longstanding consensus that "institutions matter" for economic and political organisation and outcomes (see Acemoglu et al., 2003; Evans, 1995; North, 1990). However, as noted by Morgan et al (2010:2), this apparent consensus conceals a multitude of perspectives and issues. This contested site of institutional research is demonstrated by various analytical standpoints, including the "New Institutional Economics" (Coase, 1998; Williamson, 2000), "new institutionalism" (March & Olsen, 1983), "historical institutionalism" (Thelen et al., 1992; Thelen, 1999), "comparative institutional analysis" (Evans, 1995; Morgan et al., 2010), as well as conventional international/global political economy frameworks, like "open economy politics" (Lake, 2008). To navigate this complex analytical terrain and explore the research questions in detail, I drew from the investigative optic offered by comparative political economy and comparative institutional analysis. These analytical perspectives have emerged from a rich debate within the mainstream political economy literature. Given that they both emphasise comparative, or cross-country, analysis of institutional stability and the contentious processes and actors which permit incremental changes to happen, a number of scholars often use them interchangeably (see Beck et al., 2001; J. Campbell, 2010). Nevertheless, I highlight some subtle differences that are of interest to this study.

Mainstream political economists have sought to capture how economic and socio-political structures interact to shape individual and household choices. Its evolving landscape has been captured by the analytical distinction that has recently been drawn between "old" and "new" political economy (see Gamble et al., 1996; Payne, 2006). According to Gamble (1995), the distinctive elements of "old" political economy comprised three main features. These include; a practical policy discourse concerning the best means of regulating and promoting wealth creation; a normative project aimed at identifying the ideal form of the relationship between

the state (politics) and the economy (markets); and the scientific goal of uncovering the way political economy, conceived as a social system, actually operates.

The "new" political economy builds on the "old" and adopts an integrative approach that involves, among others, parsimonious theories, and analysis of the institutional and historical dimensions of basic socio-economic and political structures (Payne, 2006). The foundational features of the "new" political economy, as advanced by Besley (2007) include a tendency towards "theoretical eclecticism" where analysts have sought to; capture multi-dimensional policy spaces; undertake a constant iteration between data and theory; and explore alternative and cross-context institutional arrangements and variations for political choices. Besley (ibid.) also notes that the new political economy recognises the role of information and knowledge in shaping political and economic outcomes within specified domains at the local, national and international levels.

Comparative political economy has been linked with the "research agenda" of the "new" political economy (Payne, 2006:6). Its focus, as outlined by Payne (ibid.), is on "regulation and the policy regimes and institutional patterns which characterise alternative models of capitalism." Its resonance with the objectives of this study relates to the external dynamics of institutional change. Specifically, comparative political economy is helpful in highlighting how "good governance" initiatives, like the EITI and PIAC, take on normative and institutional significance at the global and national level. Within the broader ambit of global political economy, analysts from this stream reject the lines that are often drawn between structure and agency, politics and markets, as well as the sterile state versus globalisation debate (see Cerny, 1997; Palan, 2013; L. Weiss, 1998). They also treat structuralist narratives, such as the state-centric postulations of realism, the unqualified optimism of liberal institutionalism, new medievalism and transgovernmentalism, and the expressed pessimism of dependency and world systems theory, with scepticism (Gilpin, 2002). Additionally, comparative political economists understate the dichotomies that are often drawn between "high politics" (states) and "low politics" (markets), and underscore how each of them constrain, or enhances, the smooth operation of the other (see ibid.).

On the other hand, comparative institutional analysis has found voice among scholars who have sought to bring either cross-country or context-driven perspectives to bear on the understanding of institutions at the level of the state. Drawing from sociologists, like Karl Marx, Max Weber, and Talcott Parsons, comparative institutionalists often argue that political behaviour is rooted in context and specificity, and that, to be useful, theory must be able to evoke, explore, and explain this complexity and specificity (Grindle, 2001: 348). As succinctly

put by Grindle (ibid.), these analysts understand the key political actors as groups, classes, interests, or other collectivities whose interactions are embedded in historical context and marked by ongoing contests for power, policy control, and distribution of economic and political resources.

The significance of comparative institutional analysis has, for long, rested on a resistance against the predominance of economistic analysis within political economy, both in its "old" and "new" variants. Analysts who sought to model political behaviour on economic tools, especially assumptions about the centrality of self-interest and rational choice (Grindle, 2001), rose to prominence from the late 1980s. Among others, they attempted to unravel the economic basis of government decision making and the reciprocal effects of political coalitions on economic performance (see Bates, 1992; A. Goldsmith, 1987; Krueger, 1974; J. Robinson, 2010; Schamis, 1999). These analyses morphed into the New Institutional Economics school which, led by scholars like North (1990), Greif (2006), and Acemoglu et. al. (2003), have been credited for not only "rediscovering the state," but also offering solutions to problems related to transaction costs, information asymmetry, and collective action. Their prominence, within the academic and policy sphere, attracted intense criticism, especially for their tendency towards "methodological individualism" and narrow focus on markets and micro-foundations of policy choices (Lewis, 2009). Even among economists, there is some disillusionment against the failure of New Institutional Economists to establish an "empirically grounded linkage" between institutions and economic growth (see Mkandawire, 2009). Critics have associated this school with "neoclassical economics" (Lewis, 2009) or "neo-utilitarianism" (Evans, 1995) foundations and questioned their viability in uncovering issues related to the non-economic aspects of socio-political interactions. Others, such as Moore (2005:267), have even accused rational choice and other economic models of undermining any prospects of "inclusionary politics."

The main objective of this study to probe the interplay between "good governance" initiatives and institutional outcomes in Ghana's oil industry has a closer affinity with the comparative institutional approach. Its strengths, to paraphrase Evans (1995:19), lie in the call to move away from the reductionism of economistic approaches, and locate state policies and societal responses within larger institutional context that produces them, and show how that context defines interests, aspirations, strategies, and outcomes. In addition, it rejects any treatment of the state as a "reified monolith" and recommends that assertions of institutional outcomes must be placed within analysis of the actions of specific groups and organisations (ibid.). I combine the insights regarding contextualised and historical dynamics of institutional and

political reform with the internationalised dimensions of the "comparative political economy" to explore how the norms and processes associated with "good governance" take on significance at the global level, are deployed and internalised among various drivers of reform within the domestic context of the oil sector.

The analytical perspectives, outlined so far, and their corollary methodological dimensions, are crucial in positioning this study within the vast number of academic works that have probed similar issues within the political economy of natural resources, in general, and oil, in particular. As demonstrated by analysis offered by Sachs and Warner (2001), Auty (1998; 2004; 2007), Herb (2005), Dunning (2005; 2008), and Humphreys, Sachs, and Stiglitz (2007), economistic models have had an enduring influence on debates about resources and development. Within this strand of analysis, there has been strenuous effort to regress oil resources with a number of independent variables ranging from democratic regimes (Dunning, 2008; Herb, 2005; J. Robinson et al., 2006), institutions (Mehlum et al., 2006), economic growth (Brunnschweiler, 2008; Sachs & Warner, 2001), armed conflicts and violence (Basedau & Lay, 2009; Dunning, 2005; Ross, 2004), rent-seeking behaviour (see Ross, 1999), and trust (Kolstad & Søreide, 2009).

Despite their long-standing presence and attraction, economic models have failed to establish the significance and direction of any relationship between natural resources with various aspects of broader development processes. To borrow from David Knoke (1994:18), even when successful, the estimates offered by economic models purport to measure stable effects of causal variables while the "black box of flesh-and-blood interactions" remains closed to view.

On the contrary, many insightful accounts of the interactions between resources and development outcomes have emanated from sociological, historical, and political analyses (see De Oliveira, 2007b; Karl, 1997; Luciani, 1987; Patey, 2010; Vandewalle, 1998; Yates, 2012). Here, the empirical objective, as set out by established researchers like Karl (1997), De Oliveira (2007b), and Barma (2011), is to find heuristic devices and methods that could trace how political and economic choices are structured over time and offer a comprehensive assessment of the domestic politics of petroleum exporting countries.

The growing importance of non-economic models of political economy has been evident in the budding literature around Ghana's oil industry. While noting the general lack of methodological rigour around this body of analyses in the industry, bourgeoning academic insights, such as those offered by Kopiński et. al. (2013), Obeng-Odoom (2014b), and

Darkwah (2013), have emphasised research techniques akin to the sociological and historical approaches.

## 2.3. Data Collection Techniques

The perspectives offered by non-economistic accounts of political economy have been explored through quantitative and qualitative data collection techniques, with a conspicuous dominance of the latter (see A. Bennett & Elman, 2006; Bowen & Petersen, 1999; Capoccia & Kelemen, 2007; Mahoney & Rueschemeyer, 2003). To explore, in-depth, the context-specific, and multi-level and varying spatial/temporal dynamics of this study's objectives, I drew on a variety of research strategies within the qualitative tradition.

Qualitative research is geared towards uncovering how the world is viewed, experienced, and constructed by social and political actors (W. J. Johnston et al., 1999; Mahoney & Goertz, 2006; May, 2011). It takes socio-economic and political processes as embedded in contexts that are "value-laden," and subject to multiple interpretive frames (see F. Fischer, 2003; Keightley, 2010; Mahoney & Goertz, 2006; May, 2011). The notion of *interpretism* associated with qualitative studies suggests that events acquire meaning which is assigned to them through interaction (ibid. Abbott, 2004). Hence, in contrast to positivist postulations that maintain that social life can be measured, qualitative studies claim that reality is a social construct, and rejects decontextualized and universal measurements (ibid.; Mertens, 1998; Travis, 1999; VanWynsberghe & Khan, 2008). As observed by Denzin and Lincoln (1994), qualitative researchers stress the socially constructed nature of reality, the inextricable relationship between researcher and researched, and the situational constraints that shape inquiry. They also seek answers to questions that probe how social experience is created and given meaning (ibid.). Consequently, the qualitative approach has led to a variety of empirical materials that include introspective, life story, interview, as well as historical and visual texts. The methods to access this array of empirical information are designed primarily to access opinions, aspirations, and power relations in order to describe routine and problematic moments as well as meanings in individual's lives (ibid.; W. J. Johnston et al., 1999). For this study, I employed semi-structured interviews, archival and documentary sources, and non-participant observation.

### 2.3.1. Case Study

To capture the depth and complexities of the issues raised in this study, I undertook an in-depth case study of Ghana, examining various drivers and outcomes of institutional and political reform, focusing on the oil industry. The methodological objective for this approach

is to describe different cases or societies in rich detail with extensive attention to history, culture, and social context (cf. M. Johnston, 2005:4). Despite well-cited weaknesses, which I revisit later in this chapter, case studies are extremely useful for detailed and holistic analysis, especially in uncovering historical sequences and "interaction effects" within one or more cases (A. Bennett & Elman, 2006:259). They also call for an intensive and in-depth focus on specific unit(s) of analysis, with close attention to place and time (Merriam, 1988; VanWynsberghe & Khan, 2008; Yin, 2013). Within the comparative literature, interest in the case study approach has grown immensely. This has led to a shift from the animated controversy over the choice between *small-n* and *large-N* analysis (see Goldstone, 1997; Rueschemeyer & Stephens, 1997), towards an emphasis of various strategies of inferences and their underlying logic (Mahoney, 2000b; 2007).

I approached this study from the perspective of a single "within case" and "intrinsic" case study (see A. Bennett, 2004; Mahoney, 2007). In contrast with cross-case comparisons, within-case analytical techniques are meant to gain insight into the "conjectural" patterns linking various variables within a specific area, and to describe them accurately in terms that may apply to other areas (DeLeon, 1997:21). Another point of distinction relates to the "intrinsic" nature of this study, which is meant to explain specific phenomena linked to the political economy of institutions in the oil industry (see Stake, 1995). This approach differs from "instrumental" case studies, which attempt to make sense of abstract phenomena or build a theory (ibid.). Hence, whereas I make some references to the "good governance" paradigm, and various reform initiatives, the key emphasis in this study lies in explaining specific phenomenon linked to the political economy of institutions in Ghana's oil industry. Linked to this "intrinsic" goal are more "explanatory" tools meant to uncover linkages in "real-life interventions that are too complex for survey and experimental strategies" (Baxter & Jack, 2008:547; Yin, 2013).

A longstanding pitfall of the in-depth case study relates to "explosion" of research objectives, given the propensity of researchers to track multiple layers of putative explanations (see Baxter & Jack, 2008; Creswell, 2013; Stake, 1995). To mitigate this problem, researchers have been advised to "bind" the case by distilling clear aspects of the case under investigation (ibid.). As outlined clearly in the previous chapter, this study has an expressed goal of tracing the trajectories of institutional reforms in Ghana's oil industry. In addition to the theoretical and analytical justifications, which I outlined in the previous chapter, I settled on these issues within the context of Ghana based on other practical considerations, which are linked to my familiarity with, and extensive network in, the study area. Consequently, data collection for this study could be traced to an interest that pre-dated my PhD study, which began in 2012.

Throughout this period, I conducted extensive survey of internet resources as well as other academic and policy publications related to the broader areas of this study. I also had informal interactions with some colleagues, based in Ghana, and members of the Political Science faculty at the University of Ghana. The multiple information sources that I accessed during this period and exposure to academic insights outlined in the vast literature, especially on natural resources and development, constituted invaluable baseline information that enabled me to delineate various aspects of the case study.

### 2.3.2. Interview

Between June and December 2013, I conducted semi-structured interviews with a range of informants, including government officials, politicians, members of parliaments, civil society and community activists, public servants, business actors, representatives of external development agencies, labour activists and academics who are directly involved with, knowledgeable, or identify themselves as "stakeholders" of different aspects of this study.

I interviewed officials from governmental organisations, including the Ministry of Finance and Economic Planning, Ministry of Energy and Petroleum, Ministry of Lands and Natural Resources, Bank of Ghana, Environmental Protection Agency, Petroleum Commission Ghana, Office of the Administrator of Stool Lands, Petroleum Commission, Ghana National Petroleum Corporation (GNPC), Ghana Revenue Authority (GRA), and the Africa Peer Review Mechanism Secretariat. Within the legislature, I interviewed parliamentarians serving on the legislative committees in charge of energy, mining, finance, and public accounts. Respondents also included officials and members of the Ghana Extractive Industry Transparency Initiative (GHEITI) and Public Interest and Accountability Committee (PIAC).

My interviews involved actors from various non-state organisations. Examples include the Civil Society Platform on Oil and Gas, Integrated Social Development Centre (ISODEC), Third World Network Africa, Institute of Economic Affairs, *WACAM*,[36] Ghana Anti-Corruption Coalition, Ghana Integrity Initiative, Ghana Trades Union Congress, General Transport Petroleum and Chemical Workers Union, and the African Centre for Energy Policy (ACEP). I also interviewed business representatives from the Ghana Chamber of Mines, HESS Corporation, and Kosmos Energy. Donor agencies, like the World Bank, International Monetary Fund, UK Department for International Development (DfID), were also selected

[36] WACAM was previously an abbreviation for Wassa Amenfi Association of Communities Affected by Mining. However, since the organisation has expanded its engagements beyond the scope of community advocacy in Wassa Amenfi, its name has changed to *WACAM,* which, in the local parlance, translates as "you have provoked me" (interview with Koranteng, 2013).

for interview. In the Western Region, I interviewed a number of local government officials, parliamentarians, and activists who were drawn from the Friends of the Nation, a grassroots' organisation based in Takoradi.

I selected interview respondents through a purposive and snowball sampling technique. Purposive sampling means that respondents were chosen based on their knowledge or strategic association with the objectives of the study (see Hasson et al., 2000). The snowball sampling involved a process whereby initial set of interviews led to the identification of subsequent respondents (Tansey, 2007).

Three main reasons rendered the interviews suitable for this study:

Firstly, their semi-structured nature, based on an extensive and well-researched thematic guide, enabled me to explore the research questions and allowed respondents to clarify certain events, share personal points of views, and suggest new directions for the study (Longhurst, 2003; May, 2011).

Secondly, as observed elsewhere by Berry (2002) and Ratbun (2008), the purpose of interviews is generally to go in-depth in a way that second-hand sources, archives, or surveys do not allow. Similarly, the interviews provided me with a rich profile of first-hand accounts, especially concerning internal organisational processes as well as different forms and rationale for specific personal and organisational standpoints.

Thirdly, I elicited much information from life histories and narrated accounts from the interviews. By life histories, I am referring to the subjective experiences of individual social and policy actors and their constructions of the social world (Avital, 2000:670; Berg, 2009:297). To borrow from Keightley (2010:63), these narratives were crucial in opening up the "interpretive space" between documented accounts and "orated accounts," and enabled me to get a more sophisticated understanding of the key lines of enquiry in this study.

### 2.3.3. Archives and Documentary Sources

A significant body of data was collected from archival sources and secondary documents. Archival data includes documentations of previous transactions by governmental agencies and other organisations (W. R. Crawford, 1941). According to Marshall and Rossman (2014), the history and context surrounding a specific setting come in part from reviewing documents. Consequently, I employed archives to set out the context of the research and trace evolving patterns of institutional development and reforms, generally in Ghana, and specifically within the oil industry.

Data collected from this strand, to mention a few, included records of parliamentary debates, accounts of various engagements in speeches, policy documents, development plans, academic publications, and newspapers. In addition, I accessed several publications from the organisations and agencies that were selected for the study through either their official websites or their libraries, as well as newspaper articles and commentaries in the Ghanaian media. External publications of organisations such as the EITI International Secretariat and the World Bank, as well as documents of other countries, which provided instances of "best practices," such as Timor Leste and the United States, also formed an important segment of secondary documents used in this study. I also accessed other pieces of legislation, like the Petroleum Revenue Management Act, 2011, Petroleum Commission Act (2011), and Petroleum Exploration and Production Law (1984).

### 2.3.4. Workshops and Non-Participant Observation

The third component of data for this study was collected through non-participant or unobtrusive observation. The true value of this approach was offered by the extensive fieldwork, which I undertook in 2013. Immersing myself in the country of study was helpful in unveiling various information sources that were not anticipated at the formative stages of this study (see Yin, 2013:92). Additionally, through informal interactions with various policy actors and ordinary people, including taxi drivers, passengers in commercial vehicles, and friends, in Accra, Kumasi and Sekondi-Takoradi, I captured public perspectives on various issues raised in this study. In Sekondi-Takoradi, for instance, these informal interactions were critical in uncovering different grievances in the oil industry, as well as, how they are given voice, or eclipsed, by the various reform initiatives that I have selected for in-depth study.

I participated in events, such as the Government's National Policy Fair in 2013, where various government agencies presented and explained different national policies, meetings, and workshops with the organisations under study. In addition, I observed two dissemination workshops of the GHEITI, and accessed minutes of various meetings of GHEITI as well as PIAC. Through a partnership with Friends of the Nation, I participated in the National Stakeholder's Forum on Oil and Gas in September 2013, which was followed by another regional consultative forum on various aspects of my research in the Western Region. These events were useful to develop a more in-depth understanding of the study area and the environment within which both the actors and institutions under scrutiny operate. In the Western region, the consultative workshops were pivotal in gauging some of community viewpoints about "good governance" initiatives in the oil sector.

### 2.4. Data Analysis

I recorded and transcribed semi-structured interviews and organised archival and secondary data along categories of interest in this study. These were complemented with daily field notes, which I took based on intuitive interpretations of various data that I accessed, discussions in the local media, interactions with ordinary people, and participation in workshops and other events.

I subsequently verified the data through various forms of triangulation. This technique involves the use of multiple data sources with a similar focus to obtain diverse information about a research question (see Denzin & Lincoln, 1994). For many social scientists, triangulation serves as an important validation instrument for discovering "objective" reality (see Blaikie, 1991; Seale, 1999). In line with the methodological approach of this study, I employed triangulation to verify the consistency of some aspects of the data and, most importantly, explore the depth and scope of theories and perspectives outlined here (see Flick, 2004; Seale, 1999).

To make sense of my data, I undertook interpretative content analysis, process tracing, and "critical" discourse analysis:

Content analysis involves "careful, detailed, systematic examination and interpretation of a particular body of material in an effort to identify patterns, themes, biases, and meanings" (Berg, 2009:338). Similarly, through various stages of transcription, re-reading of my field notes and other documentary data, as well as different levels of triangulation, I could generate key themes from my data. I completed these processes, based on an extensive review of the academic literature, and continuous iteration of my research questions, initial theoretical constructs, and the field data. By iterating between data and theory, I was able to refine my initial assumptions, critically link them with my data, and situate the key themes within the wider academic literature, in a manner akin to various recommendations in the social science literature (Hammersley & Atkinson, 1983:159; Yin, 2013:133).

Another dimension of data interpretation relates to making sense of the historical and archival data, drawing inferences from the past, and establishing linkage with current aspects of the study. I approached this aspect of the study, based on Berg's (2009:297) position that historical research extends beyond a mere collection of incidents, facts, dates or figures. Rather, it includes relationships among issues that have influenced the past, continue to influence the present, and will certainly affect the future (ibid.). Likewise, the historical and archival data in this study offered an invaluable toolkit by which I interrogated the unique significance of

sequence of events, structures, and processes that underlie my key questions and objectives (March & Olsen, 1983). I accomplished this, by employing the tools of process tracing, which often involves looking at observable implications of putatively causal mechanisms in operation in a given case under study (A. Bennett, 2004; 2008). In line with the analytical perspectives expressed in this study, the process tracing tools, employed here, traced temporally and spatially bound instances within Ghana's institutional trajectory and the experience of GHEITI and PIAC (A. Bennett, 2008:704).[37] Among its strengths, this approach offered an opportunity to undertake a compelling reconstruction of the key decisions and choices that produced certain outcomes (Capoccia & Kelemen, 2007:358).

Finally, I relied on the tools offered by "critical discourse analysis" (see Bohman, 2004; Caldas-Coulthard & Coulthard, 1996). In a broader sense, discourses include "talk," "writing," and "discussion," and are often viewed not merely as a means for conveying information or for public discussion, but also for contestations and challenges around policies and practices (Bohman, 2004:156). Consequently, to paraphrase Karlberg (2012:16), efforts at conceptualising discourse rest on an underlying premise that language, or language use, concurrently reflect and construct socio-political and mental realities. Within the social sciences, this conception has encompassed two main approaches:

On one hand, "constructive" perspectives, construe discourse as a "rule-governed activity," with an empirical and normative goal of uncovering and developing explicit political and legal institutions that permit or undermine various discursive practices (ibid: 156-157; also see Habermas, 1984; Rawls, 1999). Within institutional and organisational studies, the recrimination against this approach is captured by Mohr & White (2008), who observed that:

> interpretive frames at the institutional level are not immediate and specific; they are general and abstract; and they are collective rhetorics that are known, shared, and embraced as orienting devices for the construction, consumption, and bundling of stories across different netdoms [domains of social networks](quoted in Jackson, 2010:77).

On the other hand, "structuralists," like Bourdieu (1991) and Foucault (1977), stress "deep linguistic structures" and their ramifications on relations of power (Bohman, 2004). Here, a distinction is often drawn between "hegemonic" discourses and how they subvert "counter-

[37] Process tracing, is not just typical to the qualitative tradition. It is also employed "rational choice" and quantitative studies, particularly to uncover and test a theoretical hypothesis that helps to explain a vast range of cases (Capoccia & Kelemen, 2007:358).

hegemonic" discourses (cf. Barnett & Duvall, 2005). Whereas power relations embedded in discursive processes remain compelling, the assumption that institutions are static and that participants in various social and political processes are, to borrow from Wilson (2001:406), "interactional dopes" who are unable to make choices, is less convincing.

The importance of "critical discourse analysis" is that it tries to build on the strengths of both constructive and structural elements of discourse analysis. In the words of Bohman (2004:157), "it seeks a theory that is normative without relying solely on idealisations and counter-factual ideals and empirical without becoming sceptical of all attempts to institutionalise discursive practices." In this regard, critical discourse analysts insist that isolated words and sentences within political discourses could only derive meaning only from the context or "reflected form" (Leech 1995 in J. Wilson, 2001; Wodak & Fairclough, 2004). Additionally, they describe and explain how power is enacted, organised, reproduced, legitimised, or resisted by the text and talk of dominant or marginalised groups and institutions (see Van Dijk, 1996). Similarly, in interpreting my data, I acknowledge that the discourses around institutional reforms, either in terms of conditionalities attached to foreign loans or, currently, "good governance," need to be situated within the context of concrete shifts in policy outcomes and the socio-political and economic power wielded by various agents. Here, and to re-state an overriding argument in this study, I draw a contrast between various permutations around the dominant discourse of institutional reforms, and the static outcomes in terms of substantive policy changes. Within the institutions and organisations, where data was collected, I consciously drew a distinction between narratives of personal experiences, and the official institutional narrative (see Linde, 2001).

### 2.5. Reflexivity and Limitations

Intrinsic within the qualitative approach is a rejection of the possibility of "social facts." As hinted earlier, this position is informed by an overriding assumption that so-called social facts are embedded in specific socio-cultural and political contexts that are value-laden (F. Fischer, 2003; Mahoney & Goertz, 2006; May, 2011). It implies that social facts do not speak for themselves and that the meanings and inferences that are drawn are often located within contexts and values, which must be made explicit and interrogated (King et al., 1994). In addition, researchers are not essentially "neutral" observers to the phenomena they study and that prior interests and bias could shape different stages of the study and possible inferences. The strength of this study is that I reflected deeply on the methodological and ethical dimensions of the strategies of inquiry.

One of the limitations that have been widely acknowledged by social scientists, both from qualitative and quantitative circles, relates to prior beliefs that find themselves into even the "most scientific-seeming analysis" (Milberg & Winkler, 2013:10). Schumpeter (1994 in ibid.), who described this phenomenon as "vision," considered it as a "pre-analytic act," and linked it with ideological orientation. In his words;

> Analytic work begins with material provided by our vision of things, and this vision is ideological almost by definition. It embodies the definitions of things as we see them, and wherever there is any possible motive for wishing to see them in a given rather than another light, the way in which we see things can hardly be distinguished from the way we wish to see them (Schumpeter 1994, 42 in Milberg & Winkler, 2013:10).

Within the social sciences, "vision" is considered as an inevitable aspect of research, given that that the researcher is both an "observer" and "participant." Nonetheless, a problem of "investigator effects" arises when prior limitations associated with the researcher's vision unconsciously affect outcomes (Philips, 1976:14).

One of the effective ways to deal with this problem, as outlined in the social science literature, is through the process of reflexivity, which involves a strategy for situating knowledge as a means of avoiding "false neutrality and universality"(Rose, 1997:306). Reflexivity entails engagement with alternative lines of interpretation, and re-interpretation of the "favoured line(s) of understanding through the systematic involvement of alternative points of departure" (Alvesson & Skoldberg 2009 in Alvesson, 2003:14). In this sense, the analytical standpoints outlined here, and the continual intermixing between data and theory, which I adopted in the analysis were meant to not only convey my personal "vision," but also enhance the rigour of this study (cf. Abbott, 2004; Milberg & Winkler, 2013). As I demonstrate in detail in the next chapter, this standpoint is informed by an extensive engagement with the literature as well as research on different facets of the subject under investigation.

Another challenge, linked to "investigator effects" and reflexivity, may arise out of a failure to look "inward" to the identity of the researcher and "outward" to his/her relation to the researched (Rose, 1997:309). In this regard, being a Ghanaian who grew up and studied in Ghana offered enormous benefits, especially in appreciating and accessing the research context. Some established scholars, like Liamputtong (2010) and Song & Parker (1995), have underscored the significance of socio-cultural knowledge and commonality, including language, in the discovery and interpretation of empirical material. Nonetheless, the enriching potential of being an "outsider within" (see Collins, 1999; Pitman, 2002; J. Watts, 2006), is equally undermined by some difficulties. This was particularly challenging given the Ghanaian

context where one's surname, for instance, is often associated with some social and partisan groups.[38] In this sense, building trust and establishing credibility with various informants was paramount in setting up this research. My "outside" status as researcher from the University of Oxford, which I demonstrated through official documentations and letters of introduction partly proved useful in establishing some credibility with my research respondents. In addition, I established a wide-ranging network of support from various in-country "gate-keepers," at the University of Ghana and other domestic researchers, to build some credibility and gain access to a significant number of my informants about the study.

Whereas I have so far conveyed the strengths and rationale for adopting the various strategies of inquiry for this study in this Chapter, I am equally not oblivious to some of their limitations or the alternative perspectives that have been advanced against them.

Within the comparative studies tradition, the limitations of the single case study, which I have adopted in this study, are well known (see A. Bennett, 2004; Harrits, 2011; Lieberman, 2005). Here, there is a popular perception that case studies are conducted as "second-best" alternative to a more "expensive" large-scale research (DeLeon, 1997:20). According to critics, *small-n* analysis lacks predictive power and offers a slim basis for generalisation (DeLeon, 1997; Mahoney, 2007; VanWynsberghe & Khan, 2008). In addition, as I alluded to earlier, by looking at possible explanations within a specific unit, an in-depth case study could suffer from a tendency towards answering questions that may be too broad for practical engagement within the scope of one study (Baxter & Jack, 2008:546). In the case of the political economy of natural resources, these criticisms were captured by Terry Karl (1997), who underscored the importance of comparative case study methods, particularly in examining whether a given framework form a "generalizable" pattern across a set of countries. In her words:

> once incentive structures are in place, the elaborate games between organised interests, bureaucrats, leading government officials, and other actors who chose to target the state may be modelled schematically, but only detailed case studies can illustrate how frameworks for decision-making are constructed, the power relations they embody at a particular time, and why they vary-which is the key to understanding different development trajectories (Karl, 1997:XVII).

[38] Names are important segments of Ghanaian culture as they often reflect the bearer's identity, kinship and ethnic origin (see Afful, 2006; Odotei, 1989; Quartey-Papafio, 1914). My surname "Oppong," is usually associated with the Akan ethnic group, which I belong. Since the return to democratic elections in 1992, voting patterns suggest that the Ashanti region, where most Akans are based, is sympathetic to the New Patriotic Party (cf. Ichino & Nathan, 2013:347-8).

While recognising the wisdom of cross-case analyses, I share with Nugent (1999:288), who observed in a commentary on democratisation literature in Africa that, "in practice, it is often difficult to dovetail the big picture with the subtleties of the local situation." Consequently, in response to claims about generalisability, I emphasise the *intrinsic* and *explanatory* dynamics of my case study design. To paraphrase Deleon (1997:21), if statistical or theoretical inferences were the goal, then claims about weak generalisability against single case study would be a real limitation. Nonetheless, when conducted in the spirit of "good description" (King et al., 1994:45), as hinted earlier by Terry Karl, well-designed case studies put explanatory theory and statistical inferences on the right track.

An ardent support for single case study mounted by VanWynsberghe and Khan (2008:85), for instance, insisted that the similarities and differences found among the phenomenon of interest in case study enable the researcher to expand the scope of the theory that guides or emerges from the original case. Citing the examples of E. P. Thompson's polemic against Marxist accounts of class formation in *the Making of the English Working Class* (1963), Robert Michel's "iron law of oligarchy" based on his encounter with the German Social Democratic Party, and *the Union Democracy* by Lipset, Trow, and Coleman in 1956, Rueschemeyer (2003) also observed that the study of a single case can do more than merely generate "initial hypotheses." Rather, it can develop new theoretical ideas, put them to test and use the results in the explanation of outcomes (Rueschemeyer, 2003:307). One of the points I make in the next chapter, for instance, is that by being a middle-sized oil exporter, Ghana could perhaps help us to understand the political economy of similar democratic and "well-governed" emerging oil producers in Africa, as presented by countries such as Kenya and Uganda.

Another challenge mounted in the methodology literature relates to the limits of interviewing. These criticisms generally stem from theoretical perspectives against the emphasis that interview techniques place on "complexity" and "context" to the detriment of objectivity, parsimony, and generalisability (Berry, 2002; Rathbun, 2008). Many political scientists, particularly those who share with rational choice or "formal frameworks," insist that interviews have a "dubious status," largely because they represent "opinion" rather than "fact," and, given that politics is about power, the interview process could eventually lead to the "strategic reconstruction" of events to suit the more stakes of interviewees (Rathbun, 2008:689). While reiterating the insights from the qualitative approach, especially regarding the rejection of "social facts," I have taken the critique associated with power and "strategic reconstruction" seriously, especially in probing issues linked to the politics of reform in the oil industry. For the most part, I employed triangulation techniques to address these problems. In addition, the

semi-structured nature of my interviews enabled me to concurrently explore various questions in broader scope and enhance comparability of different responses.

Another common limitation with interviews relates to what Bulmer (1983) has labelled as "errors of recall". This limitation refers to situations where a participant may lack the capacity to recall "facts" or may be uncomfortable to give out certain information (ibid.). Errors of recall could emerge from instances where researchers fail to frame interview questions in respondents' terminology (Neale, 1958 in Bulmer, 1983:206). I addressed this challenge by pre-testing my interviews with friends and colleagues where I received useful feedback on how to frame questions. In addition, I continuously revised the interview guide over the course of the interviews based on prior experience with respondents.

Errors of recall also emanate from respondents' incapacity to recall facts simply because they do not remember or are apprehensive about potential responses. I encountered these instances during my fieldwork. In many instances, these were explicit as respondents acknowledged inability to recall through either organisational and ethical requirements or sheer forgetfulness. Consequently, I offered the opportunity of anonymity to respondents based on well-established guidelines, and approval, from the University of Oxford. Indeed, even in instances where respondents waived their right to anonymity, I have applied judgement not to link them to sensitive information in this study. The few respondents whose identity has been disclosed in the study are based on explicit consent and for copyright reasons.

The subtler forms of errors of recall became known when I later discovered some interview claims to be inconsistent with others drawn from different sources. Indeed, various social science researchers have conceded that this is the most difficult weakness to overcome in the interview process (see Rubin & Rubin 1995 in Rathbun, 2008). Nonetheless, it underlines the essence of Rathbun's (2008:694) counsel directing researchers to understand the specific bureaucratic, political, or ideological position of respondents. By relying on semi-structured interviews, I could tailor my questions to fit different categories of respondents. I also benefitted from extensive consultation of publicly available data that enabled me to build a profile of each of my respondents prior to interviews (cf. Berry, 2002:680).

Whereas, errors of recall raise serious methodological issues, there are instances when they could be enriching, especially in highlighting competing claims and the subtle political economy nuances that underlie the subject of enquiry. For instance, in some cases where there was disjuncture between interviews and other sources of narratives, I employed them to

highlight the differences between expressed and actual statements of intent towards "good governance" reforms in the oil industry.

Various researchers have reported challenges in accessing organisational data. As repositories of institutions and actors that are inherently dynamic and complex, government agencies, civil society groups and firms, which were the focus of this study, are conflict-laden spaces (see Almond, 1958; Maheu, 1995). Besides, information shared by various respondents are mostly "constructed" claims that generally reflect organisational interests (see Manning, 1989; Small, 1995). Data collected from organisations may reflect conflicts and contestations within and across them. Contested data could feature especially in organisations experiencing internal leadership struggles. Constructed information could also impair the ability of respondents to disclose, or comment on, certain issues during interviews. I minimised the effects of "constructed" and "contested" organisational data by expanding data sources to capture information within and outside sampled organisations (Alvesson, 2003).

Other potential challenges to accessing organisational data pertain to their inherently dynamic nature. A case in point relates to my fieldwork, which coincided with a political transition following the 2012 general elections, and a protracted election petition hearing at the Supreme Court, which was initiated by the opposition New Patriotic Party (NPP). Various institutions and policies, including the Petroleum Revenue Management Law, 2011 and the Petroleum Exploration and Production Law (1984), were under revision. Hence, there was some uncertainty among various informants about the effects of these possible changes on a few claims they made during interviews. Consequently, I tracked changes to critical areas of my data by monitoring news in the Ghanaian media and updates from government sources, even after my fieldwork.

While reiterating the quality of the data collected for this study, there is a conspicuous limitation in terms of inadequate information about the voice of private firms in the oil industry.

As I outlined at the onset of this study, a key component of the analysis offered here relates to tracking the role of key actors in patterns of change and continuity in Ghana's oil industry, of which petroleum companies remain an integral part. Consequently, in setting up this research, I envisaged a much stronger voice for private-sector operators, especially domestic and international upstream companies, who operate in the upstream sub-sector of the petroleum industry. Nonetheless, I encountered several challenges in securing access from this group of respondents. In the field, I resorted to several attempts to secure interviews and access internal

documents, including official letters, emails, follow-up calls and personal visits to various offices, which mostly proved futile. In a couple of instances when interviews were granted, there was visible reluctance to give information, as I was directed by respondents to check out information on company websites and press releases. Though not explicitly stated by the companies, their reluctance could be explained by two main factors:

Firstly, field notes from telephone conversations, when I tried to set up appointments, indicated a general sense of mistrust against researchers, given a very strong perception that they share similar orientations and beliefs with NGO activists, who were accused for "always twisting the facts" to "paint oil companies black." This point is demonstrated, more explicitly, by one of my rare interviews with a company executive, which ended abruptly, when I enquired about the company's compliance with PIAC's recommendations. More specifically, the respondent retorted:

> …some of them [the PIAC and NGOs] have misreported. And later on, they find out that there were some mistakes…So, if it is credible recommendations we would definitely take them on board… You see, you are also speaking for them [the NGOs], why are you not speaking for [name of company withheld], now you are speaking for the civil society, meanwhile you are doing research [insertion mine] (interview, 2013).

Secondly, other factors related to different practical challenges since the oil industry was at an early stage of production accounted for the difficulty of access. During my fieldwork, many private oil companies were still in the process of setting up fully functioning offices to cater for concerns other than those related to technical production. Notably, in contrast to the mining sector, where the Ghana Chamber of Mines, acts as a central coordinating body for various companies, there was no similar body for the upstream companies during the fieldwork. Whereas there were several organisations purporting to represent private sector oil firms, including the Ghana Chamber of Oil and Gas and the Exploration & Production Forum, they were at a formative stage.

Another category of actors that I did not adequately capture during interviews relates to traditional leaders, especially those in the Western Region, who wield immense influence in the oil industry. Notwithstanding the fact that Ghana is a constitutional republic, traditional rulers play a significant role as guardians of natural resources, particularly land, and remain custodians of customary law and institutions that legitimise different aspects of state-society interactions in the country. As I demonstrated in the previous chapter, chiefs in the Western region have been at the forefront of articulating community demands for allocation of ten percent of public revenues derived from the oil sector. In Chapter 6, we will also witness how the role of

traditional rulers have been formalised under mineral legislation to receive and manage disbursements for the development of mining communities. Besides, Chapter 7 will present different claims from Parliament and oil communities to incorporate traditional rulers into various representational platforms and governance institutions around the oil industry. I shall argue that these accounts do not only point to the centrality of traditional institutions in the extractive industry, in general. Most significantly, they also emphasise how traditional institutions remain embedded in patronage networks and politics that have thrived under various reform initiatives. While emphasising the importance of traditional rulers, this study's frame of reference is not a ground-up analysis of community dynamics within the larger frame oil politics in Ghana (contra Obeng-Odoom, 2014b). Rather, it pays more attention to actors who are directly associated with national-level reform initiatives and the institutional dynamics of resource politics. I addressed the shortfalls in capturing primary voices of private sector actors and traditional rulers by relying on different secondary and documentary sources, such as company websites, annual reports, publications, and media reports and analyses. I also accessed information through informal interactions with other public and private organisations. Even more crucially, by positioning myself within the research process, as required by the qualitative nature of this study, I derived important value and insights from the multiple interactions that I had with different private sector players in the oil industry, even if they did not take the form of a formal interview process or access to internal documents. In the case of traditional rulers, I had various informal discussions with chiefs from the Western region during a National Stakeholders' Forum on Petroleum Management that I participated in during the fieldwork for this study in 2013. The quality of these interactions, as captured by my field notes, attests to a significant strength of the qualitative data techniques especially in capturing subtler, but critical, information that cannot be accessed by other quantitative data collection methods, such as surveys.

# 3.

# TRANSFORMING THE CRUDE STATE: FROM "CURSE" TO "GOOD GOVERNANCE"

*Underlying the litany of Africa's development problems is the crisis of governance. By governance is meant the exercise of political power to manage a nation's affairs. Because countervailing power has been lacking, state officials in many countries have served their own interests without fear of being called to account.*

**-World Bank, 1989**

*In analysing governance, the World Bank draws a clear distinction between the concept's political and economic dimensions. The Bank's mandate is the promotion of sustainable economic and social development. The Bank's Articles of Agreement explicitly prohibit the institution from interfering in a country's internal political affairs and require it to take only economic considerations into account in its decisions. Thus, the Bank's call for good governance and its concern with accountability, transparency, and the rule of law have to do exclusively with the contribution they make to social and economic development and to the Bank's fundamental objective of sustainable poverty reduction in the developing world.*

**-World Bank, 1994**

## 3.0. Introduction

Recent scholarship on the extractive sector in developing countries has witnessed a dramatic shift from the initial pessimism that stressed an adverse impact of natural resources on development outcomes towards various mitigation strategies. Theoretically, this optimism hinges on the nexus between the "good governance" concept and the so-called resource curse thesis (Benner et al., 2010). In this chapter, I unpack the crosscutting normative underpinnings of the theoretical nexus between natural resources and "good governance," and how they resonate with ongoing reform efforts in other petroleum-producing countries. I also outline the basic heuristic tools that will guide the rest of the study based on a deeper scrutiny of the literature on "good governance," state-society relations, and institutional development. I argue that by emphasising the rules and institutional practices that could address sub-optimal economic outcomes in resource-rich countries the interest in "good governance" has been pivotal in forging multipartite interactions around the issues of transparency and accountability. However, it is generally weak in addressing the "deep politics" of elite instrumentalities and political incentives that facilitate or undermine institutional reform in resource-rich countries. This position adds more leverage to critics who have raised questions about the limits of market-oriented and apolitical technocratic fixes in driving broader socio-

economic and political change (see Bayart, 1993; Bienen & Herbst, 1996; Boone, 1994; 2003; Oelbaum, 2002).

### 3.1. Governance and Politics: Distilling the "Good" From the "Bad"

Within development policy circles, "good governance" could be traced to the normative intersection between governance and development that was driven by the World Bank in the late 1980s (Doornbos, 2001; Hout, 2007; Olukoshi, 2003; Santiso, 2001).[39] Among its proponents, "good governance" epitomises some form of converging norms around how individuals and groups could define and attain common goals, on one hand, and enhance the capacity of the state to drive economic growth, on the other (see Commission on Global Governance, 1995; Craig & Porter, 2006; Lockwood et al., 2010; Peters & Pierre, 2006:29). Authors who oppose this conception have raised serious doubts about the plausibility of this claim given what they consider as its undue privileging of neo-liberal and neo-Weberian postulations of state building and development policy (Barnett & Duvall, 2005; Booth & Cammack, 2013; Olukoshi, 2003; Unsworth, 2010). The contested nature of the "good governance" concept has led to an influx of alternative designations such as "market enhancing governance" (Ahrens, 2011), "real governance" (de Sardan, 2008), "good enough governance" (Grindle, 2004; 2007), and transformational/developmental or growth-enhancing governance (Khan, 2008; 2012).

For the most part, debates around "good governance" presume a generally static conception for which one must either support or oppose. What is often less appreciated is the constitutive elements of the "good governance" concept, how thy have evolved over the past decades, and the varying theoretical constructs that have legitimised its longstanding relevance in development circles (notable exceptions include Harrison, 2004; Hout, 2007; Leftwich, 1993). This general lack of depth has led to some gaps in the "good governance" literature. Among its proponents, "good governance" norms are presumed as given with enormous interest in probing how they are diffused towards various actors and organisations, especially in developing countries (see Andrews, 2013a; Bräutigam, 2000). Besides, whereas critics have underlined how "good governance" norms open up states and societies for the intrusion of liberal ideas and practices, they remain generally agnostic to how they take on significance as instruments of power that work to reproduce or transform various institutional patterns.

[39] Prior to the late 1980s, the concept of governance, evident in various dictionary definitions, was used to describe the kind of bodies that had boards of governors whose institutional role required a designation grander than "administration", less business-like than "management," and having their "political" concerns handled discretely but firmly (Doornbos, 2001:94).

Consequently, a move away from this static view of "good governance" towards its constitutive conceptual dimensions, and how they have evolved over the past decades, could lead to two main possible interpretations: Firstly, that what constitutes "good governance" norms are socio-political and historical constructs that reflect different bargains struck among various actors and forces at different moments in time. Secondly, that in contrast to what has become a strong technocratic voice around so-called best practices and standards, the institutional arrangements and norms around "good governance" are deeply embedded in politics and contestations that produce winners and losers alike with variable outcomes for institutional development. I appraise the key policy and theoretical blueprints underpinning the "good governance" concept in the rest of this section.

### 3.1.1. A Tale of Two Reports

From a policy perspective, the trajectory of "good governance" could be described as a tale of two reports both of which emanated from the World Bank between 1989 and 1991:

The first report, *Sub-Saharan Africa: From Crisis to Sustainable Growth,* which was published in 1989, presented an extensive diagnosis of what the Bank considered as the persistent lack of aid effectiveness, weak commitment to reform, and endemic corruption in Africa. As widely acknowledged, this report propelled the idea of governance into development policy circles (cf. N. Woods, 2000:824). Among others, it raised concerns about the capacity and willingness of political authorities to govern effectively in the common interest (Santiso, 2001:5). Specifically, it observed that:

> Underlying the litany of Africa's development problems is the crisis of governance. By governance is meant the exercise of political power to manage a nation's affairs. Because countervailing power has been lacking, state officials in many countries have served their own interests without fear of being called to account (World Bank, 1989:60).

For keen followers of the World Bank's engagement in Africa, the entry of "governance" which was framed in terms of the "exercise of political power" represented a major paradigm shift. As demonstrated by various policy prescriptions and conditionalities that were attached to the Structural Adjustment Programmes (SAPs), the Bank's engagements had, hitherto, been tailored towards pro-market goals ranging from fiscal adjustment, trade liberalisation, getting the price right, and moving away from state intervention (see Easterly, 2005; World Bank, 1980). The Bank's appetite to upscale its engagement from "getting the price right" towards

"getting the institutions right" was captured in a forward of the 1989 Report by the then President, Barber Conable, who wrote:

> A root cause of weak economic performance in the past has been the failure of public institutions. Private sector initiative and market mechanisms are important, but they must go hand-in-hand with good governance - a public service that is efficient, a judicial system that is reliable, and an administration that is accountable to its public. And a better balance is needed between the government and the governed (World Bank, 1989: XII).

The political turn embedded in the embryonic stage of the "governance" concept was linked with ambitious reforms targeted at various state actors and institutions. A section in the report, which called for "political renewal," observed that:

> The widespread perception in many countries is that the appropriation of the machinery of government by the elite to serve their own interests is the root cause of the crisis of governance. The willingness of the donor community to tolerate impropriety - by failing to insist on scrupulous conduct by their own suppliers, by not ensuring that funds are properly used, by overlooking inadequate accounting and auditing, by tolerating generally lax procurement procedures - aggravate the malaise (World Bank, 1989:192).

Contrary to various assertions about the agnostic stance of the governance concept on regime types (for instance, Herbst, 1990; Jayal, 1997), the 1989 Report offered an account of the normative elements of the "leadership" and institutional structures required for effective governance. To borrow from Williams (2010), this account was deeply rooted in the principles of political and economic liberalisation. More specifically, the report linked governance with a call for democratic norms such as accountability and public debates, "pluralistic" institutional structures, respect for the rule of law, and a "vigorous protection of the freedom of the press and human rights" (World Bank, 1989:6,61).

Other changes proposed by the 1989 Report emerged from the emphasis on "bottom-up" processes and a shift from universalistic technocratic prescriptions that often came with donor conditionalities towards building local capacity, national leadership and country context. The authors linked capacity building with a multi-faceted and long-term institutional support for public officers and agencies like the civil service, public enterprises, local governments, and community services (ibid.1989:5-6). They also envisaged bottom-up processes and a country-led approach to development practice in terms of support and avenues for participation by

non-state actors, including non-governmental organisations, credit unions, cooperatives, and women's groups (ibid.).

Within the academic community, the "open" and "explicit" weight that was placed on the politics of reform in the World Bank received some guided relief, especially among analysts who had earlier criticised the one-sided and overly economistic approach of the SAPs (see Gibbon, 1992; Herbst, 1990; McCleary, 1989; Mkandawire & Soludo, 1999; Olukoshi, 2003:231). As expressed by the mantra of "rolling back the state," the SAPs privileged reforms geared towards privatisation and undistorted operations of the market over political questions (cf. Easterly, 2005; Hutchful, 1995; Lall, 1995; Mosley et al., 1995). The mixed outcomes of SAP reform in implementing countries unleashed a multi-disciplinary interest in the ways by which governments could adapt and change policies that could guide development (Rondinelli & Montgomery, 1990:77).[40] Public choice intellectuals, based on the "urban-bias" thesis and presumptions that the markets were neutral, highlighted the political dimensions of market reforms in terms of the distributional consequences for previously marginalised actors who were outside the traditional urban-based networks (see Toye, 1992).

As explained by scholars, like Bates (1981; 1992), Lipton (1984) and Toye (1992), excessive industrialisation, distorting trade regimes, the failure of redistributive taxation strategies, the neglect of agricultural investment, which characterised state-led development prior to SAPs were tailored to suit rent-seeking activities of urban groups such as trade unions, the military, civil servants and political elites. Inherent within this diagnosis was that authoritarian regime or "more coercion" was required to ward off resistance from previously established clientelistic networks to support "new winners" around market reforms (Herbst, 1990:955). Alternative viewpoints, largely drawing from the analytical optic of "neopatrimonialism," stressed the intersection between market reforms and the multiple structures of incentives that operate in various African societies (see Bach, 2011; Gibbon, 1992). While acknowledging significant differences, this group of scholars questioned the assumption that markets were politically neutral. Instead, they highlighted the enduring patterns of patronage and clientelistic networks and practices, which characterised SAP implementation in various African countries (see Mkandawire & Olukoshi, 1995; Mosley et al., 1995; Van de Walle, 2001).

Inherent differences within the budding consensus around the interplay between politics and economics in the 1980s meant that the legitimacy of the policy drift towards governance was

[40] This was specifically designated as "development administration" (Rondinelli & Montgomery, 1990:77).

premised on how it resolved some of the paradoxes that had emerged in the academic literature (see Toye, 1987). Of significance in this pursuit, was what constituted "governance" and how it interacts with prevailing heuristic concepts such as democracy, state building, economic growth, human rights and sustainable development (see Abdellatif, 2003). Some of the key questions were posed by Jayal (1997:410): Does governance "entail accountability to the citizens of a democratic polity, or are lending institutions its chief auditors? Conversely, if the formal conditions of democracy are fulfilled does good governance logically follow?" For all its merits, the 1989 report failed to address these pressing questions adequately. For instance, Lancaster (1990:2) observed that the report's conception of governance "skirts" around the linkage between economic liberalisation and political liberalisation (Lancaster, 1990:2). Besides, despite broaching an important issue on the "exercise of political power," the report did not offer a break from the SAP's economic emphasis on the sanctity of the markets. Notably, it suggested that "good government"- another shorthand for "governance" in the Report - designates a "government that concentrates its efforts less on direct interventions and more on enabling others to be productive (World Bank, 1989:5).

Over the past decades, the most extensive attempts to resolve some of the questions that were raised by the 1989 report have involved various attempts by the World Bank, with the International Monetary Fund (IMF), to undertake a normative drive to separate "bad" governance from "good" governance (see N. Woods, 2000). Within the World Bank, the concept of governance underwent a quick review following recriminations from its multiple constituencies that its initial formulation was inconsistent with the IDA Articles of Agreement, especially provisions that prohibit it from interfering "in the political affairs of any member." [41] A General Counsel's Legal Memorandum on "Issues of Governance in Borrowing Members," dated December 21, 1990, and the recommendations of a taskforce, led by Sarwar Lateef, guided the Bank towards a more restrictive conception of the governance concept (World Bank, 1991b).

Various processes within the World Bank led to another report in 1991 - *Managing Development: the Governance Dimension.* The 1991 Report, which was initially marked as an internal document drew a contrast between a "general" definition of governance, the "exercise of authority,

[41] Under the Section 6, "Political Activity Prohibited," the Agreement reads; "The Association and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially to achieve the purposes stated in this Agreement (World Bank, 1960).

control, management, power of government," with a more "relevant definition for Bank purposes" (World Bank, 1991b:1). The Bank's "relevant definition" explained governance as "the manner in which power is exercised in the management of a country's economic and social resources for development" (ibid.:1). Assuming a more normatively specified terminology, "good governance" was framed as a technical question that is akin to "sound development management" (ibid.).[42] It included a range of administrative and managerial practices for public sector management and the "rules and institutions that create a predictable and transparent framework for the conduct of public and private business and to accountability for economic and financial performance" (ibid.). In the words of the report:

> Good governance is epitomized by predictable; open, and enlightened policymaking (that is, transparent processes); a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions, and a strong civil society participating in public affairs; and all behaving under the rule of law (World Bank, 1994b:VII).

A distinctive aspect of this reinvented conception of "good governance" was its muted stance on specific regimes-types, either authoritarian or democratic, that allow for its success and broader economic growth. At the very least, the 1991 Report elevated "good governance" over and above democratic reform so far as "sound development management" was concerned (cf. World Bank, 1991b:6). This theme was developed in further detail by the 1991 World Development Report which concluded that; "On the whole, the evidence suggests that the democratic-authoritarian distinction itself fails to explain adequately whether or not countries initiate reform, implement it effectively, or survive its political fallout"(World Bank, 1991c:133-134).

In the past decades, various factors have altered the landscape of the conception of "good governance" within policy circles. Most significantly, bilateral donors from the Organisation for Economic Cooperation and Development (OECD) and some multilateral agencies, like the United Nations Development Programme (UNDP) and the United Nations High Commissioner for Human Rights, have embraced the political dimensions of governance (see Blunt & Rondinelli, 1997). These organisations have offered various definitions of "good governance" and have built different support programmes targeted at political reform (see T.

[42] The IMF adopted a similar position on "good governance" as "limited to economic aspects of governance…in two spheres: improving the management of public resources…;supporting the development and maintenance of a transparent and stable economic and regulatory environment conducive to efficient private sector activities(quoted in Grindle, 2007:556).

Weiss, 2000).[43] For instance, the 34th High Level Meeting of the Development Assistance Committee of the OECD adopted a report, *Shaping the 21st Century: the Contribution of the Development Cooperation*, which emphasised a new approach based on a "partnership model" involving a complex interaction among donor countries, central governments, private sector, and civil society to promote "local ownership." While acknowledging "good governance" was "still at an early stage," the report stressed the need to develop home-grown development strategies and targets through "open and collaborative dialogue by local authorities with civil society and with external development partners." Consequently, it required the aid recipients to:

1. Commit to increased participation, including gender equality;
2. Foster accountable government and the rule of law;
3. Strengthen human and institutional capacity;
4. Create a climate favourable to enterprise and mobilisation; and
5. Carry out sound financial management, including efficient tax systems and productive public expenditure (Organisation for Economic Cooperation and Development, 1996).

The entry of "demand-side" programmes aimed at "deepening democracy" and citizens' voice through a plethora of initiatives under the broad heading of "social accountability" has come to epitomise an acceptance of some political issues into the fold of the "good governance" concept (Booth & Cammack, 2013:13; also see Fox & Brown, 1998; McNeil & Malena, 2010). As recounted by Hout (2007), changes within the World Bank, regarding the emphasis on politics as part of "good governance," were largely introduced under the stewardship of James Wolfensohn, who headed the organisation between 1995 and 2005. However, as demonstrated by the 2002 World Development Report, the Bank employs various aspects of "good governance," including political engagements, in a manner that is aligned with the terms of state-market relations (see Doornbos, 2001; World Bank, 2001).

Despite the fluidity that the concept of "good governance" has assumed within the lexicon of development practice, its restrictive apolitical version as advanced in the 1991 Report of the World Bank still dominates. As I detail in the next sub-section, the belief in this restrictive interpretation is sustained by a compelling scholarly narrative, which embraces a functionalist logic that views politics as distortionary to policy choices (cf. Santiso, 2001:8). Consequently,

[43] According to the UN High Commissioner for Human Rights, the true test of "good" governance is the degree to which it delivers on the promise of human rights: civil, cultural, economic, political and social rights. The UNDP defines "good governance" as "the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences"(Abdellatif, 20034-6).

various "good governance" projects are supported by an underlying logic which prognosticates that politics could (and should) be separated from technical and economic questions (Bøås, 2001; Grindle, 2001; 2007). Across many developing countries, this conception from the World Bank has been sustained by several factors, which I categorise into "hard" and "soft" elements for the sake of presentation. The "hard" aspects of this technocratic language involve extensive investments in programmes that promote apolitical "good governance" reforms. In this sense, "good governance" reform, as observed by Harrison (2004:74), has been employed more in the fashion of a "carrot" than a "stick" with allocation of funding as an incentive to carry out reforms under the supervision of donors. Within the World Bank, this dynamic was recently reinforced by the integration of the Country Policy and Institutional Assessment (CPIA) into the IDA Resource Allocation Index in 1998. The move signalled a shift from "conditionality" to "selectivity," which ensured that aid allocation was tailored towards the capacity to absorb and utilise funds effectively - a capacity that is measured based on the yardstick of "good governance" performance (see Doornbos, 2001; Hout, 2007; World Bank, 1998). The "hard" aspect of the drive towards "good governance" has been reinforced by other "soft" dimensions largely based on the World Bank's growing reputation as the repository of data about cross-country experiences, performance, and gaps in "good governance" (see S. Fischer, 1995; Gilbert et al., 1999).

A more systematic account of the Bank's influence on the "good governance" agenda is offered by Diarra and Plane (2014) based on bibliometric analysis of articles, reviews, proceedings, and book reviews from the Institute for Scientific Information's *Web of Knowledge* between 1988 and 2008. They revealed that over the period under scrutiny, worldwide publications on the issue of governance accelerated to about 800 per year, with the Bank's share ranging from less than 1% to 3% with a peak in the period between 1999-2000 (Diarra & Plane, 2014:476).[44] The most visible aspect of what Diarra and Plane (ibid.) consider as the Bank's status as the "largest producer of knowledge on the matter of governance" is the World Governance Indicators (WGI), which is based on indices developed by Kaufman, Kraay, and Mastruzzi (2011). Covering over 200 countries since 1996, the WGIs attempt to navigate between the broad and specific definitions of governance based on "perception-based" data along the following areas: Voice and Accountability, Political Stability and Absence of

[44] Diarra and Plane's (2014), also captured the number of citations on subject areas including, "Economics, planning and development," "Business and finance," and "Political sciences and international relations." In terms of economics, planning and development, they found that World Bank publications received 3.4%, for articles and reviews, and 2.6%, for proceedings paper. They also recorded 2.8% for business and finance, and 0.2% for political sciences and international relations (cf. Diarra & Plane, 2014:477).

Violence/Terrorism, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption (ibid.).[45]

Since its introduction, the WGIs have become an integral baseline data by which "good governance" is assessed in different countries over time. Together with the Country Policy and Institutional Assessment (CPIA),[46] the WGIs constitute an important baseline for different global ratings, like the Global Competitiveness Report's *Doing Business* surveys. They also constitute visible descriptive data for various "governance profiles," "democratic governance," and "institutional and policy" evaluations of multilateral agencies, such as, the African Development Bank (AfDB), Inter-American Development Bank, and the European Commission/European Development Fund (cf. Diarra & Plane, 2014:480). As demonstrated by range of donor programmes, including eligibility criteria for the United States' Millennium Challenge Corporation (MCC)[47] and others set out by the World Bank's Poverty Reduction Strategy Papers (PRSPs) *Source Book*, the aid architecture is built around a country's "good governance" credentials which is often informed by performance in WGI reports (see Diarra & Plane, 2014; Grindle, 2004).

### 3.1.2. Drivers of the Market/Managerial Populism

From the previous sub-section, it appears that decades of debates around "good governance" have conjoined into a "technocratic consensus" around which questions of reform in developing countries are addressed (see Bøås, 2001; Khan, 2008). This consensus is epitomised by policy initiatives emphasising state-market relations and managerial fixes meant to boost policy effectiveness, protect property rights, nurture technical and administrative skills, ensure accountability and due processes of law, and help constrain adverse economic behaviour (see Ahrens, 2011; Doornbos, 2001; Hout, 2007).

Analytically, this technocratic consensus encapsulates policy interventions around "supply-side" and "demand-side" support (Booth & Cammack, 2013; Unsworth, 2010; World Bank-IEG, 2008). Supply-side reforms were mostly advanced at the onset of the "good governance"

[45] WGI data is collected from several sources, including polls of experts collected by commercial risk-rating agencies, and resident surveys conducted by other organisations (Alence, 2004:169; see Kaufmann et al., 2007).

[46] The CPIA rates about 95 countries against a set of 16 criteria grouped in four clusters: economic management, structural policies, policies for social inclusion and equity, and public sector management and institutions. See more at http://data.worldbank.org/data-catalog/CPIA (accessed February 9, 2016).

[47] The MCC was founded by U.S. Congress in January 2004 with a mandate focussed on reducing poverty through economic growth. The MCC's model is based on a demonstrable commitment to pre-selected principles of "good governance" and "sound economic and social policies"(Hayes-Birchler & Staats, 2014)

concept. They comprise programmes like public finance and civil service reforms aimed at developing various competencies and capacity of public officials and state agencies to offer pre-determined public goods and services (ibid.). On the other hand, demand-side schemes are directed towards strengthening specific "vertical" and "horizontal" accountability institutions and programmes to promote citizen participation, "voice," empowerment, and "social accountability" (Booth & Cammack, 2013:13; see McNeil & Malena, 2010).

The plausibility and impact of this "technocratic consensus" around "good governance" reform has been the subject of animated scholarly controversy. Nonetheless, it has been supported by an impressive range of theoretical inputs from the academic community. While acknowledging inherent variations, the most conspicuous elements of this vast supportive literature, as evidenced by citations in various "good governance" documents, include the New Institutional Economics, neo-Weberian traces within the public administration and state-society literature, and the fast-growing scholarship in "global governance."

The New Institutional Economics School, which was pioneered by the works of Ronald Coase, Douglas North, and Oliver Williamson, is often credited with the institutional turn in economics (see Joskow, 2008). In several ways, the School aligns with Public Choice intellectuals especially in terms of modelling socio-political processes along basic economic tools like rational choice and game theory but with attention to underlying institutional and organisational constraints (see Acemoglu et al., 2003; Engerman & Sokoloff, 1997; La Porta et al., 1999). Various aspects of the New Institutional Economist turn has been explored elsewhere which I am unable to reproduce here (for instance Harriss et al., 2003; Rodrik, 2003). However, its contribution to the "good governance" narrative could be explored at two main levels:

Firstly, in a departure from neoclassical and public choice analysts who professed markets to be politically neutral, New Institutional Economists maintained that real-world markets are historically-evolved social constructs, which are shaped by the continuous interaction of "organisations" (the players of the game) and institutions (the humanly constructed "rules of the game") under conditions of scarcity and competition (Leverett, 2010; also see North, 1990; 1995). Consequently, they argue that institutions, defined as the basic administrative norms or legal rules and the ideas and incentive mechanisms embodied in various governance structures, act as critical "constraints" that must be incorporated into economic analysis (North, 1981,1986,1990 in Evans, 2004a; North, 1995:19). North (1990) reinforced this point when he observed that economic history is a story of economies, which failed to produce and enforce the "rules of the game" that induce incentives for sustained economic growth.

The second aspect of New Institutional Economics of relevance here relates to its emphasis on different forms of adverse economic incentives and behaviour, like rent seeking, externalities, transaction costs, and information asymmetries, which are generic to unregulated market interactions. These problems, as observed by Douglass North, are more prevalent in so-called Third World societies, where "human interaction" is "complex, imprecise, and fumbling," far from "the relatively clean, precise, and simple world of game theory"(North, 1990:15). In developing societies, North argues that opportunities for political and economic entrepreneurs are still a "mixed bag," but overwhelmingly favour activities that promote redistributive rather than productive activity (ibid.:9).

Attention to analyses offered by Douglass North and others within this school, has reinforced the significance of what Mkandawire (2009) designated as "institutional dualism," i.e., the match between formal and informal institutions, modern and traditional, capitalists and pre-capitalists, among others. In addition, the acknowledgement of market failures and Third World peculiarities has led to investment of significant intellectual capital in institutional frameworks that could promote credible property rights, enforcement, private ownership, and well-functioning markets (see Joskow, 2008; Stiglitz, 1989). The longstanding dominance of this school in producing the market-oriented "good governance" discourse is evident in the 2002 World Development Report, which argued:

> Good governance includes the creation, protection, and enforcement of property rights, without which the scope for market transactions is limited. It includes the provision of a regulatory regime that works with the market to promote competition. And it includes the provision of sound macroeconomic policies that create a stable environment for market activity. Good governance also means the absence of corruption, which can subvert the goals of policy and undermine the legitimacy of the public institutions that support markets (World Bank, 2001:99).

The emergence of New Institutional Economics coincided with other changes within mainstream public administration literature, which emerged in response to what many considered as the diminishing role of the state, especially in the 1980s. During this period, the experience of stagflation and attendant budgetary crises in Western Europe provided an impetus for change in the styles and policies of governments (cf. Adshead & Quinn, 1998:211). Two general perspectives informed the proposed changes:

The first view was fuelled in part by the restoration of neo-liberalism to intellectual hegemony and concretely expressed through the politics of "Reaganism" or "Thatcherism" in the 1980s (see Evans, 1995; Savoie, 1994; Young, 2004:38). It maintained that governments had assumed

responsibilities that they could not easily fulfil thereby undermining their own legitimacy and the capacity of other socio-economic structures required to address human needs effectively (Savoie, 1994). Additionally, an intrusive public sector undermined the capacity of the private sector to play strong role in driving efficient economic outcomes (see Peters & Pierre, 2006). Consequently, the solutions that were offered under this perspective included downsizing, retrenchment and cuts in public sector wages. In various developing countries, these reforms were undertaken in conjunction with broader market-led initiatives under the Structural Adjustment Programme.

The second perspective came under the designation of the New Public Management (NPM), which was positioned as a reaction to perceived governmental failures, and an associated desire to make governments perform efficiently (Pollitt & Bouckaert, 1999). NPM perspectives, informed by theoretical inputs from public choice theory, new management theories, and principal-agent models, advanced a performance-based approach to reform based on disaggregation of organisational and individual mechanisms of accountability within the public sector (Peters & Pierre, 2001; 2006; Roll, 2014:6).

On the back of the largely neo-liberal orthodoxy and NPM-inspired reforms, the "good governance" turn in the public administration literature, as expressed by a popular cliché "governing without government" (Rhodes, 1996), has been marked by attention to various collaborative processes, involving an array of third parties working with government to address common problems and pursue public goals (see Jooste, 2008; Klijn & Koppenjan, 2000; Salamon, 2002; Stoker, 1998). These reforms have attracted various designations, including "public sector reform" (World Bank-IEG, 2008), "public sector management" (Flynn, 2007), and "public management reform" (Pollitt & Bouckaert, 1999). Their presence in various "good governance" programmes is typified by various sub-headings, like change management, human resource management, public-private partnerships, leadership development, decentralisation and subsidiarity, as well as "bright spots" or "pockets of effectiveness" (cf. Crook, 2010; Roll, 2014; World Bank-IEG, 2008).

Other theoretical inputs that shaped the "good governance" concept emanated from a spirited critique mounted by social scientists who faulted its managerialism and overly economistic foundations. Led by sociologists and political scientists, these authors highlighted various weaknesses embedded within the states and societies of various developing countries. In the context of Africa, the principal components of this broad literature came in two general forms:

The first group included "Africanists" who rallied around the notion of "neopatrimonialism" to account for and explain what they considered as a deviation from ideal-type Weberian forms of state formation and performance in Africa (see Bates, 1981; Bayart, 1993; Berman, 1998; Van de Walle, 2001). A comprehensive review offered by De Oliveira (2007b) in *Oil and Politics in the Gulf of Guinea* captured the essential premise of this ideal-type state-society logic, which is essentially based on the Weberian view of the state as a "monopoly of force within a bounded territorial unit holding a stable population." To paraphrase De Oliveira (ibid.), this goal has an "institutional" dimension, in terms of organising domination, and a "relational" aspect that involves domination emanating from legitimate use of force, traditional loyalties, and an impersonal bureaucracy. Africanist scholars, commenting on the phenomenon of state weakness or state failure have underscored the presence of "neo-patrimonialism"- a shorthand for lack of clear-cut distinction between "public" and "private" affairs (Ekeh, 1994). They have also painted a grim picture of the predominance of primordial affections and identities (Geertz, 1994), lack of autonomy from the "demanding clamour of special interests" (Evans, 1989; Nordlinger, 1987), and inability to undertake coercive and non-coercive functions.[48] On the other hand, as exemplified by Bayart's (1993) popularised notion of *the Politics of the Belly,* for these analysts, state-society linkages in Africa were, at worst, non-existent, and, best, characterised by patron-client networks (see Bach, 2011; Berman, 1998; Gibbon, 1992; Wai, 2012). Accordingly, the wanton impact of weak institutional checks on private appropriation of public resources and patronage networks compromised public sector effectiveness, fuelled corruption, and profoundly affected opportunities for social advancement (Alence, 2004:167; see Chabal & Daloz, 1999; Hibou, 2004). Hence, what was required is not just economic tinkering but, most fundamentally, "political surgery" to rid the state of the deeply enrooted structures of patrimonialism (Young, 2004:41).

Though offering an added diagnostic tool for understanding the political dynamics of Africa's development challenges, the neo-patrimonial school was befuddled by a stalemate in offering practically oriented solutions beyond neo-Weberian prescriptions of state capacity (see Bräutigam, 1996; Leys, 1994). Besides, its understanding of African cultural logics has also been criticised as mostly flawed (see Meagher, 2006).

[48] Coercive functions are usually expressed in Weberian and Hobbesian terms to denote the capacity for monopolistic control over violence and, with that, the capability to enforce contracts, maintain law and order and provide security in a given territory. The non-coercive functions refer to the provision of social goods and services, the durability and efficacy of state institutions and its social and economic redistributive functions (see Wai, 2012).

The most imaginative prescriptions offered by the state-society literature emanated from various analyses of the "developmental state."[49] The conceptual bases of this analytical standpoint originated from Johnson's (1982) analysis of Japan's reconstruction after the Second World War, which was subsequently revised to account for the phenomenal rise of the newly industrialised economies of South Asia (Rodrik et al., 1994; Rodrik, 2003; Wade, 1990). Developmental state scholars have emphasised an interventionist state, supported by a meritocratic bureaucracy and elite team of economic advisers, which is insulated from traditional and political patronage networks, that engages with other business interests to promote economic development.[50] For these scholars, the key tools that could drive the transformation from a predatory to developmental state, as demonstrated by terminologies like "embedded autonomy" (Evans, 1995), "pluralistic policy networks"(Coleman, 2003), and "governed interdependence" (L. Weiss, 1995; 1998), must include governing structures geared towards enhanced state capacity. When applied to the state, capacity is framed by this scholarship in terms of relative autonomy to override clientelistic interests, followed by corporatist arrangements with strategic business groups, and policy responses to perceived problems of private actors.

Developmental state scholars have attracted stern criticism for idealising the East Asian experience in the face of noticeable problems related to democratisation and abuse of state power to curtail rival social groups like labour unions (cf. Grabowski, 1994:416; Wong, 2005:170). Consequently, as demonstrated by the currency given to a "democratic developmental state," their entry into the "good governance" concept has been marked by some variations with attention to liberal political principles. In addition to state autonomy and meritocratic bureaucracy, the essential features of the "democratic developmental state," as outlined by White (1998), include support for civil society and a well-developed party system that is organised along programmic other than personalised or narrowly sectional lines. Another variant of this literature largely based on what is considered as successful market-based transformations in African countries like Ethiopia, Rwanda, and Angola, pay less attention to liberal political principles. Rather, it focuses on how single party dominance, steeped in the Leninist tradition of "vanguard thinking," has been employed to enhance the state's capacity

[49] See Appelbaum & Henderson (1992), Evans (1998), Fritz & Menocal (2006), Peng (2004), and Woo-Cumings (1999).

[50] I have adapted this sentence from an earlier piece (see Oppong, 2013).

to drive an expansive project of effective capitalist accumulation (cf. Booth & Golooba-Mutebi, 2012; De Oliveira, 2011; Matfess, 2015; Vaughan, 2011).[51]

While underlying significant differences, the postulations of neo-patrimonialism and developmental state analyses intersect with "good governance" norms especially in offering various institutional structures that permit the effective functioning of markets. For analysts of neo-patrimonialism, this should take the form of reducing discretionary power among corrupt elites while investing in a social coalition of change (Gibson, 1997; Gyimah-Boadi & Van de Walle, 1996; Rose-Ackerman, 1999). On the other hand, developmental state scholars have offered half-hearted commentary on the need to incorporate democratic ideals (for instance, Mkandawire, 2001). However, like public administration scholars, their views on institutional development are steeped in Weberian forms that presume a strict separation between the state and the private sphere. Moreover, they often drift away from pluralistic forms of civic engagements with the state. Within policy circles, the publication of the 1997 World Development Report, *the State in a Changing World* (World Bank Staff, 1997), marked the growing strength of the intellectual push to place the state-society analysis at the epicentre of the "good governance" concept.

Another aspect of the theoretical inputs into "good governance" emerged from the field of global governance. Led by Rosenau (2005), scholars in this field have been interested in the nuanced dynamic of the interaction among formal and informal constellation of actors and processes across local and global political spheres.[52] Global governance scholars questioned the state-centric premises of conventional International Relations analysis and emphasised what Rosenau (2005:45) viewed as "powerful tensions, profound contradictions, and perplexing paradoxes" associated with the nested networks of actors and interactions that characterise human activity from the family to international organisations. This position found resonance with globalisation analysts who had raised questions about the viability of the Westphalian system, given the multiple pressures brought onto the state through events such as increase in trade, transnational politics and social forces, and the emergence of new global elites based on the renaissance of the power of money capital in the 1980s (see Gill, 1995; Held, 1995; Hewson

[51] A more recent account of this "Ethiopian Model" is offered by Tony Weis in a doctoral dissertation, *Vanguard Capitalism: Party, State, and Market in the EPRDF's Ethiopia,* at the University of Oxford (see Weis, 2015).

[52] Within the broader ambit of the international relations discipline, the global governance literature represented a radical shift from the conventional state-centric interests in the conditions that allowed for cooperative behaviour among nations leading to the creation of international regimes (see Haggard & Simmons, 1987; Keohane, 1982; 1980).

& Sinclair, 1999). Consequently, the scholarship of global governance was dedicated to probing various "systems of steerage" or "systems of rule" (Rosenau, 2005) required to establish order and efficiency in what is presumed to be an unstable, complex, and differentiated socio-political and economic context of governing (cf. Barnett & Duvall, 2005; Gilpin, 2002; Keohane, 1982; Keohane, 1980; Latham, 1999). Here, a host of analytical tools, like "global public goods" (Kaul et al., 2003), "multi-level governance" (Marks & Hooghe, 2004), and "regulation" (Lipschutz & Rowe, 2005), have been invoked to distil different governance structures, functions, and networks for order and efficiency.

The alignment between "good governance" and the global governance scholarship was institutionalised by the establishment of the Commission on Global Governance in 1995. The Commission's report, largely informed by the works of James Rosenau, defined governance as the "the sum of the many ways that individuals and institutions, public and private, manage their common affairs" (Commission on Global Governance, 1995). While not downplaying its internationalised dimensions, the intervention of global governance scholars added an impetus to the interest in the deployment of "good governance" norms not only in terms of reforming the state from below, but also through the institutionalisation of trans-boundary rules and structures.

### 3.1.2. The Managerial Populism and its Critics

Over the past decades, criticisms have grown against different currents within the academic scholarship, which has shaped the conception of "good governance" towards the emphasis on rules and structures designed to support efficient market outcomes and constricted political reforms. For the most part, most of the criticisms have emanated from within the disciplinary boundaries that I have outlined so far.

Revisionist political economists, drawing largely from Douglas North, have reinterpreted pre-existing comparative and historical data about economic growth and industrial transformation (see Khan, 2008; J. Robinson, 2010; 2009; Stiglitz, 2000). These revisionists have questioned the historical basis of claims connecting "good governance" and economic growth - a view that was popularised by the famous *Dollar Report: Assessing Aid* (World Bank, 1998). For them, the experience of successful industrialisers, as demonstrated by East Asia, suggests that economic growth is largely based on strong state institutions and buy-in from strategic and powerful political organisations. Reminiscent of the "developmental state" analyses, this view has generated a sizeable political economy interest in questions about political stability, dynamics and incentives around elite formation and policy choices, as well as wide-ranging aspects of

state capabilities that generate specified economic outcomes in areas, like industrialisation (Khan, 2004; Lauridsen, 2012; Whitfield & Buur, 2014), economic diversification (Whitfield, 2011b), and the provision of collective goods (Booth & Cammack, 2013). Led by the works of Mushtaq Khan and other inter-disciplinary research networks like the DFID-Funded *Centre for the Future State* and Copenhagen-based *Elites, Production, and Poverty Project*, these political economists have recently called for a rejection of the "market-enhancing" governance approach towards "growth-enhancing" reforms that incorporate political issues (see Booth & Cammack, 2013; Khan, 2008; 2012; Unsworth, 2005). This call is premised on the assumption that the governance structures, which permit sustained economic growth to happen, lay in the informal rules and practices by which various societies operate. And that, in developing countries these informal rules and practices often modify or obstruct formalised and decontextualized solutions which are usually associated with "good governance" reforms (ibid.). Consequently, "growth-enhancing" reforms must be based on "politically smart" and "locally-led" governance arrangements (Booth & Unsworth, 2014).

Keen followers of the "good governance" debate, who resisted its marketised orientation, have welcomed the "growth-enhancing" turn (see Kjær, 2014). However, "growth-enhancing" perspectives do not offer any significant breakthrough beyond the insights about politics and economic growth offered by the "developmental state" literature. Like the so-called "good governance" approach and developmental state analysis, the calls for market-enhancing approach have not come with ideas as to how to integrate reforms within the wider context of democratic politics. In the context of Africa, for example, significant weight has been placed on how to move from "primitive accumulation" towards getting "capitalism started" irrespective of the regime structures (for instance, Booth & Golooba-Mutebi, 2012). In addition, by emphasising politics as the means to economic growth, the "growth-enhancing" accounts have been less interested in what Pollitt and Bouckaert (1999:6) designated as "intermediate ends." Intermediate ends include outcomes such as effective political control of the bureaucracy, freeing public officials from bureaucratic constraints, which inhibit their opportunities to manage, enhancing the government's accountability to the legislature and the citizenry for its policies and programmes (ibid.).

Among public administration scholars, there has been substantial interest in tracking "intermediate ends" associated with neo-Weberian public sector reforms that are often pursued as part of "good governance" initiatives. The empirical insights that have emerged from this active research field point to mixed outcomes with substantial examples of failure associated with these reforms. For instance, studies examining NPM reforms across developing and

developed countries have concluded that their impact has been patchy, at best, and mostly limited (cf. Roll, 2014:7). A case in point, offered by Batley and Larbi (2004), suggested that given limited capacities even at internalising "old public administration" principles, many public service agencies in various countries were unable to perform new roles and there was widespread confusion, conflict and resistance against NPM reforms (Roll, 2014). Another study of Norway and New Zealand by Christensen and Lægreid (2001), found that structural devolution and contracting led to a reduction in the capacity and authority for central control and less attention to political considerations in subordinate units. Consequently, they concluded that NPM "has replaced a system based on mutual trust among civil servants on different levels, and between politicians and administrators, with a system that potentially furthers distrust" (ibid. 2001:89). Besides, far from the decision to devolve political power and resources, many impact studies of decentralisation programmes have found that where optimum results have been recorded, they were the outcomes of other factors. These include, among others, the political complexion of the central government and the interest that the ruling elites or other forces have in capturing local power (Booth & Cammack, 2013:23; also see Crook & Manor, 1998).

Public administration critics have linked the empirical gaps with conceptual flaws inherent in the "good governance" concept that could be distilled at two general levels:

The first relates to the technicism associated with "good governance" reforms that presumes universal validity of neo-Weberian and other liberal institutional fixes. Conceptually, these fixes rest on a logic that presumes that organisations operate according to appropriateness rather than instrumentality, and that, political and other non-bureaucratic behaviours distort institutional choice and development (see Bøa˚s, 2001; Grindle, 2001, 2007; Santiso, 2001). In this sense, embedded in neo-Weberian and liberal institutional engineering are "scale neutral" and apolitical institutional fixes that pay little attention to the realities of politics and contextual variations (Andrews, 2013; Brautigam, 1991; Murray, 1981). Moreover, as demonstrated by the fast-growing interest in regulatory regimes that promote universal "standard operating measures," these interventions profess institutionalised rules meant to reduce the exercise of discretionary power among public officers (see Brautigam, 1991). For critics, however, the problem with this technocracy of "good governance" is that there is a huge discrepancy between this universalised managerial approach and the contextual reality of the public sector (cf. Andrews, 2013a).[53]The second conceptual flaw identified within the public administration

[53] The issue of context and the limitations of the neo-Weberian approach to public administration is the subject of critical interrogation by growing body of literature on small states. Such analysts have strongly denounced

literature concerns the poor attention to the politics that are embedded within the public sector. It is often acknowledged that technically oriented reforms that are meant to strengthen and transform the public sector have serious political implications, especially in a democratic context where institutions are designed to make elected leaders responsive to public demands (see Christensen & Lægreid, 2011; Pollitt & Bouckaert, 1999). In the case of NPM reforms, some theoretical variations relying on principal-agent models have voiced strong sentiments against its devolutionary tendencies with preferred interest in the primacy of representative government over the bureaucracy and the importance of centralised coordination and control (cf. Aucoin, 1990; Hood, 1995). According to Gregory (2011) as well as Christensen and Lægreid (2002), for instance, managerialist-oriented NPM reforms represent a departure from "old-school" public administration where accountability at different levels were based on input processes and procedures, hierarchical control, legality, trust, and cultural traditions (cf. Christensen & Lægreid, 2011:131). These criticisms have led to general calls for "good governance" initiatives to embrace "post-NPM" principles that include enhanced legitimacy for democratic control and coordination. As outlined by Christensen & Lægreid, this expansion includes; "reaching out to society, enabling individual and organised private actors in civil society to be better informed about public policy and participate in making policy more representative"(Christensen & Lægreid, 2011:133).

The limitations of decontextualized, ahistorical and politically restrictive conception of "good governance" constitute a major theme of interest to state-society analysts. For such critics, the policy prescriptions and normative arguments advanced by the "good governance" concept cannot be disentangled from similar reforms adopted under the SAPs (for instance, Olukoshi, 2003). In a view shared by Leftwich (1993) and Mkandawire (2009), Peter Evans (2004b:33) associated the institutional fixes embedded in "good governance" with "institutional monocropping" since they rest on the specific premise that "Anglo-American" institutions are optimal development instruments whose applicability does not depend on a fit with local socio-cultural environment. For these critics, "good governance" reforms are often instigated from outside and constitute a "theory of comfort" for Northern governments, multilateral institutions, and transnational corporations (see ibid.). Mkandawire (2009), for instance, argued that "institutional monocropping" is linked with "institutional monotasking" given that various

public sector reforms along rational-legal and impersonal rules and have highlighted contextual factors of being "small" and "isolated," including human and logistical challenges, pervasive interpersonal and cross-cutting relations and difficulty in attaining anonymity in public affairs (see Baker, 1992a; Baker; Chittoo, 2011; M. Goldsmith, 2005; Oppong, 2016; Warrington, 1994).

reforms in developing countries are often reduced to a standard set of "imposed" tasks and endless experimentation. An obvious conclusion emanating from this perspective is that "good governance" reforms fail largely because they are not nested within the socio-historical and cultural milieu of implementing countries. Moreover, its institutional fixes suffer a huge "democratic deficit" given their failure to "bring the politics back in" by integrating various reforms with both formal and informal processes of deliberation (cf. Mkandawire, 2009; Mustapha, 2013; Nanz & Steffek, 2004:314; O'Donnell, 1999:36-37).

By bringing the politics back into "good governance," state-society analysts have equally emphasised different ways by which externally driven institutional reforms are internalised and how they take on significance as tools of elite instrumentalities at the local level. This subject matter has attracted two different perspectives that invariably highlight some of the limitations of the technocracy of "good governance." Africanists of the "neo-patrimonialist" stock have focused on the agency of domestic elites in not only navigating around "good governance" reforms, but also turning them into strategic instruments of political advantage (cf. Bayart, 1993; Bayart & Ellis, 2000; Chabal & Daloz, 1999). As portrayed by Bayart's notion of the "politics of extraversion," just as market reforms under SAPs in the 1980s and democratisation in the 1990s failed to transform predatory politics that accompanied the post-colonial African state, it is not possible to envisage significant changes under "good governance." Quite the reverse, Bayart insisted that "good governance" serves the "hegemonic aspirations of dominant groups by depoliticising the eminently political questions of social inequality and making it subject to bureaucratic procedure, and by provoking the multilateralisation of the passive revolution which is the true force forming the State in Africa today" (Bayart, 2009:XLIV). On the other hand, analysts drawing from the "democratic developmental state" and other processes that allow for broad-based deliberative policy making, have underscored the increasing constriction of democratic and participatory spaces owing to the technocratic agenda set by "good governance"(see Fraser, 2005; Gaventa, 2004; Mustapha, 2013; Whitfield & Fraser, 2009).

Whereas many global governance scholars agree on the increasing complexity and dynamism of actors and interactions in the global arena, there have been serious disagreements as to whether the proliferation of international governance regimes, transnational deliberative politics, and supranational regulatory rules and regulations presented by scholars like Held (1995), denote qualitative and structural shifts in global affairs. In this regard, there have been many doubts about the presumed convergence around "good governance" as presented by the mainstream global governance scholarship. Similar to perspectives shared by some state-society

analysts, critical voices within global governance underscore the lop-sided nature of the global architecture around "good governance" and remain concerned that it cannot be disentangled from the intellectual and political goal of establishing rules and mechanisms based on the optic of political and economic liberalism (cf. Barnett & Duvall, 2005; Latham, 1999; Leverett, 2010). Additionally, inspired by post-structuralist perspectives, they have expanded the notion of governance and raised interests in how "governing spaces" are influenced by power, discourses, and interests (Barnett & Duvall, 2005).

One of such critiques was raised by Ngaire Woods (2002) who observed that the proliferation of governance networks and platforms of global deliberations, à la "good governance," raise a concern about the politics of vested interests. She argued that powerful private interests could use deliberative and multi-partite platforms, whereby their respective governments, often based on effective lobbying, represent their interests, while participating directly in international negotiations by their representatives. Lipschutz (2005) has also argued that given the competitive environment, the relative advantage of civil society groups often pales in the face of corporate power. On the other hand, there have been mounting concerns about democratic accountability and legitimacy of NGOs who are increasingly taking prominent place within the reconfiguration of global governance structures (see Ferguson, 2006; Jenkins, 2001; Spini, 2011).

Ultimately, a certain measure of fluidity and uncertainty has come to be associated with the "good governance" concept. Nonetheless, a deeper scrutiny of its theoretical undertones points to a normative preference for political and institutional reforms that attempt to either side step the state or, at their worst, allow it to operate based on a restricted partnership with private and non-governmental actors at the global and local level (cf. Cerny, 1997; Koechlin & Calland, 2009; Levi, 2002:34). In this sense, critics are right in arguing that by emphasising state-market relations and other rules promoting managerialist processes of accountability within the public sector, "good governance" norms and institutions ignore the "deep politics" of elite instrumentalities, democratisation and other aspects of state-society relations that either facilitate or subdue reform. Another criticism that I develop more strongly in Chapter 8, following the empirical presentation of Ghana's experience of reform, is that the reality of elite instrumentalisation and weak institutional development add another layer of cynicism of "market-enhancing" that critics tag to such "good governance" interventions. As I argue later, Ghana's experience, when squared with documented accounts from other African countries like Rwanda and Ethiopia, underscores the fact far from "enhancing" the market, commitment to "good governance" reforms undermines the smooth functioning of markets other than

vested interests. These criticisms become evident when one examines specific attempts to infuse the grand narrative of "good governance" in the extractive sector. I take on this matter in the next section.

### 3.2. "Good Governance" and the "Resource Curse:" From Ideas to Action

The extractive sector has become a fertile arena where various "good governance" norms and institutions have thrived. To recall an earlier argument in Chapter 1, this interest has been upheld by a strong voice within policy and academic circles that posits an inverse relationship between natural resources and development, which can only be mitigated by norms, rules, and institutions promoting incentives for optimum behaviour among various actors associated with their extraction and utilisation. Consequently, the ties that bind the extractive sector with "good governance" prescriptions could be explored in terms of the mutually reinforcing quest within policy and scholarship for rules and institutions that could secure order and efficiency in a presumably unstable and inefficient environment that is engendered by the presence of natural resources.

Like various aspects of development policy and scholarship, the entry of "good governance" into the extractive industry is a recent phenomenon. Until the late 1980s, key players such as extractive companies, producing governments and consumers were predominantly interested in securing leverage over the pricing and supply of oil and mineral resources (see Benner et al., 2010; Florini & Sovacool, 2009; Karlsson-Vinkhuyzen, 2010; Spero & Hart, 2009). Whereas this interest remains pivotal, "good governance" represents an expansion of the frontiers of the extractive sector towards consideration for what Shankleman (2009:12) designated as "non-technical" and "non-traditional" risks. As she maintained, these risks have been largely fuelled by a commonly held viewpoint, among various actors in the extractive sector, which maintain that "resource curse" effects are not only damaging for the populations of resource-rich countries, and potentially for regional stability. They also pose challenges to the operations and profitability of oil companies, and to the reliable supply of oil and minerals on to the world market (ibid.). Consequently, analysts have placed significant weight on probing key events and factors that led to the institutionalisation of "good governance" norms, especially at the global level, and the compliance of various actors -governments, companies, and civil society organisations (for instance, Aaronson, 2010; Gillies, 2010; Goldthau & Witte, 2010; Haufler, 2010; Ölcer, 2009).

The body of knowledge that has been built around the diffusion and compliance with "good governance" norms in the extractive sector while emphasising the proliferation of anti-

corruption, transparency and accountability initiatives has been generally inconclusive as to the extent of compliance by various actors:

On one hand, mainstream academic and policy publication is awash with greater optimism. For instance, an account offered by Gillies suggested that through different dynamics such as "grafting" (where a fledgling norm benefits from its adjacency to existing or more established norms), effective mobilisation and activism of "norm entrepreneurs," and "reputational" concerns, "good governance" has gained traction in the oil industry (Gillies, 2010). Similar accounts have been followed by claims of "win-win" benefits, like improvements in investment climate, policy access for civil society organisations, prevention of resource-based conflicts, increases in public revenues accruing from resource extraction, and the institutionalisation of communication and collaborative networks among different actors in the extractive sector (see Garuba & Ikubaje, 2010; Nguyen-Thanh & Schnell, 2009; Van Alstine, 2014).

On the other hand, those who hold critical perspectives have not only questioned the empirical basis of these optimistic claims. Rather, far from presumptions about norm convergence, they insist that "good governance" initiatives are not fundamentally different from broader institutional and social engineering projects that are meant to promote market-based solutions in the extractive sector (see Florini, 2010; Haufler, 2010; Kolstad & Wiig, 2009). Benner et. al. (2010), for example have argued that even among the most ardent proponents of "good governance" reforms, there have been instances, like the uncooperative posturing of the UK government on stolen funds in City of London Banks, where commitment remains an issue. In the case of firms, many analysts have confirmed Turner's (1983) earlier cynicism that in the face of normative and ideological questions, companies tend to support the status quo (see Frynas, 2005; Vigneau et al., 2014). These critical viewpoints have been supported by less complimentary accounts of the experiences of "good governance" initiatives in countries such as Nigeria and Madagascar (see Ocheje, 2006; S. Smith et al., 2012).

Apart from outlining the pathologies of "good governance" in the extractive sector, a key limitation of this bourgeoning literature, as conceded by authors like Van de Graaf (2013:9) and Acosta (2013), is that they have failed to offer insights that could aid in engaging with extractive sector issues theoretically. I acknowledge that compliance and diffusion remains a legitimate area of enquiry. However, it is my considered view that the place to begin to address this main theoretical shortfall lies in deeply interrogating the underlying conceptual currents shaping the "good governance" concept and how they intersect with broader questions around the deeper political economy of institutional transformation within implementing countries. Analyses in this endeavour add more analytical leverage to various critical perspectives, which

have challenged the market-oriented and apolitical prescriptions that have accompanied the application of "good governance" principles in the extractive industry. I take this theme further in the next sub-section by focussing on specific action areas of "good governance" norms that have gained presence in the extractive industry, i.e., transparency and multi-stakeholder deliberation.

### 3.2.1. Transparency and Public Disclosure

Many analysts consider transparency as part of a wider normative and institutionalised expression of the desire of various stakeholders in the extractive industry to shed light on patronage activities (or corruption), which tend to flourish under the cover of secrecy (Haufler, 2009). These observers maintain that transparency generally reflects dominant norms of democratic accountability, combined with a "neoliberal" idea that professes corporate social responsibility and market-based solutions to social and environmental problems (Fox, 2007b; Fung et al., 2007; Haufler, 2010).

Those who hold perspectives akin to the market-enhancing logic have outlined some benevolent outcomes that could emerge from transparency initiatives. These benefits include effective management of information asymmetries and securing compliance among various actors. Additionally, transparency mechanisms could inform voter choices that could reward non-corrupt governments while replacing corrupt ones (cf. Kolstad & Wiig, 2009). Within the context of the public sector, those who hold onto this optimism insist that transparency could help tackle problems associated with "adverse selection,"[54] especially in recruiting honest bureaucrats, and inducing non-corrupt behaviour through enhanced detection and proof for prosecution (ibid.). Finally, transparency is considered as useful in promoting cooperative behaviour among various institutions and actors. This is because disclosed information could bring to light the cost of sub-optimal actions within an organisation, and the price of optimal cooperative behaviour in confronting corruption (ibid).

Other analysts have questioned the often-cited benefits of transparency measures. Critics argue that in developing countries, investments in transparency come with enormous opportunity costs that, given inadequate resources, could undermine support for more productive areas. They maintain that despite the market-enhancing narrative, which is often adduced to support information disclosure, its costs and benefits are not always positive. Hence, governments and corporations often have strong incentives to maintain secrecy and reduce accountability

[54] Adverse selection is often employed by economists to describe a situation where two parties to a transaction, usually a buyer and seller, have different pieces of knowledge/information about the quality of a product, good or service being traded.

demanded by markets and political systems in response to information disclosure (Haufler, 2010:55). In some instances, these critics maintain that secrecy is useful especially in areas of public policy that thrive on "ambiguity" and "speculation" such as diplomatic and trade negotiations, and national security (see Best, 2005; Finel & Lord, 1999). Another suggestion here maintains that in a context where information is riddled by ideological and political bias, information disclosure could constrain the ability of political leaders to act on revealed information, especially if such actions could adversely affect electoral outcomes (Fox, 2007a; Kolstad & Wiig, 2009). Moreover, in cases where politics is dominated by powerful vested interests information disclosure could produce unintended outcomes in terms bringing to light individuals and organisations that may become the potential targets of "anti-transparent" behaviour, like bribery (Kolstad & Wiig, 2009).

An emerging consensus within the growing debates on transparency measures maintains a certain ambivalence. At one end, there is some agreement about the strength of information disclosure in inducing structural and behavioural change, especially when targeted at reducing specific risks or performance problems of corporations and other organisations (Dingwerth & Eichinger, 2010; Fung et al., 2007). However, the linear postulations which assume that once information is unleashed into the public domain will produce an informed public who would act to bring officials and other business players to account has been long dismissed (see Dingwerth & Eichinger, 2010; Fenster, 2006; Haufler, 2010). This is largely because the ability of citizens to access, process and act on information does not necessarily emanate from public disclosure. Rather, as noted by Dingwerth and Eichenger (2010:84-85), it requires that reported information is valuable, accessible, comprehensible, and comparable, in the sense of providing insights that enable different stakeholders to make judgements across different organisations over time. Other substantive conditions, such as media freedom and other democratic accountability processes and institutions have also been noted (for instance, García et al., 2007). This point has been further developed within the wider academic literature on corruption (see Jain, 2001; M. Johnston, 2005; Rose-Ackerman, 2001). Most significantly, Johnston (2005) has outlined key intervening factors including institutional strengths, level of economic development, and extent of public and private participation that permits anti-corruption strategies, including transparency, to work. Most recently, these additions have added more nuance to debates about transparency that were initially steeped in the "market-enhancing" narrative.

### 3.2.2. Participation and Multi-Stakeholder Groups

Another area of the extractive industry where "good governance" norms have taken centre-stage relates to public participation and multi-stakeholder oversight. Within development circles, the idea of participation is often advanced broadly as a way of including previously marginalised stakeholders, enhancing the adaptive capacity of various institutions and policy networks in the dynamic terrain of resource governance, and promoting optimum social benefits from extractive activities (H. Blair, 2000; Speer, 2012).

Mainstream democratic theories, which predominantly inform participatory mechanisms, often view participation in purely minimalistic and instrumental terms as "political acts meant to influence government action" (M. Robinson, 1998). For example, according to Huntington & Nelson (1976), participation broadly encapsulates all, "citizens' actions - individual/collective, peaceful or violent, organised or spontaneous, legal or illegal - that are designed to influence government decision making" (in M. Robinson, 1998). Among democratic theorists, the idea of participation evokes an inherent paradox that could be linked with various participatory platforms and processes, which have recently found a prominent place in the extractive industry. This paradox, as posed by Held (1995:5) is; should democracy mean some kind of popular power where citizens are engaged in self-government and self-regulation, or should it be conceived of as an aid to decision making, conferring legitimacy to public policy?

Notable theorists who uphold the former perspective, like Robert Dahl and Giovanni Sartori, were more sceptical about public participation based on what they identified as structural and behavioural limitations in terms of poor access to economic and political resources, weak organisational capacity, and ideological motivation (Pateman, 1970; M. Robinson, 1998). This scepticism resonated with modernisation theorists who insisted that uncontrolled expansion in opportunities for political participation would give free expression to newly mobilised groups with goals that could undermine political stability, especially in new democracies (M. Robinson, 1998). Hence, as expressed by Schumpeter, the only means of participation that should be open to the general citizenry are "voting" and "discussion" (Luckham, 1998; Pateman, 1970). The tangible expressions of participation, informed by this viewpoint involved the construction of procedures that are meant, in the words of Schumpeter (in Diamond, 1999:29), "for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for people's vote," with the support of civil and political rights (see White, 1998).

Other democratic theorists who emphasised democracy as an aid to decision making in terms of deliberation have been polarised largely between pluralistic and corporatists postulations

(see Dryzek, 2000; Held, 2006:158-179). The central tenets of pluralism hold that society is composed of a diverse range of groups seeking political influence and that, in many ways, particular patterns of interaction, competition and conflict are "inscribed", that is, embedded in, the organisation, administration, and policies of the state (Held, 2006:165). Democratic corporatists, on the other hand, contend that any model of democracy, which suggests that diverse interests could be pursued by an "unspecified number of multiple voluntary, competitive, non-hierarchically-ordered and self-determined categories is no longer valid" (Schmitter, 1974:93). Democratic corporatism called for state-engineered "centralised and concentrated system of interest groups, voluntary and informal co-ordination of conflicting objectives, through continuous political bargaining between interest groups, state bureaucracies and political parties"(Katzenstein,1985 in Akwetey, 1994; also see, R. Collier & Collier, 1979; Rueda, 2007; J. Stewart, 1992). According to Held, the growing prominence of this viewpoint has three main political consequences: Firstly, it meant that traditional representative institutions, especially the position of parliament as the supreme centre for policy articulation and agreement, are progressively displaced by a decision-making process based on tripartism. Secondly, it represented a move away from territorial or parliamentary representation towards functional representations from corporations, unions, and branches of the state. Thirdly, it signified a steep decline in the scope of participation by citizens as political participation is made to become the preserve of "organisational elites" (Held, 2006:180-181).

As I demonstrate in this study, in line with market-enhancing "good governance" framework, various multi-stakeholder groups, which have become part of initiatives such as the EITI and PIAC, represent participatory and deliberative processes that are akin to democratic corporatism (cf. Ostrowski, 2010:6). To recall a point earlier made by Woods (2002), whereas such deliberative processes are framed as part of the idea of governance as "spaces" within which "the best ideas" win, they are steeped in the politics of vested interests. This implies that MSGs carry with them the political implications of democratic corporatism. However, whereas democratic corporatism is premised on the presumption of a strong and centralised state (cf. Jahn, 2014; Lee, 2015:4-5), multi-stakeholder deliberative processes are often rationalised based on filling so-called "governance gaps" left by a weak and falling state (cf. Koechlin & Calland, 2009:91). Within the extractive industry, this tendency has been deeply reinforced by the long-standing assumptions about the corrosive effects of natural resources on state institutions. Hence, as noted earlier, various participatory and accountability platforms in the shape of multi-stakeholder processes are envisaged to either side-step the state or rather allow the state to operate on the basis of restricted partnership with private and non-governmental actors (see

Ahrens, 2011; Falkner, 2003; Haufler, 2013; World Bank-IEG, 2008). In this sense, their main limitations stem not only from the failure to link with wider democratic processes of the Schumpeterian kind, or promote the exercise of popular agency in public policy (see Hickey & Mohan, 2004). Most importantly, they emanate from their inability to grapple with the enduring presence of state institutional structures and the politics of elite instrumentalities that work to facilitate or subdue reform in resource-rich countries. Hence, critics have observed that MSG participatory forums are inherently based on various policy levers that are essentially meant to depoliticise public participation and empower various social elites (see Cornwall, 2004; Kolstad & Wiig, 2012; S. Smith et al., 2012).

### 3.3. Unravelling the Deep Politics of reform in oil-rich states

Key debates around transparency and multi-stakeholder participation have underscored the fact that the deployment of "good governance" norms towards the extractive sector cannot be delinked from the bigger questions that have arisen from their adoption within mainstream international development circles. The critical viewpoints, as well as mixed outcomes associated with "good governance" mitigation programmes in the extractive sector, have led to an emphasis on the need to track their impact based on an integrative theory of change based on the deep politics of natural resource extraction and utilisation, along with managerialist or market-oriented principles (see Acosta, 2013; Pollitt & Bouckaert, 1999). Following from this, the rest of this study would be devoted towards making sense of the deep politics of institutional choices and their corollary impact on reform with a focus on the oil industry. The key analytical perspective pays significant attention to the state-society dynamics of "intermediate ends," which could be positioned between the minimalist "market-enhancing" and functionalist conception of "good governance," on one hand, and the "growth-enhancing" ends of "good governance," on the other. This analytical perspective mainly rests on two pillars. Firstly, I take a revisionist position against the mainstream "petro-state" literature, especially its inherent determinism, by emphasising contextual and historical variations in oil-rich countries. Secondly, I highlight the importance of tracking the constitutive processes that underpin political institutions and how they evolve in time and space.

#### 3.3.1. Old and New Frontiers of the Political Economy of Oil

Analyses of how oil wealth shapes the political economy and institutional contours of producer states have been largely undertaken within the purview of the concept of the "petro-state." Often linked with Terry Karl's (1997) seminal work, *the Paradox of Plenty: Oil Booms and Petro-states,* the petro-state denotes certain distinctive institutional and state-society patterns that are

fuelled by significant dependence on petroleum revenues - usually estimated at 10 percent of GDP and 40 percent of exports (Ross, 1999:16).[55]

Among its distinctive characteristics, the petro-state is marked by a comparatively strong leverage in raising revenues from sources other than those that are often linked with the formation of the social contract that belie conventional patterns of state formation, especially domestic taxation (see Herb, 2005; Ross, 2012; Vandewalle, 1998). Furthermore, as explained by De Oliveira, the state within the petro-state is the "end-point" for oil revenues which renders it a formidable fulcrum around which various political actors coalesce for access to funds (2007b:37). Hence, the peculiar institutional and state-society landscape that ensues from the petro-state condition could be visualised in terms of its status as the centrepiece of political patronage, rent-seeking behaviour, lack of incentive to reform, and the absence effective institutionalisation (see De Oliveira, 2007b; Karl, 2007; Ross, 2012; Vandewalle, 1998). According to Vandewalle (1998), the petro-state is essentially a "distributive state," given that it emerges primarily to spend oil revenues and does not have to arrive at any social contract with its citizens against a backdrop of investments in coercion and buy-out of elites and powerful social coalitions.

In addition to outright coercion and buy-out, the presence of petroleum rents, which flows like "manna from heaven" in the petro-state (Dunning, 2008:45), leads to a policy environment where state leaders and officials become both myopic and risk-averse (see Chaudhry, 1989; Mahdavy, 1970; Yates, 1996). This policy environment, as suggested by analysts such as Mahdavy (ibid.), is characterised by expenditure patterns that place emphasis on generous welfare programmes and gigantic infrastructure in order to guard the status quo and discourage opposition (Ross, 1999). Patterns of institutional development within the petro-state take on a dualistic turn. On one hand, significant attention is paid to institutions that either facilitate strategic entry into the petroleum economy, especially national oil companies (cf. De Oliveira, 2007b:37), or promote revenue extraction from the international oil industry, often in the shape of bloated and powerful energy ministries (Karl, 2007:263).[56] On the other hand, state institutions that are required for the effective delivery of state services and place significant barriers on sub-optimal policy decisions are generally neglected (Karl, 1997:138). This

[55] Conceptually the Petro-State is an assemblage of various insights that underpinned aspects of the "resource-curse" theory, including "rentier state theory," "cognitive theories, societal analysis, and sectoral analyses (see Ross, 1999).

[56] A more concrete portrayal of this paradox of "success" linked with extractive institutions in the petro-state is offered by De Oliveira (2007a) in the case of Sonangol, Angola's state-owned oil company.

corrosion of state institutions within the petro-state is compounded by a prevailing rentier mentality that afflicts not only public officials but also citizens and social groups. Consequently, in the "petro-state," politics and social action are often considered as motivated by a need to access windfall rents other than productive activity (see Auty, 2007; Lam & Wantchekon, 2002; Ross, 2001; Sandbakken, 2006).

The theoretical contributions of the petro-state literature could be visualised in terms of the leverage it offers in making sense of the adverse impact of oil on state-society interactions, political institutions, and policy processes, especially across the Third World. As demonstrated by analyses offered by Karl (1997), Ross (2012), Yates (1996) and de Oliveira (2007b), the petro-state literature rests on a comparative institutional approach given its interest in probing the interaction between underlying policy economy incentives for decision making and structural constraints that are built over time in the context of commodity-led economic development. This attempt at combining structural and choice-based analyses has opened a leeway towards an understanding of elite and societal dynamics that are fuelled by the presence of oil. However, the key insights that have emerged from the petro-state scholarship have been less articulate about the forces that could lead to its transformation.

For most scholars of the petro-state, a key dimension of the petro-state is that it endures amid different forms of crises that are also generic to the paralysis of the "Third World" state (example, De Oliveira, 2007b). According to Karl (1997), for instance, the petro-state is a "barrier to change" in that, it generates specific types of interest-based politics and policy making by various domestic and external actors who are linked to oil benefits. Wincler (1993) who affirmed this point in the context of the Gulf Region observed that petro-states commanded substantial support and stability because they extended privileges to various allies, including those within the private sector through a variety of structures, such as contracting and public investments. However, petro-state analysts insist that its endurance is held up by what Van de Walle (2001) has described elsewhere as a "politics of permanent crisis." De Oliveira (2007b:39), for instance, maintained that the same political economy forces shaping elite interests, institutions, and expectations, which prop up the petro-state end up undermining it (De Oliveira, 2007b:39). This position is largely because, the petro-state is susceptible to adverse economic factors, including unsustainable accumulation of debts, unsustainable budget deficits, unstable international commodity markets, decline in terms of trade, and poor linkages with other non-oil sectors that could offset its fiscal basis and capacity to dispense oil rents for political benefits (see Ross, 1999). Whereas these factors could energise the political climate, given mounting expectations, Ross (2012) has insisted that the propensity

of "boom-and-bust" cycles reinforce the institutional weaknesses, corruption, inefficiency and poor developmental outcomes in the petro-state (Ross, 2012).

Mainstream analysts who have tried to explain the dynamics of transformation within the petro-state have used its internal contradictions and weaknesses as the starting point, but with a key emphasis on elite capture. This was the case in a seminal contribution by Theda Skocpol (1982) regarding the Iranian revolution between 1997 and 1979. She suggested that as wealthy rentier state, the pre-revolutionary regime in Iran was "politically unassailable in certain ways- and potentially vulnerable in others" (ibid.:270). Among its vulnerabilities, she observed that the regime could not stem the tide of rising inflation and public discontent that emanated from the influx of privileged foreign workers. However, the most significant of these weaknesses in the petro-state, according to Skocpol (1982), stemmed from its disengagement from Iran's urban communities, which remained buzzling centres of economic activity and rich associational life. For Skocpol, the fundamental changes within the Iranian state could be understood within the context of the capacity and willingness of various kinds of political leadership to mobilise and channel "mass support for the creation of centrally controlled agencies of coercion and administration (ibid.:276)."

Presumptions of cyclical patterns of adverse elite behaviour, rent-seeking, and poor institutional development around oil dependency in the petro-state have provoked some criticism among scholars who have raised questions about the determinism inherent in petro-state postulations (see Heilbrunn, 2014; Herb, 2005; B. Smith, 2007). A key feature of this fast-growing critical literature is the emphasis on other mitigating factors and alternative paths from the petro-state. Notably, there are calls for other explanatory factors that inhibit optimal outcomes in petro-states apart from oil rents. For instance, Dunning (2005; 2008) has underscored conditional factors, such as the institutional make-up of the state prior to oil discovery, the nature of class and social struggles, and the level of private inequality. Luong and Weinthal (2010) have also added the ownership and control basis of rents, arguing that rentier effects are more pronounced where state ownership is high than in private-sector-led oil-rich states. Indeed, Ross (2012) backed Luong and Weithal (ibid.) when he observed that oil wealth was not always a "curse" until the wave of nationalisations in the 1960s and 1970s, and that historical trends in state ownership demonstrate that it often resulted in secrecy of oil revenues for the private gains of ruling elites. Furthermore, other scholars have pointed to instances, such as Trinidad and Tobago, where the trajectory of the petro-state could be less pessimistic (see Gelb, 1988). Based on Lipset's thesis that economic development has a positive correlation with democracy, Herb (2005), for example, argued that oil-induced developmental

outcomes could promote democratic outcomes in the petro-state. Hence, while oil rents can support authoritarian and unaccountable regimes, they may support the emergence of optimal outcomes, like democracy, in petro-states by providing the financial basis for the organisation of middle class groups, such as labour unions (cf. Auty, 2004:126; Dunning, 2008). In the context of Sub-Saharan Africa, some analysts have recently underlined notable progress that have been made in implementing democratic and "good governance" reforms across many countries to cast doubt on petro-state postulations (see Ako & Uddin, 2011; Heilbrunn, 2014; Ovadia, 2015).

In trying to understand broader incentive patterns and political economy dynamics of reforms in the context of oil, this study derives significant insights from the "petro-state" literature, especially in highlighting how oil reinforces patterns that cumulate into sub-optimal institutional and political outcomes. I also pay attention to its critical variants by arguing that the petro-states, like other states, are not "standardised commodities" (Evans, 1989:262). Hence, petro-state outcomes do not emerge from a vacuum. They must be interrogated with attention to contextual variations of the history as well as wide array of institutions and processes that connect state actors with different societal actors (see Evans et al., 1985; Migdal, 1988; Young & Turner, 2013). While acknowledging the rich diversity of the literature around the "petro-state," in line with the overall analytical approach of this study, I also maintain that normative outcomes of the petro-state, either positive or negative, could only be resolved by a positivist analysis of country-specific experiences of oil and the political economy of reform.

Attention to such specificities in oil-rich states leads to several variations in Ghana that do not fit neatly into many aspects of the "petro-state" literature. Whereas I highlight these Ghana-specific experiences throughout this study, a number of them could be explicitly outlined at this stage. Noticeable amongst them, as I outlined earlier in Chapter 1, the volume and economic contribution of Ghana's oil are less significant when compared with archetypical petro-states which, in practical terms include countries like Angola, Nigeria, Venezuela and others in the Middle East and North Africa, such as Kuwait, Saudi Arabia and Libya (see De Oliveira, 2007b; Dunning, 2005; Karl, 1997:19). Moreover, Ghana's democratic credentials and appreciable level of institutionalisation contrast greatly with the grim presumptions associated with the petro-state.[57] Within the nascent literature on the political economy of Ghana's oil industry, various analysts have largely framed the country as a petro-state without explicit

[57] Beyond the confines of this study, these distinctive features could have a much broader resonance with other emerging oil-producing countries in Africa like Liberia, Sierra Leone, Kenya, La Cote d'Ivoire and Uganda (see Bazilian et al., 2013; Hicks, 2015; Van Alstine et al., 2014).

recognition of these distinctive features (for instance, Obeng-Odoom, 2014b; also see my review Oppong, 2015).

Some of these distinctive political economy dynamics of Ghana's oil industry, albeit less explicit, constitute a matter of interest in a recent contribution by Heilbrunn's (2014) *Oil, Democracy and Development in Africa.*[58] In the book, Heilbrunn mainly challenged the negative predictions inhered the petro-state concept based on two main analytical levers, i.e., timing and level of oil production. Put simply, he argues that different "phase of production" bear varied institutional fruits over time (cf. B. Smith, 2015:1). And that, the challenges posed by the petro-state are more pronounced in "emerging producers**,**" i.e., countries that have just discovered oil like Ghana. This grim conclusion is largely informed by Hielbrunn's conviction that "emerging producers" suffer from institutional challenges and lack the requisite information, which combine to place various state actors at a disadvantage in the management of the sector. He further argues that as the "emerging producer" progresses to a "mature producer," the level of corruption diminishes thereby generating outcomes conducive for democracy and development. In what could be rightly faulted as an inherent contradiction, he singled out Ghana as a "democratic emerging producer," with a viewpoint that the country's appreciable level of democratisation and development gains over the last decades set her apart from other African petro-states (Heilbrunn, 2014126-127). Hielbrunn's (2014) observation about Ghana could be faulted as contextually dubious; and, indeed, his broader empirical and analytical interventions have not escaped criticism (especially, Yates, 2015). As I later demonstrate in detail, in Chapter 6, the position that "emerging producers" start off from a place of weakness due to lack of competency and institutions is less convincing. It tends to overlook prior institutional and political patterns, as well as, sector-specific norms and practices around the period of exploration. This point is even more pronounced in situations of a long-drawn-out oil exploration as experienced by Ghana. Heilbrunn also offers no pursuit of the distinctive political economy dynamic raised by the volume and significance of oil resources (contra. Dunning, 2008).[59]

I shall revisit some these criticisms of the petro-state literature, especially those that have made recent interventions about the prospect of its optimum developmental transformation later in Chapter 8. However, there are useful insights that I have learnt from a deeper engagement

[58] I am also aware of Celeste's Hicks' *Africa's New Oil: Power, Pipelines and Future Fortunes*. The book offers a journalist account of the politics and developmental questions related to some selected oil-producing countries in Africa without offering much conceptualisation.

[59] For instance, he opens the book with a comparison between Ghana and Chad without acknowledging that each country has different volumes of oil (see Yates, 2015).

with this literature that remain central to the analysis in this study. Most importantly, as detailed in Chapter 2, it brings to light different propositions embedded in comparative institutional analysis and comparative political economy to explain broader incentive patterns that shape the trajectory of oil-rich states. In line with this analytical orientation, studies about the broader politics of oil have underscored how different incentive patterns evolve and reproduce over time to shape sub-optimal trajectories of oil-rich states. These sub-optimal outcomes mostly derive from the fact that the presence of resources locks states into what Sawyer & Gomez (2012) refer to as an "extractivist logic", which often comes at the expense of effective institution building. Another, insight from the petro-state literature relates to how resources generate adverse incentives based on the centralising tendencies of political elites, weak policy processes, and poor democratic accountability and oversight by social actors who are equally steeped in rent-seeking behaviour. The course of this study will demonstrate how various mitigation mechanisms, including "good governance" initiatives, market reforms, and democratic governance rarely alter these centralising and sub-optimal policy paths in petro-states.

Following from the discussion above, the analyses offered in this study underline the distinctive patterns of elite capture of institutional reforms as presented by the petro-state literature. While acknowledging these significant similarities, I emphasise some distinctive aspects of Ghana as a "new" petro-state in four main respects:

Firstly, historically, petro-state conditions in Ghana do not emanate from oil per se, but rather from a dependence on other commodities, particularly cocoa, timber, minerals, and significant volume of external aid. As I argue in Chapter 4, these alternative sources of rents have generated certain institutional and political economy patterns whose legacy continues to shape the context for the management and utilisation of oil resources.

Secondly, in terms of the sectoral effects, Ghana's chequered history of exploration and heightened social expectations that greeted the discovery of oil remains critical. This position, which is developed further in Chapter 5, suggests that the political economy significance of oil in Ghana does not necessarily lie in the dispensing of "risk averse" public investments in welfare goods or investments in the instruments of coercion following windfall oil resources. Rather, it rests on how social expectations are articulated and met, and how oil becomes an added instrument within a complex array of political strategies that are at play within the context of various structural factors such as those offered by democratic politics.

Thirdly, the combined elements of democratic pluralism and the chequered experience of oil exploration in Ghana means that contrary to mainstream petro-states, the Ghanaian state may be in a much more precarious position than earlier admitted and envisaged. This precarious situation is partly due to the state's inability to meet social expectations given the limited volume of oil. However, more importantly, given the chequered experience of oil exploration, discoveries have been led by external multinational firms without the stronger "nationalist" and "centralising" tendencies of archetypical petro-states. Hence, oil revenues, and other oil-linked benefits that accrue to the state, rest on outcomes from negotiation with various societal agents and firms, contractual arrangements, and the strengths of the broader policy and institutional regime.

Finally, in line with the broader thesis that I have advanced so far in this Chapter, the development of commercial oil industry in Ghana has coincided with a critical phase within international development circles, which is characterised by a normative consensus around apolitical and market-oriented "good governance." This "consensus" which has gained wider currency in the extractive sector has rendered the oil industry highly susceptible to various fixes that are considered as "settled" within policy and academic spheres. By foreclosing alternative ideas and norms, this strong push towards erecting various institutional edifices around the "good governance" mantra may come at the expense of serious democratic and inclusive deliberation.

### 3.3.2. A Constitutive View of Institutions and the Legacy of "Change"

The other dimension of my goal in unravelling the deep politics of institutional choice and outcomes in Ghana's oil industry relates to tracing the historical patterns of change and continuity within the context of the country's rent-driven economy. The premise of this goal has a greater conceptual affinity with various aspects of "new institutionalism" (March & Olsen, 1983), which contrasts with conventional Eastonian/systems approaches that often treat different organisations of the state and the public policy arena as a "black box" of formal institutional structures (see Easton, 1965; Peters, 1998:206). Hence, in the fashion of contemporary institutional analysis, while acknowledging the importance of formal political structures, I shed light on the actual behaviour of various actors within and outside state institutions as well as processes and outcomes of policy decisions (see Karl, 1997; Peters, 1998).

Another point of theoretical differentiation, founded on the comparative institutional approach, as outlined in Chapter 2, is the incorporation of temporality based on sociological and political science analytical perspectives on institutions. I have argued in here that

embedded within the functionalist and market-enhancing logic of "good governance" is the idea that institutions can be purposively created, or created by rational agents (cf. Ingraham et al., 2008:67). On the contrary, the literature on comparative institutional analysis assigns greater value to "contextualised comparisons" (Locke & Thelen, 1995), and insists that the "rules" and "players" of the game differ across time and space (cf. Jackson, 2010:66). These analysts have generally rejected absolute theories of human rationality and the presumptions of fixed preferences, which are offered by game theory and formalised models (Immergut, 2006:242; Pierson & Skocpol, 2002; Pierson, 2004; Thelen, 1999).[60] Rather, they emphasise how political and social actors remain constrained by institutions, and yet, create and change institutions (see Mahoney, 2000a; Rothstein, 1998; Thelen, 1999). Hence, a key interest shared by comparative institutional analysts is how the complex preferences of individuals and groups are formed, reproduced, and changed over time (see Pierson, 2004). The varied theoretical and conceptual blueprints of these complex preference formation processes and their institutional outcomes have been explored and problematized in detail elsewhere, which cannot be rehearsed here (for instance, J. Campbell, 2010; Mahoney & Rueschemeyer, 2003; Pierson, 2004). Nonetheless, the interest in institutional reproduction or stability, and institutional change, offers an important optic through which I explore the trajectories and dynamics of institutions, especially in Ghana's oil industry.

An important component of the comparative institutional literature, reminiscent of the issues of "timing" and "pre-oil" context, which have been raised by some analysts of the petro-state, relates to the conception of institutions as enduring entities (cf. Rothstein, 1998:152). To re-state an earlier point which I raised at the onset of this study, this position is supported by a well-known observation which suggests that institutions do not change rapidly; they are sticky, resistant to change, and change in path dependent ways (J. Campbell, 2010:90).

The idea of "path dependency" refers to different processes through which contingent events or decisions result in institutions being established that tend to persist over long periods of time and constrain the range of options available to various actors in the future (ibid.). Its adoption in this study, as noted in the previous chapter, is far from the presumptions of deterministic and self-reinforcing processes connecting present or future events with the past, which is characteristic of various quantitative and economistic analyses (see Mahoney, 2000a). Rather, I employ it to denote how institutional and policy legacies of the past reinforce prevailing forms of practices and beliefs which tend to translate into different economic

[60] A few theorists who share this perspective have employed rational choice and game theory models to capture spatial and temporal institutional variations (for instance, Acemoglu & Robinson, 2005; Aoki, 2007; Greif, 2006).

sectors, such as the oil industry in Ghana. Analyses resting on the presumption of institutional stability have been faulted for not paying sufficient attention to the agency of actors and their failure to articulate a robust explanation of change (see Giddens, 1979; Immergut, 2006; Rothstein, 1998). Nonetheless, far from the structure-agency debate, the main strengths of the presumptions of institutional stability lie in their basic premise that rather than starting with clean slate of actors with assumed or fixed sets of interests, it is important to incorporate a fundamentally historical understanding of actors within a particular setting and context (see Jackson, 2010). For comparative institutional analysts, institutional reproduction is reinforced by three main factors:

The first dynamic, designated as "legitimation explanation" by Mahoney (2000a:523), is marked by the increasing acceptance of institutions based on individuals and groups' subjective orientations and beliefs about what is appropriate or morally correct. Those who have underscored this legitimation dynamic have pointed to the "positive feedback" cycle in which an initial precedent about what is appropriate forms a basis for making future decisions about what is appropriate (ibid.; also see Pierson & Skocpol, 2002; Pierson, 2004). According to Pierson (2004:31-40), for instance, when an institution is created to overcome different political dilemmas, such as collective action problems, it creates "positive feedback" which maintains and propagates certain norms and practices over others. He also argued that political institutions are "dense" in that they are often difficult and expensive to establish (Pierson, 2004:34-36). Hence, once created the choice of exit is usually very expensive, if not impossible.

The second dimension of institutional stability, closely linked with the idea of legitimation, relates to the influence of ideas (cf. J. Campbell, 1998; Grindle, 2001:368-369). As observed by Jackson (2010:67), given that preferences are not fixed, individuals and groups define their goals based on prevailing and contingent interpretation of social situations, which encapsulate formal and informal values and norms. This observation is informed by a viewpoint that uphold institutions as socially constructed, which embody shared cultural understandings - designated as "interpretive frames" (Scott, 1995) or "cognitive map" (Steinmo et al., 1992) - of how the world works (cf. Noorderhaven et al., 2015:15). Hence, ideas remain cognitive frames that legitimise the reproduction of institutions. Notably, Pierson (2004) has observed that unlike free markets where price mechanisms indicate value of assets, there is no price mechanism in politics. Therefore, because actors cannot find "objective" means to judge policies, they employ subjective judgements based on their worldview or ideology. In addition to holding significant value for subjective effects, ideas are also linked with political action. In this regard, Grindle (2001:368) has observed that, within the comparative institutionalist

literature, ideas are understood as, "political resources - a form of capital that is used to promote particular positions or to influence the outcome of decisions." Ideas, therefore, play a vital role in both group consciousness and in both inter/intra-group conflict (ibid.).

As Grindle (2001) alluded to, institutional reproduction is also characterised by conflicts and struggles to control varied resources, dominate markets, and otherwise obtain power (see Amable, 2003; J. Campbell, 2010). According to this power logic, an institution can persist even when most individuals and groups prefer to change it, if elites who benefit from existing arrangements have sufficient strength and resources to promote its reproduction (Mahoney, 2000a:521). Here, Pierson (2004) has observed that because political power tends to be reinforcing, those with socio-political and economic power are able to bolster their own position thereby reinforcing power asymmetries. In this regard, as noted by Campbell (2010:97), far from the idea that institutional trajectories are fuelled by the logic of appropriateness or converging norms of efficiency, political and economic instrumentalities are more decisive in driving reproduction and change in institutions. This position has been articulated in more specific and general terms. Within the literature on public administration and organisational sociology, for instance, analysis pointing to the instrumental role of powerful agents, especially political leaders, in undermining initiatives such as those with NPM reforms, in specific organisations has been articulated (see Brunsson, 2002; Christensen & Lægreid, 2001:76; Røvik, 1996). The broader dimensions of this instrumental logic have found resonance among state-society analysts, who have offered several accounts of how different state and societal agents employ diverse strategies to bolster their leverage over policy processes which, in turn, reinforce the status quo of domination and control (see Bayart & Ellis, 2000; Bayart, 2009).

By stitching together the influence of legitimation, ideas, and power, comparative institutional analysts have offered a pragmatic conceptual framework that permits a more nuanced account of the constitutive processes of institutional reproduction. Paradoxically, these constitutive layers of stability also offer an outlet to track and envisage institutional change. Most significantly, whereas ideas and "positive feedback" could reinforce the cognitive frames that legitimise the institutional reproduction, they offer potential outlets for grappling with change. According to James Mahoney (2000a:525), inconsistencies in the multiplicity of cognitive frameworks that are predominant in society provide a basis for actors to adopt "new subjective evaluations" and "moral codes concerning appropriateness." Moreover, the emergence of new skills and competencies, through mechanisms such as experimentation and innovation from

within and outside specific institutional settings may create opportunities for change (see Jackson, 2010; Levitt & March, 1988).

Closely linked to the power dimension is the viewpoint that institutional reproduction is a conflictual process. Hence, change is possible when the inherently conflictual aspects reaches a "critical threshold point," in instances like polarisation among the dominant elites or when disadvantaged individuals or groups successfully challenge existing institutional arrangements (Mahoney, 2000a:523). Another viewpoint advanced by Linda Weiss (2003:303-308), while acknowledging the impact of global market structures and norms, maintained that the extent to which elites and "distributive coalitions" cohere or divide along core policy goals is key towards state transformation and the creation of "liberal market institutions."

Following from the different premises of institutional reproduction and transformation, inhered within the comparative institutional literature, the presentation in this study rejects the monotheistic market enhancing, neo-Weberian, and functionalist logic that are embedded in the "good governance" concept. Instead, I embrace a nuanced perspective that situates the technocratic pretentions of "good governance" within multiple and complex logics of interest formation and cognitive framing as well as political contestations and power, which account for institutional reproduction and change. Analysts who have taken similar positions have borrowed heavily from DiMaggio and Powell (1983) and Scott's (1995) presentation of institutional complexity, leading them to analyse various institutional reform programmes on the basis on their interaction with different elements of institutions. These have been generally distilled at three main levels as regulative, normative, and cognitive. "Regulative" mechanisms include laws and practices that are often established, monitored and, enforced by third parties. As Andrews (2013a:42) observed, "they promise reward or punishment in response to different behavioural choices, constraining behaviour through extrinsic means." The "normative" elements are rooted in collective moral understandings about legitimate and "appropriate" behaviour (ibid; Jackson, 2010:76). The "cognitive" aspect is based on "taken-for-granted" definitions of the situations and worldviews, which, as noted earlier, manifest in ideologies and "scripts" (ibid.).

The variegated elements of institutional complexity have been mostly applied within organisational studies, especially those interrogating multiple "institutional logics" that facilitate or undermine reform within the public bureaucracy and other private sector firms (see Meyer & Hammerschmid, 2006; Reay & Hinings, 2009; Thornton & Ocasio, 2008; Thornton et al., 2015). Nonetheless, its broader appeal in this study could be linked with its resonance with critiques, which have been advanced against different reforms that have been

offered, especially under the rubric of "good governance." Such critical analysis have recently been articulated by Andrews (2013a), who observed that various institutional reforms pushed by different international organisations, particularly the World Bank, often fail because they tend to overly focus on the "regulative" dimensions and ignore the subtle, but fundamental, "normative" and "cognitive" elements of institutions at play in many countries. Drawing from empirical accounts of fiscal reforms in Argentina and anti-corruption initiatives in Malawi, he points to "residual controls" that are often retained by powerful agents that, at best, dictate, or, worst, undermine their impact. Like Andrews (2013a), my position on institutional complexity rests on a rich body of literature that have offered a nuanced account of state-society relations by pointing to the importance of the internal structures and capacity of the state, as well as, what Evans, Rueschemeyer & Skocpol (1985) referred to as "non-bureaucratic" aspects of interactions between the state and strategic actors within society (also see Coleman, 2003; Evans, 1995; L. Weiss, 1995). In the rest of this study, I develop these issues based on the political economy of institutional transformation in Ghana.

# 4.

# THE TRIPLE LEGACY OF AID, STRUCTURAL ADJUSTMENT AND GOOD GOVERNANCE

## 4.0. Introduction

In the words of Mahmood Mamdani, "history is a rich soil for theory" (1994:133). This chapter sets out the historical trajectories of institutional development and the enduring legacy of pseudo-reform initiatives and predatory politics that have been fuelled by the presence of different types of rents. Within the context of the Ghana's nascent petroleum industry, the importance of this historical context has been widely acknowledged especially by scholars who have expressed some misgivings about the likely effects of the history of poor management of revenues from previous resources, such as mining and cocoa, on the sector (see Asafu-Adjaye, 2010; Gary et al., 2009; Rupp, 2013). Establishing this context is also important to challenge various prognoses around the fledgling literature on Ghana's oil industry that portray various institutional gaps as momentary blips that are generic to the so-called "resource curse"(cf. Al-Kasim et al., 2010; Kopiński et al., 2013). The main argument advanced here is that the interest in "good governance" in Ghana cannot be delinked from previous patterns of reform, often instigated by external donor agencies in partnership with domestic elites, which have essentially sought to transform the institutional and political economy landscape of the country's rent-driven economy. Whereas these reforms have been successful at securing the incremental transfer of market-oriented norms, I contend that they have recorded poor outcomes in transforming the country's predatory institutional landscape. These observations are presented based on the heuristic devices of aid conditionality, structural adjustment, and "good governance."

## 4.1. Ghana and the Strings of "Soft" Conditionalities

On March 6, 1957, when Ghana became the first Sub-Saharan African nation to gain independence, there was a heightened sense of optimism about the country's developmental prospects. This optimism was partly fuelled by the presence of extractive resources such as gold, manganese, diamond, bauxite and other industrial minerals (see Akabzaa et al., 2007; R. Osei, 2001). Other commodities, like cocoa, timber, and coffee, accounted for the country's most significant earnings. In addition, Ghana commanded an appreciable level of international goodwill, which came with substantial inflow of foreign investment and aid. At independence, the country's accumulated net foreign reserves, estimated at £200 million, in per capita terms, was one of the highest in the developing world (Biney, 2011). Various analysts have also noted

that the institutional context of the new state was supported by functioning public administration structures and a civil service that was considered as "well-trained and adequately remunerated and resourced" (Ayee, 2001).

Despite the well-noted prospects, the Ghanaian economy was riddled by various structural limitations. According to Kudiabor (1963), the domestic economy operated as a typical manifestation of the "staple-trap" model given its dependence on cocoa.[61] At independence, cocoa accounted for an estimated 62% of total exports. Moreover, cocoa-derived revenues, export duties, Cocoa Marketing Board (CMB) grants, and import duties on goods purchased out of cocoa revenues, were estimated at 40-50% of government revenue (Economic Survey 1955, 1958, Report of the Auditor-General, 1959 in Kudiabor, 1963:10). The limitation of this commodity-based and export-driven nature of the economy meant that it was not geared towards industrial production and diversification (Rodney, 1972 in Akonor, 2006; Ninsin, 1989a; 1989b). In addition, the economy became highly vulnerable to external factors of production and commodity price fluctuation (ibid.). The inherent weaknesses became evidence as the country prepared for independence - foreign reserves dwindled from £211,165,000, in 1955, to £182,622,000, in 1957, terms of trade were negative, foreign investment was on decline (cf. Frimpong-Ansah, 1991; K. Jonah, 1989).

The most pronounced aspect of the frailties of the export-driven economy, which has been explored in detail elsewhere, was its underlying production relations, patterns of elite formation, and overall institutional outcomes (Ninsin, 1989a; Rimmer, 1992; Young et al., 1981). Many researchers have observed that prior to independence, the Ghanaian economy was characterised by an institutional and political stalemate among various agents who participated directly and indirectly in the commodity economy such as cocoa farmers, merchants, buying "agents" and "brokers," migrant labourers and emergent bureaucrats (Young et al., 1981). Consequently, the political engagements of the emerging "petty-bourgeois" class were confined to "narrow political solutions" and hodgepodge negotiations, which did not offer significant opening for a radical transformation of the institutional trajectories of the colonial state (J. Marshall, 1976). The formation of the Convention People's Party (CPP) in June 1949 by a faction of the more conservative United Gold Coast Convention

[61] Prior to independence, cocoa exports, which averaged 3,172 tons at the turn of the 20th century rose to 218,895 tons in 1930, accounting for over 70% of export value (Bourret 1960 in Young, Sherman &Rose 1981: 163).

(UGCC) opened up the prospects for a paradigm shift not only in terms nature of the Ghanaian economy, but also the underlying institutional and political logics.

### 4.1.1. Nkrumah and the Failed Transformation: Early Glimpse of Conditionality

Within the complex web of the mono-crop economy and subdued political transformation, the formation of the CPP was received as a genuine opening for a different trajectory for the independent state. The CPP launched "new aggressive, agitational style of politics" and articulated a populist message that found a ready audience among mainstream groups outside the "bourgeois" framework, such as lorry drivers, market women, government clerks, ordinary cocoa farmers, and the swelling army of primary school leavers (Young et al., 1981).

When the party assumed the reins of government, it launched a strategy of economic transformation that sought to create "a welfare state based upon African socialist principles" (Nkrumah, 1959: I). This strategy was also linked with an ambitious goal for a "big push" towards industrialisation (Hutchful, 1987). A more concrete expression of Nkrumah's socialist package could be found in the CPP Government's economic blueprint, i.e., the Second Development Plan, 1959-64. Under this Plan, the CPP Government earmarked £243,166,000 for infrastructure development, social investments, and "pure state participation" in all normal public utility enterprises such as railway, electricity, telecommunication and roads (Economic Weekly, 1959). Manufacturing was envisaged as part of collaboration between the state and "private enterprise" (see Economic Weekly, 1959; Nkrumah, 1964).[62]

The "Big Push" recorded an expansion in infrastructural development and public services, such as free education and power supply (Biney, 2011; Frimpong-Ansah, 1991:86-87; Killick, 1978:102). The Government established various state enterprises, which increased from four in 1957 to fifty-three in 1966. State investments were followed up with subsidized state education, health and housing (Appiah-Kubi, 2001b; Hutchful, 2002b:15; K. Jonah, 1989; Killick, 1978).

Despite some notable successes, the socialist project soon run into serious difficulties, and it failed to address a number of the structural limitations of the mono-crop economy. More

[62] In spite of the socialist pretentions, the CPP government gave assurances that private foreign capital would not be nationalised or abolished. This was done through references to constitutional provisions affecting nationalisation of foreign companies or direct treaties, like one with the USA committing to guarantee the rights of American investors (see Economic Weekly, 1959; Hakam, 1972; Hutchful, 1987; Ninsin, 1979; The Scotsman Monthly Review, 1958). This arrangement was however borne out of necessity other than ideological conviction as the government envisaged that foreign capital would be eventually outstripped in a "fair competition" by state capital (Hutchful, 1987:5).

specifically, it suffered from overdependence on volatile international commodity prices and weak commitment to export diversification while various public enterprises underperformed. By 1965, Ghana's economy was beset by shortages and inflation, exhaustion of foreign reserves, poor performance of strategic state enterprises, stagnating agricultural growth and unemployment (Hutchful, 1987:6). According to Kudiabor (1963), for example, various development plans under the CPP did not grapple with how to reorient the pattern of production and employment towards the nurturing of "indigenous managerial skills." Again, the plans did not incorporate sustained paths of capital for investments in the new industries. This situation did not alter the dependence on external skills and resources, and led to mounting balance of payment challenges.[63] Additionally, Hutchful (1987) observed that the socialist project failed to incorporate a strategy for the development of domestic agriculture, the local resource base and the production for mass needs rather than elite consumption.

Various debates about the underlying economic factors that accounted for the failure of the CPP's socialist transformation (and whether indeed it failed) still rages and cannot be resolved within the scope of this study. However, it is important to note here that the experience of the CPP Government's attempts at industrial transformation and its limitations point to failings of the institutional and political structures that were embedded in Ghana's mono-crop economy.

Institutional development under the CPP government traversed conflicting paths, which resulted in poor policy coherence and facilitated predation by national political elites (Frimpong-Ansah, 1991; World Bank Mission, 1965 in Hutchful, 1987). At the sectoral level, a host of agencies meant to deepen extraction of cocoa revenues were at the epicentre of institutional development. The Cocoa Marketing Board (CMB) demonstrates this observation strongly. The CMB, which was established in 1947 with powers to grade, export and set producer price, immediately became an engine for surplus extraction from the farming sector (Young et al., 1981). In 1952, Kwame Nkrumah, then as Leader of Government Business, established the Cocoa Purchasing Company (CPC) to deepen state monopoly over the purchasing and sale of cocoa (Appiah-Kubi, 2001a; Frimpong-Ansah, 1991; D. Woods, 2004). The CMB and CPC were accompanied by policies, which imposed price ceilings for producer prices and taxes. At independence, the United Ghana Farmers' Council Co-operatives

[63] In 1960, Ghana had a balance of payment deficit of £33.5 million. This rose by 57% in 1961 to £52.7 million.

(UGFCC), a more politically sophisticated entity, takeover from the CPC. This move encountered a mix of elation and suspicion. As Attoh (1958:11) recorded:

> "No one shed tears when Mr Kojo Botsio, then Minister of Trade and Labour, announced in the House on May 2 that the Government had decided to liquidate the CPC. It appeared, indeed, that everyone was relieved that this inglorious experiment had come to an end. But Opposition tempers were exacerbated at the hint that the Government intended to transfer the plant and equipment of the CPC to a marketing agency to be formed by the United Ghana Farmers' Council."

In operation, the UGFCC acted as the sole buying agency and a "political arm of the CPP in the cocoa industry" (Frimpong-Ansah, 1991:86). Notably, the Secretary General of the UGFCC, Mr Martin Appiah Danquah, was of "Cabinet rank" (Chazan, 1988 in Frimpong-Ansah, 1991). The politically instrumental logic behind the CPP Government's move was captured by Ninsin (1979), who observed that by establishing the "extractive and regulatory role" that the UGFCC played, Kwame Nkrumah was more concerned with asserting control over the country's labour force than enhancing workers' power (see Appiah-Danquah, 1958).

On the other hand, mainstream institutions, particularly the bureaucracy, were generally side-lined and were the object of less complimentary labels, such as "anti-CPP," "technocratic," "selfish" and "money-minded," from various elements within the CPP, including Nkrumah (cf. J. Marshall, 1976:54; Nkrumah, 1970:32, 85; 1973:182). The CPP Government therefore created another stream of institutions that were envisaged as alternative structures, amenable to the political directorate to drive its socialist programme (V. Bennett, 1973).[64] Examples of these politically responsive institutions included central planning bodies, like the Planning Commission, and other industrial holding corporations, such as the State Hotels Corporation. Additionally, proceeds from the accumulation of cocoa resources were used to underwrite a host of state companies such as the Ghana Commercial Bank, Ghana National Trading Corporation, State Insurance Company and State Gold Mining Company.

The various institutional paths that were set to deliver quick-fix development mostly operated at the behest of the CPP leadership, and they were bound to suffer from a tenuous lifespan. Nonetheless, it was their failure to resolve the disjuncture between political expediency and independent administrative effectiveness, which undermined policy development under the

[64] In 1961, for example, following the shortfall in revenue owing to the fall in cocoa prices, Nkrumah announced a change in the relationship between the CPP and the civil service arguing that "the party must be the pivot of our economic planning" (Nkrumah, 1961 cited in Biney, 2001: 103).

CPP. According to Berg, a major flaw of Nkrumah's development strategy was that administrative capacity of the state could not match the overload of the socialist project (in Biney, 2011). Besides, political meddling rendered the nascent state institutions more susceptible to elite predation. Frimpong-Ansah (1991:75), observed that most state enterprises became instruments for providing "jobs for the boys" with less attention to meritocracy, corporate governance principles, and effective financial management. This point was confirmed by Arthur Lewis (1958) who - upon his resignation as head of the Industrial Development Corporation (IDC) - averred that the corporation,

> greatly suffered from outside interference, in the shape of Members of Parliament and other influential persons expecting staff appointments to be made irrespective of merit, redundant staff to be kept on the payroll, disciplinary measures to be relaxed in favour of constituents, businesses to be purchased at inflated prices, loans to be made irrespective of security etc. (cited in Killick, 1978:245).

Linked to the CPP's poor institutional development was the presence of fundamentally flawed political structures that invariably eclipsed almost all avenues of democratic participation and accountability. In a series of measures, such as the declaration of one-party state and detention of the leading opposition figures, the CPP government monopolised political power, which led to undue centralisation of public policies around the President. State-directed solution led to a steady politicisation of public services and with attendant challenges for delivery. E. N. Omaboe (1966) articulated this point strongly:

> In Ghana, the politicians are always ahead of the civil servants and the planners in the general consideration and implementation of economic and social objectives. This has meant that almost all important projects have had to be initiated by the politicians who on many occasions have taken decisions and committed the nation to a certain course of action before the technicians were consulted (in Amoako-Tuffour, 2008).

Political centralisation is also cited for the emergence of a culture of state dependency through which political loyalty was defined in terms of instrumental expectations (see Austin, 1970; Chazan, 1983; Owusu, 1970; Price, 1984; Werlin, 1973:75). This prevailing "dependent" and "instrumental" politics was stoked significantly by the failure of the Socialist State to develop a genuinely independent indigenous entrepreneurial class.[65] One of Nkrumah's advisers, E. Ayeh Kumi, put this point more bluntly: "Nkrumah informed me that if he permitted African

[65] Nkrumah is reported to have reminded Parliament, "Ghana would be hampering its advance to socialism, if it encouraged the growth of Ghanaian private capitalism" (quoted in Akonor, 2006:19).

business to grow it will grow to the extent of becoming a rival power to his and the party's prestige, and he would do anything to stop it which he actually did"(quoted in Killick, 1978:241).

Various weaknesses in the socialist transformation and the poor institutional and political structures on which it was built rendered Ghana's fragile commodity-led economy more susceptible to external conditions. Hence, the decline in global cocoa prices, especially from the early 1960s seriously compromised Ghana's fiscal situation. Government's attempts at redressing these challenges through various negotiations with International Monetary Fund (IMF) and International Bank for Reconstruction and Development (World Bank) provided an early glimpse of the normative and institutional underpinnings of institutional reforms through conditionalities set by external agencies.[66] Prior to the active engagement with the Bank and the Fund, the CPP had sought a more diversified portfolio of loans, trade and investment with Eastern countries (K. Jonah, 1989:97). Within this diversified framework, the CPP negotiated with the IMF and the World Bank to support the Volta River Hydroelectric Project (Loan 0310) and deal with balance of payment deficits (World Bank, 1962).

For the most part, loans from external agencies and the IFIs were accessed on purely commercial terms in the forms of guarantee agreements, with no bold statement on policy matters. In the case of the Bank and the Fund, they were generally set within the confines of the IDA's Articles of Agreement that, among others, calls for accessed loans to be used for the purposes of "high developmental priority in the light of the needs of the area or areas concerned" and for "specific projects" (See Article V (a)). This trend changed in 1964, when the IMF, concerned about the sharp deterioration of the economy, sent its Executive Board to visit Ghana and advise the government to adopt measures that would curtail the increasing public expenditure (Akonor, 2006; K. Jonah, 1989). The Board specifically called on the government to "contain" urgently domestic expenditure with a specific recommendation that "total government expenditure should be limited to an amount that can be financed from non-inflationary sources" (Ghana, 1964:61 in Akonor, 2006:20).

In the subsequent year, the Government invited the IMF, as part of efforts to draw on its facilities, to reduce the balance of payment deficit, study the developments within the economy and make recommendations. In a cautiously worded and less disseminated report, the IMF

[66] Ghana formally became a member of the IMF and World Bank in September, 1957, when the then Finance Minister Mr K. A. Gbedemah signed the Articles of Agreement of Ghana's membership at a meeting of the Boards of Governors from September 23 to 27 (Danquah, 1958:7).

Team complimented the "high quality and dedication of the top management personnel" in both the civil service and the state enterprises. However, the Team argued that the expansion in state investment in new industries, farms and other facilities far "out strain" the capacity of the public sector, which undermined the country's ability to achieve full value for money. In addition, the Team noted that Ghana's financial resources have been equally overstrained with a rapid growth in "recurrent development expenditures", domestic inflation, and exhaustion of foreign exchange resources due to volatile prices of cocoa. Hence, there was an urgent need for a "carefully prepared consolidation programme" that would reduce the country's reliance on pre-finance supplier credits for long-term projects. The team also recommended elaborate value-for-money appraisals of new projects to demonstrate their "viability" and "real benefit to the economy" (World Bank Mission Preliminary Report, 1965 in Hutchful, 1987). Other proposals included; an end to state enterprises' dependence on central government subsidies; "liberal attitude toward foreign investment"; "strict system of priorities" for import licensing with the introduction of "global quota;" cuts in the producer price of cocoa; and a "temporary halt" to new projects.[67]

Given the precarious condition of the Ghanaian economy there was little dispute over the analysis of the IFI Team. This was affirmed by the Government, when the Finance Minister, in a Parliamentary Statement on 22nd February, noted that the Team's recommendation about limiting the budget "has been accepted in principle" and that "whether or not the Fund-Bank Team had made this recommendation, it seems obvious that we had to reduce the rate of government expenditure." However, the Government was unwilling to dismantle the socialist project and accused the Team of failing to "appreciate the special peculiarities and basic principles of our social system."[68] On February 24, 1966, while negotiations were ongoing, the CPP government was toppled by a military/police coup, which brought the National Liberation Council (NLC) led by Lt. Gen. Joseph Ankrah to power.

### 4.1.2. The Liberal Interlude and Convergence with Aid Conditionality

The NLC coup ushered in the liberal wing of the Ghanaian political elites to power with a promise of on an alternative path to the CPP's botched socialist project. This alternative was however nothing short of the policy prescriptions that were earlier offered by the IMF/Bank Team. The new government immediately constituted the National Economic Committee, led

[67] Parliamentary Statement by Minister of Finance, 10 September, 1965 (in Hutchful, 1987: 45-46)

[68] Ibid

by E.N. Omaboe, to "advise the Council on all economic and financial matters" (National Economic Committee Meetings, February 25. 1966 in Hutchful, 1987).[69] Minutes from the Committee's first meetings signalled the new regime's liberal philosophy. The Committee called for reform of some state enterprises to allow for private participation, review of some trade and import licenses, and resumption of negotiations with bilateral and multilateral donor agencies (see Hutchful, 1987:53-57).

The ideological compatibility between the IFIs and the NLC, coupled with Ghana's dire economic situation, opened the way for more assertive involvement of the former. A cable from Albert Adomakoh, Governor of the Bank of Ghana, four days after the coup, contained a distress call to the IMF and World Bank to, among others, resume negotiations to draw on the "Fund's resources" and "arrange a standby credit"(in Hutchful, 1987). Later, the Government sent a delegation to meet the Executive Board of the IMF and hold discussions with the United States, Canada, United Kingdom and West Germany primarily to "explore the possibility of further economic aid to Ghana."[70] The Bank agreed to provide long-term capital assistance, "subject to effective action on stabilisation and debt reorganisation," instead of "quick short-term financing of general commodity exports."[71] Consequently, under the guidance of another Bank/Fund Team, the NLC commenced a "Rehabilitation Programme." The Programme involved retrenchment of so-called non-productive public expenditures, retrenchment of various public sector measures, and other measures targeted at stimulating private participation in various state sectors (see World Bank, 1966). In addition, various activities of the UGFCC, including cocoa marketing and mechanised farming, were disbanded (ibid). On May 13, 1966, the Government received a $36.4 million loan from the IMF to support the Rehabilitation Programme. The Bank also approved four standby credits, amounting to $78.4 million, over the next three years (Akonor, 2006; K. Jonah, 1989).

The NLC Government embarked on what is arguably the first attempt at profound institutional reform since independence. Displeased by the structure and performance of various public sector institutions, the NLC established the Mills-Odoi Commission on the Structure and Remuneration of the Public Service in 1967. The Commission was principally

[69] The inclusion of a number of technocrats from the CPP including its Chairman, E. N. Omaboe, who was active in the preparation of development plans under Kwame Nkrumah, confirmed widely held suspicions about the rift between the political directorate and the "technocrats".

[70] See Report of the Ghanaian Delegation to the West (undated) (in Hutchful, 1987)

[71] Letter from Abderrahman Tazi, IBRD Executive Director for Ghana, to Adomakoh 23 March 1966 (in Hutchful, 1987)

tasked to examine the Civil Service and make recommendations that could enhance its efficiency and effectiveness for national development (Mills-Odoi, 1967 in Ohemeng & Anebo, 2012). The Commission's report contained a number of proposals, including a realignment of ministries to focus on sector planning, coordination and monitoring, and the empowerment of decentralised units for policy implementation (Ayee, 2001). Whereas various follow-up actions, like the reduction of the number of ministries from 23 to eight, were undertaken, the NLC deferred implementation of most of the recommendations to the next civilian government (Ohemeng & Anebo, 2012:167).

The NLC's pursuit of institutional reforms, which coexisted with the market reforms, succeeded in meeting the conditionalities that were set by the IFIs. However, the Government failed to win the support of various domestic constituencies around its reform agenda. For instance, junior civil servants who felt marginalised by the deliberations and outcomes of the Mills-Odoi Commission began agitations against what they considered as distortions and omissions in the salary structure. In addition, the IMF/Bank reforms were generally met with strikes, slowdowns and lockout of management.[72] The Government responded with various measures targeted at organised trade unions. These measures began with proposed amendments to Industrial Relations Act, 1965. A proposal to prohibit umbrella unions from sponsoring applications of its affiliated members was also interpreted as an attempt to subvert the TUC (cf. International Labour Organisation, 1970; Trades Union Congress, 2012:7-8). In another instance, the NLC passed a decree in February 1967, which designated "incitement to a general strike" as a capital offence.

The incompatibility between domestic social groups and the NLC Stabilisation programme raised various questions about the prospects of transformation via conditionalities set by external development agents. The most significant of these questions related to the implementation structures of the various policy fixes. Under the NLC, a team of Harvard Development Advisory Service (DAS) economists and the World Bank were placed in various planning and economic units, with members of the Economic Team to implement the policy prescriptions. The DAS/Bank officials and the Economic Team were subsequently criticised for facilitating the "co-optation" of policy spaces by external agencies, particularly the World Bank and IMF (Libby, 1976). Delinked from mainstream domestic implementing structures, the effects of most of these conditionalities were generally minimal as they could not be actualised to address the problems of patronage and rent seeking that had formed around

[72] Between the NLC Coup and May 1968, there were 71-recorded industrial strikes, which compares to 51 for the previous 5 years (Hutchful, 1987).

Ghana's commodity-driven economy and Nkrumah's socialist interventions. More importantly, there were questions about the extent of buy-in from leading members of the ruling NLC elites. Available evidence suggests that support for continued state intervention prevailed even among the most ardent critics of the CPP. Influential analysts of the period have argued that the NLC's "public commitments to complete liberalization was intended chiefly to mollify the IMF and aid donors" (Killick, 1978:330). The divergence between technocracy and political realities at the time was demonstrated by the differences between members of the Economic Committee, who were accused of being "less nationalistic" and overly "technocratic," and the Political Committee who, among others, tolerated a certain measure of preservation of state enterprises (K. Jonah, 1989). As recounted by Jonah (1989), various members of the Political Committee were openly critical of the terms under which state enterprises were offered for foreign private participation.

Policy co-optation by the IMF/Bank, and the resultant lack of policy coherence domestically worked to undermine the NLC Government's capacity to meet most of the rehabilitation targets. Despite marginal economic growth and increases in export earnings, largely due to favourable world market prices, the balance of payment problems persisted; inflation rate did not decline, while exports of major commodities, apart from timber, fell (K. Jonah, 1989:100). When the NLC handed over, the country had no foreign exchange reserves, and the Central Bank's foreign exchange holding was approximately -₵11 million (V. Bennett, 1973:662). Amid growing public agitations, the NLC, in a well-controlled transition process, which saw the disbandment of the of the CPP and an ethnically polarising general election, handed over to the Progress Party (PP) Government, led by K. A. Busia.[73]

### 4.1.3. From Welfare State to Convergence

The PP Government's tenure represented another phase of the evolving political economy of the conditionality regime in the context of democratic politics. Despite claims to liberal ideological principles, the Busia Government began with a more pragmatic approach towards its avowed market-oriented ideology by marking out a large role for the state (Killick, 1978). Through a vision of "democratic welfare society," the Government promised to move from "stabilisation" to "economic growth through investment" (Herbst, 1993:22-24).

[73] The PP was composed of remnants of the old United Gold Coast Convention (UGCC), National Liberation Movement (NLM) and a host of opposition activists against the CPP government. K. A. Busia was ideologically cast in the liberal mould. He previously served as Chairman of the National Advisory Committee and Centre for Civic Education. He was also a member of the Constitutional Review Committee that introduced a Westminster system of government under the Second Republican Constitution in 1969.

The key instruments for actualising the Government's vision included measures, to substantially; raise domestic investment and saving rates; expand export earnings and attract more external assistance; accelerate the "Ghanaianisation" of economic activities; and place special emphasis on rural development (Killick, 1978:63). These measures entailed significant public investments, especially in agriculture and rural development programmes, and conflicted with principles of IMF/Bank conditionalities (Hutchful, 2002b; Killick, 1978). The Government also explored alternative forms of financing, mostly from cocoa earnings, which accounted for 70% of government's export income and 30% of revenue in 1970 (Goldsworthy, 1973). The Government also increased domestic borrowing through National Development Bonds, Treasury Bills and CMB loans. In the 1971 budget, the Government introduced a 5% National Development Levy on all incomes greater than ¢34 per month, specifically to finance its rural development schemes (V. Bennett, 1973:11).

The PP government's "interventionism" underscored the intricate web connecting Ghana's domestic political economy, commodity exports and reform via external conditionalities. Whereas the PP's social interventions were formally framed in purely developmental terms, their serious political undertones cannot be overlooked. According the then Finance Minister, J.H. Mensah, in 1970, the greater emphasis on agriculture and rural population was envisioned to "aid our search for self-sufficiency in food supplies" (in Rothchild, 1980:468). Nonetheless, some analysts maintained that state interventionism was the logical outcome of the enduring legacy of Nkrumah's statist development paradigm. This point is supported by the presence of the Finance Minister, J.H. Mensah, one of the chief architects of the CPP's Seven Year Development Plan, in the PP Government. While working towards dismantling the "instrumentalities of the command economy," Mensah was adamant that decades of poor economic performance in Ghana required an emphasis on growth, employment and equality even if it comes at the expense of economic "stabilisation" (Killick, 1978). However, the interventionist measures were deeply embedded in a wider matrix to cultivate alternative constituencies of support outside the urban areas and trade union movement.[74]

It follows that the partisan intrusion into formal institutional arrangements that was characteristic of Nkrumah's socialist project did not abate under the PP government. This is

[74] This political project was largely necessitated by the vitriolic and ethnically polarising elections between the Progress Party and National Alliance of Liberals (NAL), its main opponent in the 1969 election. Both the PP and NAL fielded candidates of diverse ethnic origins, but the actual voting produced a situation in which the labels "Government" and "Opposition" effectively denoted the major ethnic groups the Akan and Ewe respectively (Goldsworthy, 1973:12). The PP's support came from the predominantly Akan areas of Ashanti, Brong-Ahafo, and Central Region, while the NAL's support was mainly in the non-Akan areas. A series of reported infighting within the NLC during the elections were allegedly based on support along the same ethnic lines (Bennet, 1973).

demonstrated by the well-cited *Apollo 568* saga, which began in 1970, when the Government, citing transitional provisions in the 1969 Constitution carried out a purge of the Civil Service and dismissed 568 employees. The main reason for the purge, according to the Government, was that it was part of a drive against overstaffing and inefficiency. One of the victims, E. K. Sallah, appealed to, and received judgement from, the courts against his dismissal. However, the Prime Minister refused to re-instate him accusing the judiciary of overstepping its jurisdiction (see Goldsworthy, 1973). Another notable case related to an opposition-sponsored motion calling for the resignation of the Finance Minister, for violating Article 61(4) of the Constitution, which barred Ministers from holding "any other office of profit or emolument whether private or public, and either directly or indirectly." Whereas, the Opposition's argument that, as Director of Odumase Farms, J.H. Mensah was in breach of the Constitution appeared credible, the Prime Minister refused to sack him.

Apart from public pronouncements expressing commitment to the Mills-Odoi Commission's recommendations, the PP Government did not embark on major institutional reforms (Ohemeng & Anebo, 2012). Rather, the Government tightened political controls of personnel and, through an Act of Parliament, deepened its influence over local government administration by empowering the Prime Minister to appoint Heads of Regional and District Councils (Goldsworthy, 1973; Ohemeng & Anebo, 2012).

The economic performance of the Busia Government, and the subsequent application of conditionality-induced corrective measures, compounded the institutional terrain of Ghana's mono-crop economy. The Government initially recorded some improvements especially in terms of the provision of amenities in rural communities and the relatively deprived areas of Brong-Ahafo, Northern and Upper Region (Rothchild, 1980: 474-475).

Between 1970 and 1971, the "democratic welfare society" encountered serious difficulties, when cocoa prices dropped to £487.50 from £825 (see Financial Times, 1973; Rolfo, 1980). During the period, the Government's accumulated staggering external debts, while its revenue ratio to GDP decreased from 19.3% in 1970 to 14.9 in 1972 (Akonor, 2006:27; Frimpong-Ansah, 1991:94). Subsequently, the Government adopted a series of austere measures that derailed the underlying political capital and patronage structures that it had managed to secure under earlier interventionist programmes. In the 1970/71 Budget, while introducing an 18% increase in public expenditure (at $460 million), the Finance Minister announced a host of measures including a Development Levy and a ban on the importation of about 150 items, like cars and television. The Budget also included a $5 million reduction in the defence budget, abolished car maintenance allowances, increased government housing rent from 7.5% to 15%

for civil servants, and replaced free university education with state loans to students (Baynham, 1984; Hutchful, 2002b). Various urban-based groups interpreted the austerity measures of the PP Government as part of an explicit aim of shifting the burden of taxation for rural development from farmers to urban workers (see Goldsworthy, 1973; Owusu, 1972). Hence, the ensuing disaffection was expressed, particularly among public sector workers, urban dwellers and students.

Against depleting government revenues and mounting domestic agitations, the Busia Government took steps to renew the partnership with the IFIs to address the crisis. As recounted by Libby (1976), the processes, which led to the formal intrusion of the prescriptions that came with conditionality-based lending by IFIs, involved an intense contest for control between a coalition of agencies - comprising the DAS team, IMF, World Bank and the Bank of Ghana - and the Minister of Finance. As the crisis wore on, Prime Minister Busia adopted various measures that enhanced the leverage of the Bank/Fund agencies over the Government's actions.[75] Bilateral negotiations with lending governments, such as the United Kingdom and United States, yielded no significant results. This failure was largely based on the lenders' insistence that the Government should undertake various programme-lending conditionalities, such as further devaluation and significant reduction in the development budget, with the IMF (ibid). Subsequently, on December 27, 1971 the Busia Government, on the brink of bankruptcy and following an agreement with the IMF, announced a 48.6% devaluation of the Cedi (ibid).

The ripple effects of the Government's devaluation, especially on imported consumer goods and fixed income earners, adversely affected the PP Government's legitimacy. This development highlighted the critical political costs associated with pursuing policy prescriptions under the conditionality regime. Here, it is important to note that various Fund/Bank conditionalities invariably reflected commercial transactions, with dire political costs, but without an equally robust programme of institutional reform and political legitimation. In other words, whereas the conditionality-based regime dominated Ghana's policy spaces under the PP Government, its obsession with divesting the state from various economic transactions without a blueprint for institutional and political reform was not plausible in the context of democratic politics. On January 13, 1972, another military coup, led by Lt. Col. I. K. Acheampong, seized upon the tenuous atmosphere, which was prompted by heightened agitations against the devaluation measures, and overthrew the Government. The

[75] For instance, the Prime Minister created a Cabinet-level Standing Development Committee as the government's principal economy policy body. The body was, hitherto, under the Finance Minister's portfolio.

new National Redemption Council (NRC), later Supreme Military Council (SMC), proposed a series of measures meant to dismantle the foothold of the conditionality-regime on the policy spaces of the country, but failed to articulate and embark on a serious path of positive institutional reform.

### 4.1.4. Repudiation, Decline and the End of the "Soft" Conditionalities

The NRC/SMC military junta took advantage of the social disaffection against the PP Government not only to shore up its political legitimacy but also to rally the country around a formidable programme of resistance against the conditionality-based economic reforms.

Immediately after the coup, the Acheampong Government revalued the currency by 42%, rescinded the Development Levy, and returned to import licensing and controls (Frimpong-Ansah, 1991; Hutchful, 2002a; 2002b). In a speech on February 5, 1972, the NRC leader repudiated certain debts and contracts that he described as "tainted and vitiated by corruption and other forms of illegality" (cited in Hutchful, 1987). Acheampong backed the move with a damning assessment of the country's debt situation. Among others, he expressed frustration that previous negotiations with creditor countries in 1966, 1968, and 1970 "ended in abject failure," as the latter always insisted on their "pound of flesh" without viewing solutions to the debt problem "in terms of a developmental perspective." Due to this assessment, he announced the terms on which, Ghana would unilaterally repay the balance of medium-term debts that had been accumulated after the February 24, 1966 coup.[76]

Whereas the NRC's loan repayment terms were mostly rejected by the creditors, the government managed to secure what was considered as one of the best terms of repayment ever given by Western creditor countries to any debtor country. The terms included a repayment period of 28 years, a grace period of 10 years and an interest rate of 2.5% p.a. (Akonor, 2006:87; K. Jonah, 1989).[77] Hitherto, the best terms Ghana had received from creditors was a repayment period of 7-8.5 years, with a moratorium interest of 5.5-5.5%, which applied only to a portion of the outstanding debt (Libby, 1976:87).

[76] The Government classified long-term debts as those arising from long-term loans other than Suppliers Credit, which totalled $231million. Short-term debts, amounting to $286.26 million were made up of arrears on import payments, 180-day credits and arrears on service payments. Medium-term debts, which amounted to $370 million, arose from suppliers' credit. See, Lt. Col. Acheampong's Statement on Ghana's External Debt, 5th February, 1971

[77] Hitherto, the best terms Ghana had received from creditors was a repayment period of 7-8.5 years, with a moratorium interest of 5.5-5.5%, and applied to only a portion of the outstanding debt (Libby, 1976:87).

The NRC Government followed up its defiance of external conditionalities with an indigenisation programme. Under a series of decrees, the Government seized 55% of equity shares in foreign mining and timber businesses, 50% shares in the breweries, and 40% shares in foreign-owned banking and insurance companies, as part of measures to "re-capture the commanding heights of the economy." In addition, the Government launched the Operation Feed Yourself (OPY) initiative as part of broader drive for agricultural expansion and food sufficiency (Ninsin, 1989a; Rothchild, 1980). The Government allocated 20 million Cedis to OFY, increased subsidies for agricultural inputs such as fertilizer and cutlasses, waived customs on agricultural machinery imports and relinquished taxes on incomes from farming enterprises (ibid). The principal delivery mechanisms for the indigenisation and self-sufficiency measures were Regional Development Corporations.

On the broader question of administrative and institutional reform, the NRC regime set up another body, the Okoh Commission, in 1976 essentially to recommend reforms that would lead to the reorganisation and restructuring of the civil service. The Commission's report, which came out in 1976, generally re-echoed the Mills-Odoi Commission's call for a reorganisation of various government ministries to acquire policy planning and evaluation capacity (Eghan, 2008:7). The recommendations led to the establishment of the Office of Head of Civil Service. This office was established after a merger of the Establishment Secretariat, the Management Services Division and the Establishment Unit of the Office of the President (Ayee, 2001:5).

In spite of the alternative economic programme and institutional reform measures, the NRC could not address the challenges of Ghana's resource-driven political economy. Indeed, for the most part, these challenges were compounded under the Acheampong regime. Various writers have maintained that Acheampong's initial policy of debt repudiation and indigenisation was fuelled largely by increases in the spot price of cocoa, which increased from £260 per ton in early 1972 to £900 per ton in July 1973 (Libby, 1976). The recorded balance of payment surpluses, ranging from 143.4 million to 150 million Cedis between 1972 and 1973, were employed by the NRC to mobilise strategic support among urban groups who were opposed to Busia' economic policies. The logic of political patronage, which prevailed under the NRC, encountered severe problems when cocoa production began to dwindle along with a vicious trend of balance of payment problems and commodity price fluctuations.[78] The legacy

[78] The trend in cocoa production was downward as its average 400,000 per annum during the Acheampong regime and by the 1977-78 season, cocoa exports had slid back to 271,000 tons (Rothchild, 1980:461). The value of timber exports also plunged from 168 million Cedis in 1973 to 85 million Cedis in 1978 while mineral exports declined from an index value of 100 in 1975 to 46 by 1983(Rothchild, 1980; Tabatabai, 1986).

of economic decline that was left by the Acheampong Government, as contained in the estimates of the Budget Statement of 1978/79 included:

- Overall budget deficit and gross imbalance in the external accounts;
- Rise in net credits from the banking system to finance budget deficits (from ¢17 million in 1973 to ¢781 million in 1977); and
- Increase in the money supply from an average ¢280.6 million in 1971 to ¢1761.1 million in 1977(cited in Rothchild, 1980).

Whereas the economic crisis became a matter of concern, it was the recession in various public institutions under the NRC that drove various analysts to question if the Ghanaian state, itself, had not became an impediment to development (see Azarya & Chazan, 1987; Hutchful, 2002a; Rimmer, 1992; Rothchild, 1995). Although the Government had earlier accepted the Okoh Commission's report in principle, it was generally more preoccupied with legitimising its rule through the distribution of economic spoils instead of reorganising the public service (Ayee, 1991). As pointed out by Obeng-Adofo (1991), while the policy capacity of various ministerial organisations was not significantly improved, the number of departments and programmes which formed part of the civil service increased, and most of state institutions were re-classified as parastatals (Ayee, 1991). This swelling number of public institutions operated on the logic of patronage and lacked adequate expertise and financial resources (Chazan, 1988). The "benefits" of indigenization, including contracts and public appointments, as well as military titles were also awarded to senior military officers and their civilian cronies. The extreme impact of this form of patronage on institution building became more evident in the military, as various senior officers, reportedly abandoned the barracks for positions in public enterprises (Hutchful, 1998). Besides, government elites were cited for channelling cocoa sales to personal offshore accounts, and corruption at all levels of the bureaucracy became institutionalised as rarely paid civil servants resorted to bribes, which became known as *kalabule*, to deliver basic services (Miller, 2011).

While the NRC regime resisted self-discipline, it employed the state machinery to suppress the emergence of an independent capitalist class (Hutchful, 2002b). Hence, as rightly noted by Rimmer (1992) , the Ghanaian state lacked any social group that was powerful enough to shape public policy in a different direction under the NRC regime. Nonetheless, labour agitations and popular unrests increased (Ninsin, 1989b:28). The suppression of popular protests led to the influx of new coping strategies, such as migration among professionals and other parallel "shadow state" activities like hoarding and smuggling (Azarya & Chazan, 1987).

In response to growing accumulation and legitimation crises, the Acheampong regime proposed a Union Government (UNIGOV) under which civilians would collaborate with the military through a participatory and non-partisan system of government (Austin, 1970; Rothchild, 1980). A vigorous campaign by various groups who were opposed to the UNIGOV proposal, including the Ghana Bar Association and National Union of Ghana Students, and an inconclusive referendum on March 30, 1978 further dented the credibility of the Acheampong Government. On July 5, 1979, some members of NRC/SMC, led by Gen. Frederick William Akuffo, relieved Acheampong of his authority as Head of State in a "palace coup."

The SMC II Government, under Gen. Akuffo, attempted to restore conditionality-backed market reforms, which also plunged the country into another cycle of resistance and political instability. Under promptings from an IMF team, who were present in the country during the coup, the Government once again introduced a package of austere economic measures aimed at reducing inflation and anti-corruption (Rothchild, 1985:4). The measures, which mostly mimicked previous consolidation programmes, included a 59% devaluation of the Cedi, reduction of the planned budgetary deficit from ¢1.5 billion to ¢500 million, controls in money supply to absorb the excess liquidity in the economy, and an increase in cocoa price from ¢40 to ¢80 per load (Akonor, 2006; K. Jonah, 1989; Rothchild, 1985). The IMF matched the Government's commitment with a stand-by credit of SDR 53 million spread over a 12-month period (ibid). When mass agitations began to swell against these measures, the Government, on November 6, 1978 declared a State of Emergency with a warning to workers that:

> Resort to pressure, blackmail, strike action and damage, or the tampering with employers' property or installation by workers to secure redress outside the normal procedure shall be regarded as criminal acts against the security of the state and dealt with in accordance with the relevant laws of the country (cited in K. Jonah, 1989:106).

The perennial cycle of political instability that often followed market-reforms came back to haunt the Akuffo regime. On June 4 1979, a group of junior military officers, led by Flt. Lt. Jerry Rawlings under the banner of the Armed Forces Revolutionary Council (AFRC) ousted the SMC II Government. The AFRC launched an alternative economic programme, which involved price controls, increases in domestic prices for some agricultural commodities, and a frontal assault on *kalabule* (Rothchild, 1985). In a brief period, the AFRC undertook a "house cleaning" exercise which witnessed the execution of three former military Heads of State, and five military officers while a host of military officers, public servants and businesspersons were incarcerated for corruption (Ayee, 2000). The AFRC presided over a transition programme

that brought another civilian government, led by Dr Hilla Limann and the People's National Party (PNP) to power on September 24, 1979. The Limann's Government, caught between the quagmire of continuing a politically sensitive IMF/Bank austerity and continuing a costly "alternative path" did not witness significant economic and political activity until it was overthrown by another coup, led by Jerry Rawlings in 1981.

To conclude this section, it is important to reflect on Ghana's institutional paths based on the experience of post-independent Governments over the first three decades and failed attempts at reform, which were largely driven by the Fund and Bank. Over the period, various Governments and active social groups rallied around rents that accrued from commodity exports to lay various claims to the benefits of post-independence statehood, which were narrowly defined in terms of delivery of subsidised goods and services as well as infrastructural development. The tone for these state-society linkages was set by the CPP Government and was predicated on the continuous flow of revenue streams particularly from cocoa. However, unlike the logic of "allocative" and "distributive" states pertaining to other petro-states, like oil-rich Middle Eastern and North African countries (Luciani, 1987; Vandewalle, 1998), different social agents retained strong agency and successfully obstructed various institutional reform initiatives. I argue that this was largely because the production structures that underpinned Ghana's mono-crop economy retained a certain level of domestic ownership and produced various contentions around its distribution.

Consequently, emergent public institutions were set in bifurcated terms to aid maximum extraction of commodity rents, on one hand, and mediate contentious distributional issues that enhanced the leverage of various elites in charge of political power, on the other. The unstable political environment invariably demonstrated the failure of these institutions to deliver on these bifurcated political goods. However, as one government took over from the other, many institutions were bypassed for more informal alliances and bargains with various groups, individuals and external donors who were strategically placed to alter the balance for the ruling elites. The ensuing state of affairs, as correctly depicted by Killick (2007:466), was an institutional environment that was largely "personalised and unpredictable." Furthermore, the fact that various social agents managed to retain a certain measure of agency amid this fragile institutional environment led to what Whitfield and Jones (2009:189) have characterised as a "political impasse" over social and economic policy.

Following from the above discussion, the main limitations of the market-obsessed conditionality-based reforms could be summed up in terms of their failure to address the institutional questions and help resolve the enduring policy impasse that yielded the unstable

political environment. In the subsequent decades, this impasse was broken when external development agencies managed to forge an alliance with various domestic elites and agents based on a convergence over the norms of economic and political liberalisation. As I demonstrate below, this convergence has led to the increasing significance of alternative sources of rents, such as donor financing and mineral extraction, which have changed the ownership structure of the Ghanaian economy and enhanced the autonomy of domestic elites from various local constituencies. Nonetheless, the institutional environment within which these new rents were extracted and distributed remained largely unchanged.

### 4.2. Structural Adjustment: A Narrative for "Soft" Conditionalities

The "Second Coming" of Jerry Rawlings on 31st December, under the banner of the Provisional National Defence Council (PNDC), was met with high expectations for the pursuit of alternative path outside the ambit of the market-based conditionalities of the IFIs. As recounted by Ahiakpor (1985), these expectations were largely informed by the anti-conditionality rhetoric of the new regime. Most significantly, the PNDC's Policy Guidelines attributed the developmental ills of the country to a "set pattern of economic, social structures, attitudes and a parasitic state machinery" supported by the "domination of the economy by foreign financial interests" with the cooperation of "unpatriotic local individuals" (cited in ibid). This diagnosis set the tone for the regime's "social revolution" which was aimed at eliminating all vestiges of inequality and exploitation from the country (Gyimah-Boadi, 1993). The PNDC backed the revolutionary rhetoric by announcing price controls, setting rent prices and reducing interest rates on bank savings and deposits targeted at "phoney businessmen and lazy annuitants."[79]

At the institutional level, the PNDC sought to reconstitute the state by creating parallel structures, such as the People's and Workers' Defence Committees (P/WDCs), Interim Management Committees (IMCs) and quasi-judicial bodies like the Citizens' Vetting Committee (CVC) and the National Investigation Committee (NIC). Among others, these parallel structures were envisioned to create broader openings for mass participation in various developmental processes (Ninsin, 1989a:10). IMCs, for instance, replaced management boards, became the voice of junior workers, and served as channels for securing working class protection against retrenchment and correcting long-standing grievances (Gyimah-Boadi, 1990). On the other hand, the NICs were established to dispense "simple, straightforward justice" that is unfettered by technical rules and procedures (Ayee, 1994; 2000; Gyimah-Boadi,

[79] Finance Secretary, Kwesi Botchwey's address to the nation, 30th December, 1982 (in Ahiakpor, 1985:545).

1990). These measures were adopted alongside support for a host of "revolutionary organs," like the June Fourth Movement, New Democratic Movement and African Youth Command, which mushroomed alongside traditional groups such as the National Union of Ghana Students (NUGS), to steer the country towards a new economic path.

### 4.2.1. The Technocratic Baggage of SAPs in Ghana

In a dramatic U-turn in April 1983, the PNDC jettisoned the revolutionary project and launched the Economic Reform Programme (ERP) in exchange for reliefs from the IMF and World Bank (see Boafo-Arthur, 1999a). This volte-face was partly informed by the failure of various constituents of the revolutionary track to produce a concrete and sustainable economic blueprint after protracted deliberations (see Jeffries, 1991). Besides, the negative ripple effects of earlier price control measures further compounded the country's dire economic situation (see Hansen, 1987; Jeffries, 1991). Hence, the most significant factor that informed the ERP was the severe strain on Ghana's failing rentier economy. Ghana witnessed a sturdy decline in almost all indices in economic output between 1970 and 1983: GDP declined at an average of 3% per year, industrial growth fell by 4.2% annually, while agricultural output dropped at 0.2% annually (World Bank, 1987a in Fosu & Aryeetey, 2007:50). Over the period, the country witnessed a dramatic fall in almost all her major commodities. Cocoa exports fell from 382,000 metric tonnes in 1974 to 159, 000 metric tonnes in 1983, while mineral exports declined from an index value of 100 in 1975 to 46 by 1983 (ibid). These challenges in the Ghanaian economy coincided with various developments in the early 1980s:

At the policy level, the World Bank, following a less glamorous experience of development support over the past decades, and the oil shocks in the late 1970s, became weary of project financing due to its low rate of return and slow disbursement rate (Mosley et al., 1995). The Bank's new approach was a shift to programme financing which was considered as more convenient for the Bank and recipient countries to restore external financial flows during periods of financial crisis (ibid.). Within this new framework, the Bank floated the idea of Structural Adjustment Loans (SALs) as an instrument to help developing countries; "reduce their current account deficits to more manageable proportions…strengthen their balance of payments, while maintaining their growth and developmental momentum" (World Bank, 1980). As outlined in the first Structural Adjustment package in Cote D'Ivoire in 1981, the main features that would characterise adjustment lending, for the World Bank and IMF included; fiscal adjustment, getting the prices right, trade liberalisation, and, in general, a movement towards free markets and away from state intervention (Easterly, 2005).

The dominant academic voices that emerged from debates over the developmental crisis were generally critical of the interventionist paradigm that had characterised various developing countries. In the case of Africa, the state was considered as "neo-patrimonial" with prevalent forms of "patron-client networks" (Van de Walle, 2001), and "accumulation from above" (Gibbon, 1992), which were facilitated by resources directed by centralised political power. The criticism of state intervention was linked to "dirigisme and centrally directed patronage" (Toye, 1992), which enabled members of patron-client networks to rig markets in order to direct resources to constituencies that were important to their survival (Herbst, 1990).

Within the Ghanaian intellectual community, debates about the developmental crisis took the form of a mounting challenge against dependency theories (Ahiakpor, 1985), and the propagation of the notion of the so-called "bureaucratic bourgeoisie" (J. Marshall, 1976). In one of the most spirited contributions to the debate about Ghana's development challenges, Robert Price maintained that "a complex interaction of indigenous political, social and cultural factors have been decisive in producing Ghana's current condition" (1984:186). He introduced the idea of "strategically placed officials," generally, "incumbents in positions in the economic administration, particularly senior officials in the commodities distribution machinery, and in agencies that link the Ghanaian and international economies," who "have been able to manipulate the system to their absolute advantage" (ibid:182). These "strategically-placed individuals" had been bolstered by state intervention in the markets through mechanisms such as control of markets and licenses to accumulate personal wealth by charging rents for goods and services above "official prices" (ibid).

Policy and scholarship coalesced in shaping the conception of the World Bank's SALs that set the tone for a more institutionalised conditionality-based lending. Under the Structural Adjustment Programmes (SAPs), the Bank maintained that reforms should be geared towards the smooth functioning of markets by altering the distortions of large public sectors, pervasive controls and populist interventionism (Öniş & Şenses, 2005). The policy components of the SAPs included short-to-medium term macroeconomic stabilisation measures to restore internal and external balances (World Bank, 1994a), followed by other changes aimed at "rolling back the state" and "unleashing the markets" (Mkandawire & Soludo, 1999).

Under the ERP - Ghana's version of the SAPs - the PNDC unveiled a host of fiscal reforms meant to correct imbalances in government finances, increase price of public services to cover costs, and secure improvements in the tax collection and administration system (Appiah-Kubi, 2001a). The Government adopted other reforms aimed at reducing government expenditure and restructuring it in favour of capital funding (ibid). In addition, the PNDC undertook

various domestic anti-inflationary programmes, including 900% devaluation of the local currency in 1993 and continuous devaluation of exchange rate between 1984 and 1987 (Ake, 1996; Kraus, 1991; Mkandawire & Soludo, 1999; Sahn et al., 1999). Associated with the anti-inflationary measures were various reforms aimed at disengaging the state from direct production, divestiture of loss making public enterprises, privatisation of social services provision, and liberalisation of various sectors of the economy (Appiah-Kubi, 2001a; Appiah-Kubi, 2001b; Fosu & Aryeetey, 2007; Gyimah-Boadi, 1991; Tangri, 1992).

The changes to the Ghanaian economy because of the ERPs remain profound and contested (see Anyimadu, 1993; Boafo-Arthur, 1999a; Killick & Malik, 1992). Within a decade of sustained ERP implementation, Ghana was hailed as a model reform economy. This was informed by a series of enhanced macroeconomic gains, which included a 5% growth rate in GNP between 1983 and 1993 (Panford, 2001), and decline in inflation from 123% in 1983 to 10% in 1992 (Fosu & Aryeetey, 2007). In addition, the country recorded substantial growth in export volumes of cocoa, non-traditional exports (especially pineapples, cola nuts and shea butter) and minerals (ibid; Panford, 2001). Jeffries (1992) reported from Accra that there was "remarkable improvements in the availability of goods, in the briskness of economic activity, and in the number of good quality goods."

The state of economic affairs, which Jeffries (1992) positively portrayed, was cited by critics as evidence of the failure of ERPs to address a host of the structural weaknesses of the Ghanaian economy, particularly industrialisation. A report by a visiting team of US House of Representatives, for instance, observed that "unmodified import liberalisation" under the ERPs represented a threat to potentially viable local industries that were handicapped by low capacity, tight credit and the "dumping of foreign products" (Weissman, 1990:1626). This observation was confirmed by claims about the de-basement of the traditional local business class, which in turn led to a proliferation of small-scale entrepreneurs such as petty traders and shop operators that emerged mostly as distribution channels of foreign products (Ninsin, 1988). The de-industrialisation of the Ghanaian economy because of the ERP was accompanied by the decline in the living conditions of various groups in the urban centres. In this regard, the US team reported:

> Most observers, including a high-level Ghanaian official, agreed that, as of December 1988, urban Ghanaians generally did not perceive that they were benefiting from the economic reform program and, in fact, opposed it (Weissman, 1990:1626).

This upsurge in the so-called informal economic activities were also linked to various public sector employees - averaging 46,000 - who were redeployed or retrenched between 1987 and 1990 under the ERPs (Government of Ghana, 1990 in Jeffries, 1992:213). Most retrenched public officers received compensation and reportedly took advantage of retraining courses and small loans schemes to either set up small enterprises or venture into farming (Jeffries, 1992:213). Nonetheless, as Jeffries (1992) found, the informal sector was unable to absorb "victims" of retrenchment and freeze on employment thereby increasing severe unemployment in the urban sectors.

The role of the ERP in transforming the poor institutional environment that had shaped predation among post-independence elites in Ghana has equally been a matter of scrutiny. Elsewhere, the SAPs were criticised for failing to articulate a robust political framework within which market reforms would take place and Ghana's situation was not different (see Mosley et al., 1995). As previously noted, various diagnosis of Ghana's economic situation, including Price (1984), Rimmer (1992) and Chazan (1988), underscored the institutional dynamics and the precarious state-society relations that underpinned the economic situation. In the heydays of economic adjustment, Rothchild (1985) observed that Ghana was suffering from a vicious cycle posed by a combination of "soft state" characteristics and "limited resources." [80] Consistent with the "rolling-back-the-state" mantra, the ERPs attempted to circumvent the "soft state" institutions by entrusting their implementation to an extremely narrow-based and personalised Economic Management Team. The Team was generally not subject to internal democratic control but extremely dependent on officials and consultants from the IMF and World Bank (Anyimadu, 1993; Hutchful, 2002b:50).

According to Toye (1991), the rationale for the extensive technical assistance by the Bank and the Fund was critical for the implementation of the programmes given the pervasive administrative weaknesses of the Ghanaian state (in Whitfield & Jones, 2009). Nonetheless, as noted by Hutchful (2002a) dependence on external expertise deprived the country of the opportunity to develop an indigenous technocracy. Even worse, it led to a "de-institutionalisation of decision making," which adversely affected the success of some of the adjustment programmes (ibid). For instance, the visiting team of the US House of Representatives reported that various government officials acknowledged that redeployment

[80] Rothchild uses "soft state" in the sense of "a government that lacks the capacity to regulate society and to implement its policies throughout the territory under its nominal authority" (Rothchild, 1985:2).

were carried without a civil service census (Weissman, 1990:126). This pointed to a poor understanding of the personnel and functions that were eliminated under the ERPs (ibid: 126).

Other reform initiatives unduly emphasised reduction of the size of the bureaucracy without paying closer attention to key challenges to the public service (Hutchful, 2002a; Hutchful, 2002b; Larbi & Britain, 1995; Mkandawire, 2003). For instance, the Civil Service Reform Programme (CSRP), which was launched in 1987 to "redynamise" the Service, was formulated essentially to support minimal implementation challenges of SAPs (Ohemeng & Anebo, 2012). As contained in the Credit Agreement, the main objective of the CSRP was to "facilitate the implementation of the Borrower's Structural Adjustment Programme," in the short-term, and, in the longer-term, "strengthen the Borrower's capacity to efficiently manage its economy" (Republic of Ghana & International Development Association, 1987:14).

#### 4.2.2. The Political Economy Dynamics of ERP Reforms

The presence of external expertise, significant donor funds and the de-institutionalisation, which accompanied the ERP process in Ghana, enhanced the PNDC's leverage in shaping domestic political processes and structures. Here, it is important to dispel various viewpoints that tend to suggest that SAP reforms were "imposed" on a reluctant government (Hutchful, 2002a; Hutchful, 2002b; Larbi & Britain, 1995). Indeed, as I outlined in the previous sub-section, there was a strong congruence between the intellectual and policy logic of the SAPs with the PNDC's initial take on Ghana's economic situation, particularly the emphasis on the perverse influence of "strategically placed individuals." Hence, for the PNDC, the promise of economic reform apart from providing much needed donor financing to balance the budget, was an opportunity to support the emergence of a new crop of loyal and "well-intentioned businessmen and investors" outside the traditional entrepreneurial class (Opoku, 2010a; Rawlings, 1990 in Tangri, 1992). Indeed, various strategies by which the PNDC directly supported "friendly" businesses and undermined "hostile" businesspersons and groups - imagined or real - have been scrutinised elsewhere (see Opoku, 2010a; 2010b; Whitfield, 2011a). These measures were backed with a series of "authoritarian political practices" such as the lack of participation in the ERP, disregard for due process, proliferation of paramilitary groups, and a pattern of violence that culminated into the so-called "culture of silence" under the PNDC (Boafo-Arthur, 1999a; Gyimah-Boadi, 1990)

Whereas various commentaries about the political dynamics of Ghana's ERP are available, the extent to which the reforms facilitated or undermined patronage politics and other predatory tendencies among the ruling elites has not been a matter of deep interrogation. Callaghy (1990)

alluded to this point when he argued that the Rawlings regime succeeded at implementing ERP reforms largely because the PNDC was "relatively autonomous, relatively insulated from the pressure of clientelist networks and particular social groups" (in Jeffries, 1993:31). Similarly, Jeffries (1991:168) argued that in contrast to other African single-party regimes and previous Ghanaian governments, the PNDC "does not operate much in the way of a clientelist system." The contrast between Callaghy (1990) and Jeffries (1993) and other mainstream analyses of the transformative potential of the ERPs (for instance, Bienen & Herbst, 1996; Grindle, 1996), coupled with the evidence of how various PNDC elites individually and collectively employed them to perpetuate predatory activities similar to previous regimes is too obvious to ignore. According to Hutchful (1995:69), for instance, far from "rolling down" the state and installing the markets, adjustment in Ghana was linked with a "revival of the state sector" as demonstrated by the increase in public investment, which rose from 1% of GDP in 1983 to 8% by 1988, and the dominance of various state and parastatal sectors.

By ironically stimulating the state, SAPs contributed significantly to the predatory and patronage logic of the PNDC's domestic politics. Indeed, the well-publicised insistence by donors that Ghana was one of the most successful "intensive adjustment countries" (Easterly, 2005), which were followed by frequent visits of high-level officials of the IFIs became instrumental in the legitimation of the PNDC's record in the face of mounting local recriminations about ERP-fuelled hardships and corruption (Oelbaum, 2002:316). In various instances, the link between the ERPs and domestic patronage and corruption were more obvious. This point was more dramatic under the ERP's divesture programme where a number of public assets and state enterprises were transferred, under dubious terms, to individuals connected to the ruling party.

Among the cases that came into the public domain, assets belonging to the Ghana Industrial Holding Company (GIHOC), Ghana National Trading Company (GNTC) and Nsawam Cannery were divested to CARIDEM, a subsidiary of the 31st December Women's Movement, which was headed by the First Lady, Nana Konadu Agyeman Rawlings. Other assets of GIHOC were divested to Gold Coast Motors, which was reportedly owned by Kojo Tsikata, a former Security Adviser to the PNDC. Skam, a company in which Ebo Tawiah, former head of the Divestiture Implementation Committee, was believed to be a partner also took over Odorkor Farms.[81] In addition, Kumasi Furniture and Joinery was purchased by Fred Mentah,

[81] The Divestiture Implementation Committee (DIC) began operations in 1987 as part of the ERPs primarily to implement and execute all Government policies in respect of divestiture programs. The Committee is made up of Ministers of State, trade unions, and representatives of institutional and private sector representatives. Its

the President of the Timber Export Development Board's CDR, with close links to the PNDC regime (ibid.)

The PNDC's resolve to employ the trappings of adjustment and donors' continued support for economic reforms for political patronage became more pronounce when various social groups that were critical of the ERPs continued to gain ascendency. The Government responded to the increasing erosion of its social and political capital by introducing mitigation measures such as the Programme of Action to Mitigate the Social Cost of Adjustment (PAMSCAD) with about US$80 million donor support (Gary, 1996). PAMSCAD was accompanied by a host of corporatist measures that emphasised participatory institutional arrangements like the Tripartite Committee comprising Government, organised labour and the private sector over employment and wage matters (Gyimah-Boadi, 1990). PAMSCAD encountered several challenges, which led funding agencies to question the "institutional" or "absorptive" capacity of the Ghanaian state to undertake such large social interventions (Gary, 1996:11). Consequently, the donor community began to emphasise alternative measures to court the engagements of other non-state actors, especially NGOs, in PAMSCAD and other policies. The PNDC employed its political leverage and control of various neo-corporatist arrangements to influence which groups or individuals could access these donor support schemes and funds. A notable case related to the 31st December Women's Movement. Founded in 1982 as one of the "revolutionary organs" of the PNDC, the Movement was transformed into an NGO in the late 1980s to qualify for grants and assistance from donor agencies and international NGOs (Gary, 1996; Oelbaum, 2002). Whereas, through CARIDEM, the Movement became an active participant in the divestiture programme, its transformation into an NGO, helped it to capture various funding streams from organisations such as UNDP and UN Food and Agriculture Organisation to support programmes for women (Gyimah-Boadi, 1994). Another well-documented case related to the enlistment of reluctant NGOs onto the Ghana Association of Private Voluntary Associations in Development (GAPVOD) as a requirement for accessing donor funds. As documented by Gary (1996), GAPVOD had earlier been established as a coordinating and information-sharing platform for domestic NGOs. However, by the end 1980s GAPVOD became the link between informal clientelistic networks around the PNDC with external development organisations (ibid). Other reforms programmes that came with donor engagements under the ERP, including the decentralisation programme in the late 1980s, were equally appropriated by the

activates were subsequently outlined in the Divestiture of State Interests (Implementation) Law, 1993, (PNDC Law 326)

PNDC elite to swell their support base (Ayee, 1995; Crook & Manor, 1998; Gyimah-Boadi, 1990). Oelbaum (2002), for instance, maintain that the PNDC employed various decentralisation structures to build patronage ties with traditional leaders and to nurture and solidify a "peripheral coalition" that served as its principal base of political support in the rural areas.

In the late 1980s the groundswell of social discontent, which were unleashed by the ERP reforms threatened to undermine the SAP agenda and raised concerns for new institutional and political arrangements that could help manage the situation. Most importantly, the US House of Representative's Sub-Committee on Africa after a visit to the country warned, "political tolerance of key urban groups may be diminishing" (Weissman, 1990). The group, among others, called for "consultative mechanisms" and the dismantling of the "culture of silence" that had prevailed alongside the ERP (ibid). In the 1980s, various national agitations, largely led by urban, middleclass and professional groups, such as the Ghana Bar Association, and the Christian Council of Ghana quickly grew into calls for political transition (Akwetey, 1994; Ninsin & Drah, 1991; Rothchild, 1985). The response of the Government, under mounting pressure from external donors, culminated into a well-controlled and contentious political transition programme that witnessed the introduction of a new civilian constitution and the election of the National Democratic Congress (NDC) led by Jerry Rawlings in 1992.

### 4.3. "Good Governance" and Legitimation of Economic Adjustment

Ghana's democratic transition of 1992 was anchored on the twin tracks of political and economic liberalisation. At the political level, the 1992 Republican Constitution set up a host of institutional arrangements that espoused key democratic norms such as checks and balances, free press and open debate, openness and accountability in public affairs, judicial independence and fundamental human rights (Ninsin, 2007). These norms were followed by the creation of independent state institutions such as the Electoral Commission and the Commission of Human Rights and Administrative (CHRAJ). The democratic norms and institutions subsequently opened the space for a more vibrant civil society activism and media pluralism actively connected with various facets of public and social policies in the country.

The first test of liberal politics was the 1992 general elections, which saw the Rawlings-led NDC poll 58.3 percent of votes against the leading opposition New Patriotic Party's (NPP) 30.4 percent. The polls were preceded by heightened acrimony between pro-PNDC groups and "alternate" political forces linked with the pro-democracy movements and followed by a

rejection of the results by opposition parties who also boycotted the parliamentary elections.[82] After a difficult start in 1992, a host of reforms spearheaded by the Electoral Commission with the support of external donors led to an impressive and competitive political system that has since witnessed five successive general elections with two alternations in power between the NDC and the NPP in 2000 and 2008.

On the economic front, decision-making was premised on the consensus that development cannot be imposed by "a strongman from above," but rather based on agreements between state and society (Hutchful, 2002b). As noted by Hutchful (ibid), underpinning the logic of liberal development under the Fourth Republic was that the state must share development responsibility with other actors; District Assemblies as custodians of "local development;" the private sector as "an engine of growth;" and foreign direct investment was expected to become the channel for huge capital and technological resources.

### 4.3.1. Framing "Good Governance" in Ghana

The concurrent pursuit of economic and political liberalisation shaped the contours of what became known as "good governance" in Ghana. The tenor of the new technocracy of "good governance," as in previous attempts at social and economic change in Ghana, was shaped by the language and policy prescriptions of external donors, particularly those operating within the framework of the Organisation for Economic Cooperation and Development (OECD) and the International Development Association (IDA).

Ghana's initial flirtation with "good governance" reform could be traced to the World Bank's Country Strategy Paper (CSP) in 1993 and an Operation Evaluation Department (OED) on its operation between 1995 and 1997 (Williams, 2010). In various propositions, reminiscent of the "market-enhancing" and technocratic rationalisation logic that were outlined in Chapter 3, the CSP called for the need to create an "enabling environment" for private sector growth, while increasing transparency and due process, correcting tax "distortions," and reducing transaction costs in the financial sector (ibid). The Paper also underscored the need for improvements in public sector management, which included civil service reform, improved expenditure management, and capacity building at the central and local government level (World Bank, 1995b: 34 in Williams, 2010). Other thematic policy areas emphasised in the OED report included, decentralisation, improvements in the regulatory environment, and improvement in accountability, specifically in terms of budgeting (ibid).

[82] More studies and commentary on the elections are adequately provided elsewhere (Haynes, 1993; Jeffries & Thomas, 1993; Jeffries, 1998; Ninsin, 1998; Nugent, 1999; Oquaye, 1995).

Domestically, various factors facilitated the quick transfer of the new technocracy of "good governance" in Ghana:

The first reason related to attempts by donors to restructure the aid architecture in line with the failings of the country's "model" SAP. Despite Ghana's much-touted economic success under the ERPs, the early 1990s witnessed an important turning point as various donors and government officials openly acknowledged the mixed outcomes of the reforms. Most significantly, a World Bank Report in 1995 conceded that Ghana's SAPs were dogged by a "slow pace of reforms," which sent mixed signals to the private sector and adversely affected areas such as export-crop marketing and privatisation. The Report also pointed to an "election-induced fiscal shock" that led to fiscal imbalances, slow growth in agriculture, and the persistence of poverty, especially the rural areas in the Northern region (World Bank, 1995). According to Boafo-Arthur (1999a), given the presentation of Ghana as a model reform country, donors "desperately" moved to ensure the continuation of adjustment and democratic reform. He cites Edward Jaycox - then World Bank Vice President for Africa - who stressed that a series of failed programmes in Africa would discredit the "basic idea of moving to a market economy," which would represent a; "failure of our institution, a failure of our political will, and there is no way we'll be able to say that it is just a failure of Africa" (in ibid: 65).

The second factor, as hinted by the World Bank (1995), related to the challenges that were posed by the contentious rebirth of democratic elections in 1992. The rejection of the results of the Presidential poll and subsequent boycotts of Parliamentary elections by the main opposition parties, coupled with a series of demonstrations and counter demonstrations raised genuine fears about the destruction of the stable political environment around which the ERP reforms thrived. These fears were reinforced in 1995 by the violence that marked the *Kume Preko* demonstrations, which were led by the Alliance for Change - a coalition of opposition parties and civil society organisations - against the Government's introduction of Value Added Tax reforms and general economic hardships in the country (Gocking, 2005; P. Osei, 2000). As pointed out by Osei (2000), the demonstrations highlighted the dualism between the "old" ways of policy exclusion and the new politics of public decision-making offered by the new democratic institutions. Subsequently, key advocates of economic reforms called for sophisticated systems of "good governance" that emphasised inclusivity and consensus building, and new ways of engaging with the public. Some of the institutional arrangements that emerged included the Inter-Party Advisory Committee (IPAC) - comprising political parties, the Electoral Commission and external donors - to deal with matters of electoral administration. The government also launched the National Institutional Reform Programme

(NIRP) in 1994 emphasising a "participatory process of self-appraisals" and "beneficiary assessments" (cf. International Monetary Fund, 1998:34). In addition, the National Tripartite Committee was activated in 1995 to help manage tensions and anticipate threats of industrial action by various professional groups such as the Civil Servants Association and Registered Nurses Association, and the TUC (Boafo-Arthur, 1999c; Panford, 2001). These strategies, which mimicked what is called Multi-Stakeholder Groups these days, were followed by various regional and sub-regional forums to develop a long-term economic plan for the country. These consultations resulted in policy blueprints, like *the Ghana: Vision 2020* document, as well as the Structural Adjustment Participatory Review (SAPRI) and National Economic Forum in 1997.

These changes within the policy and political economic landscape found an intellectual home among various analyses and research that rested on the key prognosis of the "good governance" perspectives outlined in Chapter 3. In Ghana, this concern with "good governance" among academics sprang from a lively debate, following the contentious 1992 general elections, about whether political liberalisation would cohere with the country's "successful" economic adjustment (cf. Boafo-Arthur, 1999c; Jeffries, 1991; 1993; Van de Walle, 2001). In addition to calls for broadening the participatory frontiers of policy makers, various analysts, largely informed by the New Institutional Economic School, underscored the need to identify a "social coalition for growth" (Gyimah-Boadi & Van de Walle, 1996). Citing the danger of escalating popular protests in new democracies in Africa, Gyimah-Boadi and van de Walle (1996:224), for instance, called for the need to replace "the dominant social coalition of the first 25 years of independence" with a "new pro-reform coalition incorporating groups with a stake in more growth-oriented policies."

In some extreme instances, there were even calls to abandon the "democratic project" to save economic reforms. Notably, Todd Moss and David Williams in a briefing - *Can Ghana's Economic Reform Survive the 1996 Elections?* - cautioned that a "real danger exists that political pluralism could derail the economic reform process" (Moss & Gavin, 1995:1). To back this caution, they intimated that there is "little evidence that many of the foundations of liberal democracy - individualism, equality, consent by the governed - exist in the hearts and minds of Ghanaians" (ibid:3). Moss and Gavin further emphasised what they considered as the detrimental impact of the 1992 elections on growth (which slowed to under 4%), increased money supply, fall in tax revenue and mounting government deficit. In their view, these problems were meant to achieve what the Finance Minister considered as necessary to "buy the peace and enable the democratic transformation" (cited in ibid). In addition, Moss and

Gavin warned that external donors risk a huge reputational stake if the opposition wins the 1996 elections and urge them to "give Rawlings the political space to carry out reforms" (ibid).

### 4.4. Conclusion

Ultimately, the entry of "good governance" into the lexicon of institutional reforms in Ghana could be visualised as another phase of a historical pattern of social and political engineering that have been undertaken under the tutelage of external donor agencies generally to alter the institutional landscape of Ghana's rent-driven economy. In contrast to previous patterns of reform, which largely failed to articulate a robust political framework, through which liberal economic prescriptions could be undertaken, the early phase of "good governance" in Ghana represented a more ambitious platform with explicit interventions targeted at restructuring state institutions and the policy processes for ERP-style economic programmes. "Good governance" interventions coincided with democratic reforms that were largely fuelled by an explosive associational culture led by a host of social groups that rallied around agitations against austere market reforms. In this sense, the adoption of "good governance" norms in Ghana was bound to face some of the conceptual questions that greeted its introduction in the late 1980s; especially those related to their intersection with prevailing notions of democracy, human rights, and sustainable development, which I outlined in Chapter 3.

Domestically, these questions were largely resolved in a manner that is generic to its trajectory from a concept that initially rested on an elaborate view of pluralistic state-society relations towards a more functionalist and market-oriented logic, which considers politics as distortionary to policy choices. As I noted in the previous chapter, while these viewpoints do not reject democratic politics entirely, they, treat them in strict terms, at best, as a means of choosing representatives and governments that should not be applied to the realm of policymaking.

The main limitations of this approach, especially in terms of altering the less participatory and predatory institutional landscape, have been the subject of critical commentary by many analysts. For instance, a host of insightful analyses about various "good governance" initiatives and the Ghana Poverty Reduction Strategy Papers (PRSPs) by Whitfield (2003; 2010; 2005), have pointed to the fact that they were formulated along rationalist and technicist lines mainly to maximise economic efficiency at the expense of genuine public consultations and participation (also see F. Stewart & Wang, 2004; Williams & Young, 2012). To borrow Blaug's terminology, participatory platforms under the "good governance" banner are "incumbent", as opposed to "critical," which have worked towards reinforcing the ERP-type status quo

(Blaug, 2002). Besides, various public sector reform initiatives are often based on predetermined Weberian and NPM models that view that state purely as an administrative machinery to deliver technocratic development solutions delinked from wider democratic scrutiny (Whitfield & Fraser, 2009). Hence, the most conspicuous elements of the legacies of the "triple legacy," outlined in this chapter, could be gleaned from their strength in supporting the emergence of a consensus on liberal principles of reform that are legitimated by appeals to market-oriented political and economic postulations. Far from institutionalising the market and managerial rationality, these reforms have failed to address critical aspects of the fragile institutional environment, and have been less inclusive than is often admitted. In the next Chapter, I demonstrate how different aspects of this fragile environment cumulated into sub-optimal outcomes in Ghana's oil industry in more specific terms.

# 5.

## LOOKING FOR OIL AMID THE "TRIPLE LEGACY"

*"We cannot forget that before the discovery of oil and gas, we had minerals. Gold and other minerals have been mined in this country for years and in huge quantities. Ghana has been the second largest producer of gold in the continent. Indeed, today we mine half of what South Africa produces in a year. And yet, we have nothing to show for it."*

**Hon. Albert Kan-Dapaah, 2013.**

### 5.0. Introduction

In the previous chapter, I observed that Ghana's political economy of institutional development could be summed up as a paradox typified by an elite consensus around political and economic liberalisation, which has produced successful outcomes in terms of market reforms and stable pluralistic democratic politics. However, within this success story lies a quagmire of institutional fragility that pushes towards elite predation and adverse political behaviour. This chapter traces how the broader aspects of the "triple legacy" of reform shaped the sector-specific political economy landscape of oil industry in Ghana from exploration to its early phases. It also examines the key drivers of "good governance" norms in the oil industry as way of setting the stage for a detailed account of the GHEITI and PIAC. Two main arguments, of significance to the wider interest of this study, are advanced here. Firstly, in line with the prognosis of institutional reproduction, the enduring legacy of previous patterns of market-oriented reforms alongside broader institutional and incentives remains evident in the nascent oil and gas industry. Secondly, the widely-acknowledged application of "good governance" norms, which have been sustained by multiple external and domestic actors, has, so far, offered little prospect in altering the fragile institutional environment.

### 5.1. Ghana's History of Oil

Ghana's quest for oil began with exploration activities, which date back to 1896. The initial phase, spanning the period between 1896 and 1969 involved primary-based seepage of crude that were detected along the onshore portions of the Western Basin without the hindsight of geology (Environmental Protection Agency, 2011). Per records compiled in a handbook prepared by the Historical Section of the British Foreign Office in 1920, Ghana's hydrocarbon resources at this period included, "oil-shales of poor quality, and a little bitumen and heavy oil" (Foreign Office, 1920:46). Five wells were drilled from 1896 to 1913. In addition, between 1909 and 1913, *Societe Francaise de Petrole* dug six wells (Banful, 2009).

The initial phase produced Ghana's first documented discovery of about five BOPD in the Takinka Concession (Environmental Protection Agency, 2011). At this stage, the main institutional mechanisms for the industry generally fell under the mining and minerals sector, and they were structured to assert control of the colonial government. Under the Mining Right Regulation Ordinance, 1905 (amended 1915), the Governor appointed a Secretary for Mines, who was tasked to supervise the "exercise of mining rights within the colony" (Foreign Office, 1920:46). A Mineral Oil Pre-emption Ordinance was also passed in 1907, which conferred on the Government, the "right of pre-emption of all crude oil obtained in the colony, and of all products of the refining of such oil"(ibid. also see Nugent, 2010:46) (ibid.). These centralising and extractive tendencies of the institutional structures had a long-standing presence in the subsequent regime that was created, especially for the exploration phase of Ghana's oil industry.

The second phase, covering 1970 and 1984, marked the beginning of systematic exploration. The period recorded successful drilling of 37 wells with two discoveries. In 1979, Philips Petroleum reported a gas condensate find in the South Tano Basin (Banful, 2009). The Saltpond Field, discovered in 1970, was the only commercial development that came out of these systematic explorations, which still produces roughly 200BOPD (World Bank, 2013b:42). It was at the latter stages of this period that the effects of the "triple legacy," especially in terms of enhancing deeper marketization of the oil resources with poor institutional structures, became more evident.

### 5.1.1. The PNDC/NDC and the failed Nationalist Project

The PNDC assumed the reins of political power with the issue of "self-sufficiency" in energy as part of its earlier populist rhetoric. The ideological and nationalist fervour that characterised the PNDC's energy self-sufficiency goal was partly fuelled by the hope of an "oil bonanza" following the development of a production field near Saltpond by Agri-Petco (a consortium led by the US-based Signal Oil Group) with a reported output of 1,500BOPD until it was abandoned in 1985 (Rothchild, 1985; Underwood, 1982).

Ideological motives aside, other pragmatic reasons fuelled the PNDC regime's drive to discover commercial oil. These included the Arab Oil Embargo in the late 1970s and its adverse impact on Ghana's economic situation. In addition, crude oil supplies to the country hit a low ebb when the Nigerian government, under Shehu Shagari, directed the Nigerian National Petroleum Corporation (NNPC) to suspend shipments to Ghana. The Nigerian Government demanded the payment of $30 million (in respect of outstanding bill of $50million) as a

condition for resumption of supplies to the country (Agyeman-Duah, 1987). Subsequently, the PNDC's immediate strategy was to seek access to alternative supplies from "progressive" countries such as those in the Gulf region (Boafo-Arthur, 1999b). The PNDC regime also took advantage of its strong ties with Muammar Quadaffi's Libya and negotiated a paltry six-month supply of crude oil at advantageous terms (Rothchild, 1985).

The Government's decision to access loans from the International Monetary Fund (IMF) and the World Bank through the Structural Adjustment Programme (SAP) reforms significantly altered its energy approach. The Ministry of Fuel and Power, in 1982 entered an agreement with Geophysical Services Inc. to acquire non-exclusive seismic survey offshore to accelerate the exploration and production of hydrocarbons covering the eastern border of Ghana to Cape Three Points (Banful, 2009). Armed with new geological surveys of Ghana's oil prospect, the PNDC organised a Conference in the United States for foreign oil companies to woo prospective investors (Ahiakpor, 1985). The tenor of the new oil regime was articulated by the Finance Minister, Kwesi Botchwey at the conference:

> Ghana will actively encourage direct foreign investment and ensure that while safeguarding the interest of the economy and the honour of the people, investors will not be frustrated when the time comes to transfer their profits and dividends to their shareholders overseas…Investors would be particularly welcome in such priority areas as petroleum exploration and production, mining and mineral processing, timber logging and wood processing, quarrying, deep-sea fishing, food processing and local resource-based manufacturing industries (cited in Ahiakpor, 1985:549).

The same year, the PNDC regime unveiled the embryonic institutional and policy mechanisms that would drive heightened exploration under the SAP regime. The Government established the Ghana National Petroleum Corporation. Under its enabling legislation, PNDC Law 64 (1983), the Corporation was tasked to "undertake the exploration, development, production and disposal of petroleum." Hitherto, this mandate was performed by the Petroleum Department under the Ministry of Fuel and Power, while the Geological Survey Department coordinated petroleum exploration activities and received reports on operations (see GNPC, 2011a). The following year, a Petroleum Exploration and Production Law (PNDCL 84) was promulgated to establish the terms for the contractual relationship between the State, GNPC and prospective investors in upstream petroleum activities. Another legislation, the Petroleum Income Tax law (PNDCL 188) was passed in 1987 to set out a separate tax regime for petroleum operations in the country. Following the terms of these laws, a Model Petroleum

Agreement (MPA) was developed to set the standards covering government's negotiation with prospective investors in upstream petroleum operations. The MPA covered commercial contractual areas such as contract scope, exploration period, minimum exploration requirements, joint management, contractor rights and obligation, sole risk accounts, oil sharing, measuring and pricing, environmental protection, as well as accounting and auditing (GNPC, 2000).

Two main observations could be made from the evolving framework of the petroleum industry:

Firstly, the political leadership retained significant leverage within the institutional structures covering the petroleum industry. This is demonstrated by the sector Secretary's (Minister) roles in negotiating and executing petroleum agreements, and setting the guidelines to regulate the industry. Consequently, when the PNDC Government initiated the ERP reform this greater leverage gave much room for the infusion of more market-friendly principles into the industry and enhanced the level of discretion exercised by friendly patrons of the ruling elites.

Secondly, the fiscal regime set broadly by the Petroleum Income Tax Law (PITL) attempted to accommodate the interest of the state and private capital through, what Amoako-Tuffuor & Owusu-Ayim (2010), described as a hybrid of production sharing and concessionary arrangements to govern contractual arrangements in the industry. The Law contained "national interest" provisions such as royalty payment on gross production, initial or carried interest of 10% in each contract area, additional interest in the case of commercial discovery, income tax payments and Additional Oil Entitlement. These "national interest" provisions in the Law coexisted with generous terms for private operators, including the absence of provisions on transfer pricing, exclusion of capital gains tax, and inclusion of stability clauses, which guaranteed protection from tax regime changes as provided in petroleum agreements (see ibid). These arrangements were generally akin to reforms that were undertaken in the mining and minerals sector in the 1980s. For instance, state mining companies were put on divestiture, with a reduction in corporate income tax and royalty rates, and the abolition of minerals duty, import duty and foreign exchange taxes (see Akabzaa et al., 2007; Aryeetey et al., 2004; Asa, 2001; Hilson, 2004). However, the mining-sector reforms reserved a 10% mandatory equity participation in all mining investments in Ghana, with the option of increasing its participation to 20% at a commercial price (Akabzaa & Darimani, 2001). Whereas mining sector reforms yielded positive outcomes in terms of mineral output and private investments, estimated at $US4 billion between 1983 and 1998 (Akabzaa et al., 2007; Ayee et al., 2011), oil exploration did not record much success.

The failure to make any breakthroughs coexisted with heightened exploration processes driven by the GNPC. The Corporation constructed a database of seismic information, and with Statoil, subsequently applied new technology to analyse and process previous exploration data. The GNPC also collaborated with other state companies from Canada (Petro-Canada International), Norway (Statoil), Brazil (Petrobras) and Nigeria (NNPC) to acquire, process and interpret Ghana's first 3D seismic surveys over the South Tano Field, which then resulted in the drilling of three wells between 1991 and 1994 (Environmental Protection Agency, 2011:3). However, as recollected by Sam Jonah (2013), the prospect of Ghana finding oil in commercial quantities at the time was generally greeted with "scepticism."

Several factors accounted for the failure of commercial petroleum find despite the high exploration drive.

According to various players in the industry, especially representatives of the NPP Government (2001-2009), whereas the exploratory regime was based on hybrid fiscal terms, it was largely fuelled by unrealistic nationalistic tendencies (personal interviews, 2013). Although a number of foreign companies participated in exploration activities, senior executives of the GNPC were adamant that the country should lead the discovery of oil. For these executives, the emphasis on national ownership was pivotal in enhancing the country's leverage over other investors in the hope of a commercial find. Consequently, the GNPC attracted substantial resources from which a host of oilrigs were procured. However, the wells that were drilled mostly turned out dry. This development undermined investor confidence in Ghana's oil prospects and became a huge drain on the Ghanaian economy. In 1992, for instance, the World Bank reported that the fiscal shock that was recorded in Ghana was, in part, attributable to Government's decision to write off 14 billion Cedis in taxes owed by the GNPC (World Bank, 1995 in Oelbaum, 2002). Central bank borrowing by the Corporation in 1994 was estimated to have contributed to a 46% rise in the money supply and higher inflation (ibid).

The abuse of undue discretionary powers that were exercised by the political leadership and the failure to anchor the GNPC on effective mechanisms of public accountability constitute, perhaps, the most decisive factors that undermined Ghana's exploratory activities. In the early 1990s in particular, media reports focussed on the apparent feud between the Finance Minister and Tsatsu Tsikata, a close friend and confidante of President Rawlings and the Chief Executive of GNPC, over the Corporation's drain on the national economy (Oelbaum, 2002). In 1996, a year after the resignation of the Finance Minister, the Rawlings Government undertook a sovereign guaranteed loan of $US 300 million from the EXIM bank of the United States on behalf of the GNPC in breach of IMF loan ceiling conditionalities (ibid). As head of

the GNPC with access to a number of international and domestic contacts, coupled with a close affinity with the PNDC leadership, Tsikata's role in questionable rent allocations and deals with various businesses, most of which fell outside the GNPC's remit was one of the most highly controversial aspect of Ghana's oil exploration activities.

On 18th June, 2008, for instance, an Accra Fast Track High Court found Tsatsu Tsikata guilty of "wilfully causing financial loss of 2.3 billion Cedis (230,000 in the New Ghana Cedis), through a loan he, on behalf of GNPC, guaranteed for Valley Farms, a private company, from Caisse Centrale (later changed to Agence Francaise de Developpement). The company defaulted in the payment compelling GNPC as guarantors, to pay the loan in 1996. Supporters of NDC, then in opposition, dismissed the ruling as political witch-hunt by the then NPP government (see Ghana News Agency, 2008; Graphic Online, 2008).

Another case involving the "mysterious" sale of the Discovery D551 - an oil drill ship belonging to the GNPC - once again brought to light GNPC's vital role in facilitating elite capture.[83] The drill ship was sold at US $24 million, out of which $19.5 million was used to defray the Corporation's debt owed to a French multi-national bank, *Société Générale*, in a deal brokered by a Deputy Attorney-General in 2001 under the NPP Government. The hasten manner by which the deal was brokered, while a commercial dispute between the Ghanaian Governance and *Société Générale* was ongoing in London, also attracted negative commentary with the media about potential political vindictiveness, especially to discredit Mr Tsikata. Again, the fact that the deal was brokered by the Deputy Attorney-General, instead of the Managing Director of GNPC, as stipulated by its enabling Act - PNDC Law 64 (1983) - was cited by various political commentators as evidence of undue partisan interference that often undermine various state institutions in Ghana.

The GNPC is not the only entity that was caught in various questionable deals in the oil industry. A US Embassy Cable in 2008, published by wikileaks.org, revealed accusations of financial malfeasance over the redevelopment and recapitalisation of the Saltpond Field, following an agreement with Lushann Eternit Energy ltd, a Houston company owned by a Ghanaian-American, Quincy Sintim Aboagye, in 2000. The contract, which gave 60% ownership to Lushann with 40% to the GNPC, attracted criticism for not reflecting the true

[83] The controversy of the sale of the drill ship took centre-stage at the public hearings of the Sole Commissioner currently ongoing to ascertain systematic payments of judgement debts, some of which have proven to lack basis and involving collusions with "friendly" party patrons. The Commissioner's mandate is to "investigate issues concerning the payment of debts, their foundations and viability and make recommendation to government to take action on such issues" (see The Chronicle, 2012).

market value of assets of Saltpond Fields, while Tsikata was alleged to be inappropriately connected to Mr Sintim Aboagye.[84]

As the Rawlings-led National Democratic Congress approached the end of its tenure in 2000, the effects of the lack of commercial viability, poor results from exploration, as well as excessive personalised intrusion combined to seriously undermine the nationalist fervour that characterised the early phases of its oil exploration programme. Under a petroleum deregulation programme in mid-1996, which largely related to imports and domestic pricing, the government signalled its intention to reform the GNPC by breaking its monopoly over the importation of crude oil and subjecting it to market competition (International Monetary Fund, 1998). The petroleum industry also took centre-stage in the *Ghana-Enhanced Structural Adjustment Facility. Economic and Financial Policy Framework Paper, 1998-2000,* which was developed by the Government of Ghana, in collaboration with staffs from the IMF and the World Bank. Among others, the paper called for GNPC operations to be restructured "in order to confine the company to hydrocarbon and energy-related activities" (ibid.).[85] It also called for the liquidation of GNPC assets that were unrelated to its primary functions (ibid.). The apogee of this liberalisation process in the exploration stage was reached when the New Patriotic Party (NPP) assumed the reins of government in 2001.

### 5.1.2. The New Patriotic Party's Agenda for Oil Discovery

Ghana's quest for oil entered a new phase with the election of the opposition NPP in 2001. Often associated with the more business-friendly elements of Ghana's political spectrum, the Party during the elections promised "free enterprise, fundamental human rights, and the vigorous pursuit of private initiative"(New Patriotic Party, 2000). On his inauguration in January 2001, the new President, John Agyekum Kufour, reiterated the Party's position that the private sector is "the main agency for the creation of wealth." Consequently, Kufour promised a "golden age of business and enterprise" calling on the business community, within and outside of the country, to "come in and let's do business" (Kuffour, 2001).

The signal for the "golden age of business" quickly echoed in Ghana's oil exploration programme. The new NPP government's pursuit of commercial oil involved two main strategies. First, the government scaled down various activities of the GNPC to focus on the

[84] The absence of public disclosure of finances and public revenues from the Saltpond Fields has been a matter of intense public debate (see US Embassy-Ghana, 2008).

[85] In order to finance its operations and continued oil exploration, the GNPC continuously diversified its operations and went into other areas such as gold mining, farming, and telecommunications.

core business of oil exploration. Some GNPC staff were either retrenched or redeployed in order to attain the streamlining of its activities.[86] The second aspect of the new strategy, which proved more decisive in transmitting the marketization effects of the "triple legacy," was the decision by the Government to "use the private sector to search for oil" and not "the resources of the Ghana" (anonymous interview, 2013).

In line with Government's new approach, a team led by the then Minister of Energy, Hon. Albert Kan-Dapaah, embarked on extensive Road Shows, mostly overseas, to sell Ghana's hydrocarbon prospects. A meeting with a Houston (US)-based consultant, led to two main critical outcomes, which were announced at a conference (also known as M-Plaza I) with some foreign investors in 2003. At M-Plaza I, the Government announced a systematic shift of focus from the shallow waters (depth of 0-200meters) to deep-water areas (depth of over 200 meters), with acceleration of efforts to get data from in the deep waters and other fields like the Volta basin (anonymous interview, 2013). Another outcome of the meeting was the Government's decision to downgrade the fiscal terms of exploration and production for prospective companies. The previous regime, which sought to obtain a net oil for Ghana at 65-55%, was considered as "too harsh" for deep-water exploration, and not commercially attractive for a country not known for oil (ibid). Subsequently, the Government at another conference (M-Plaza II) announced a downgraded regime, which pegged the Ghana's net oil benefits at 45-55% (see Kan-Dapaah, undated).

**Table 5.1. New Fiscal Terms for Selected Number of Companies Prior to Ghana's Oil Discovery**

| | **Kosmos** | **Tullow** | **Hess** | **GASOL (shallow water)** | **Devon (New after M-Plaza)** |
|---|---|---|---|---|---|
| Royalty | 5% | 5% | 4% | 5% | 4% |
| Inc. Tax | 35% | 35% | 35% | 35% | 35% |
| Carried Interest | 10% | 10% | 10% | 10% | 5% |
| Add/Int. | 2.5% | 5% | 3% | 10% | 15% |

**Credit: Kan-Dapaah (undated)**

As outlined in Table 5.1., the new exploration programme generated immediate results as a number of companies, mostly small and budding independents, like Kosmos Energy and Tullow Oil, registered interest in deep water exploration in the country.[87] In 2004, Kosmos

[86] During fieldwork, the actual number of dismissed staff was not given, but a leading member of the NPP government, who oversaw the restructuring of the GNPC during an interview put the reduction at 150 from a high of about 1000 (interview, 2013).

[87] Previously the Government had issued exploratory licenses to Devon and Vanco, in 2000 and 2002 respectively under the old regime, which yielded no commercial find (Kan-Dapaah, undated).

Energy (with an 86.5% working interest), in partnership with the GNPC (with 10% initial carried interest) and the EO Group of Ghana (3.5% interest) signed a seven-year lease with the NPP Government to begin exploration in the offshore West Cape Three Points block (McCaskie, 2008:319). Two years later, Kosmos divested 55.619% of its original working interest to Anadarko Petroleum Company (30.875%), Tullow Oil (22.896%) and Sabre Oil and Gas (1.854%) (ibid). According to Kosmos, the move was to attract further financing and technology into the petroleum exploratory programme (ibid). The same year, Kosmos acquired the Tano Block, adjacent to the west of West Cape Three Points, retaining 18% of its allotted interest while trading the remainder for its partners (ibid.).[88]

Supporters of the NPP Government's strategy saw the discoveries in West Cape Three Points and Tano Fields, which are jointly named Jubilee Fields, in 2007 as the crowning moment of their exploratory strategy. The triumphalist mood was displayed in more dramatic terms, when the Energy Minister, Hon. J. K. Adda, in announcing the oil discovery to Members of Parliament, displayed two containers - one with salt and the other with oil. The move was staged ostensibly to present, what the NPP Government considered as the failings of GNPC's diversified portfolio under the NDC Government. The triumphalism also found a voice in the New Patriotic Party manifesto for the 2008 general elections, which read:

> The recent oil discovery in our deep waters offshore is not by accident. We have struck oil because of the sound policies of the NPP government. The oil has always been there but the 19 years of (P)NDC rule could neither create the conducive investment climate nor the managerial direction for the oil to be found. In the short period between 2001 and 2005, the NPP government restructured and refocused the work of the GNPC and provided the conducive business environment to attract committed investors to our offshore oil fields. The result was the discoveries announced in June 2005, June 2007 and February 2008. We expect more discoveries in the coming years and, as the party who enabled these new finds, we are best placed to manage these new resources responsibly (Section 1.16 of New Patriotic Party, 2008).

However, the euphoria that met the oil discovery did not stop people from raising critical commentaries about the wisdom in placing the Ghanaian state in a weaker position against private investors. A year after the discovery, the opposition NDC, in a press release raised concerns about what it described as "reports that the NPP government has already mortgaged

[88] Tullow had 49.95% working interest while Anadarko had 18 percent and Sabre 4.05 percent with GNPC maintaining its 10% participatory stake (McCaskie, 2008:320).

oil reserves" (Ampofo, 2008). The NDC argued that given the inroads that the country, through GNPC appraisals in the Tano Fields under the party, it was,

> Unreasonable for the government to treat them as pure exploration assets and should have been excluded them [GNPC's appraisal data] from the current exploration agreement with Tullow Energy, as that seriously undervalues the reserves (Ampofo, 2008).

Whereas various representatives of the NPP Government acknowledged some of these criticisms, they conceded that the "lenient" fiscal terms were necessary to attract the needed capital and technological investments that eventually boosted the exploration drive (interviews, 2013). According to a former Minister under the NPP Government, for instance:

> We are saying that it was necessary to be lenient. Because Ghana was known for its gold and it was easy to get investors to come to search for gold. Ghana was not known for oil. And people did not believe it so {we} needed a bait to get them to come (interview, 2013).

As demonstrated by the above quotation, embedded in the NPP Government's argument was that once oil was discovered, different measures could be adopted to enhance the state's leverage over the industry. During my interviews, most informants from the NPP maintained that the review of the fiscal terms has rendered the sector more "economically competitive" and reflected the experiences of successful oil producers such as Norway. However, with the successful oil find these terms could be enhanced to increase the benefits that accrue to the state. While noting that the current public share of petroleum revenues could improve, they pointed to subsequent petroleum agreements and legislations, like the Local Content Law (2013), after Ghana's discovery as containing more stringent and beneficial terms for the state.

The evidence in support of the NPP's claims is less convincing. Indeed, hopes that Ghana could renegotiate the terms under which the petroleum industry would be managed in her favour following the discovery were undermined by a perennial "political business cycle," and a combination of external and domestic economic factors. Within the domestic context, the political business cycle is used to depict increases in public expenditure and astronomical budget deficits that have been recorded during election years since 1992. As rightly noted by Whitfield (2011a), the cycle is mostly fuelled by incentives among the political elites to deliver visible goods and services to meet high expectations of various electoral constituencies. In this regard, the discovery of oil in 2007, which preceded an election year in 2008, and was

immediately followed by Government's pressure on companies to begin production without deeply interrogating institutional and policy matters (Jonah, interview, 2013).

The discovery also coincided with what Bawumia (2014) has described as "stabilisation fatigue." This fatigue was mainly because, after years of macroeconomic stability and various reforms generally meant to promote fiscal prudence, the NPP Government decided to move on to growth through major investments in infrastructure (ibid).[89] Other events, such as a global food crisis, increases in oil prices, which peaked at $147/barrel in 2007, a domestic energy crisis and the rise in the public wage bill compounded the Government's fiscal situation in the year of the oil discovery. The Government adopted a fast-track approach to oil development with incessant calls on companies to *turn on the pipes* to boost the country's depleting revenue base. In addition, the Government, sought to raise further revenue on the international capital market by raising a $750 million loan in the shape of a Eurobond in 2008 (Gary et al., 2009).

### 5.2. Outpacing Regulation and Institutions

The decision to hasten petroleum production adversely influenced the nascent institutional and policy contours for the new industry. Hastened attempts to design new institutions and laws to govern and legitimise commercial production borrowed heavily from a "flood of advice" from external academics, NGOs and official agencies, particularly the IMF, World Bank, Oxfam, Commonwealth Secretariat, Revenue Watch International and the Government of Norway (see Amoako-Tuffuor, 2011:2).

In mid-2008, President J. A. Kuffuor set up five Ministerial taskforces to make recommendations that would go into a comprehensive legal and policy framework for the oil industry. The taskforces were expected to provide inputs into a Fundamental Policy and Master Plan for parliamentary review and ratification (Cavnar, 2008). The areas marked out for the taskforces included, Fiscal Regime and Fund Types (at the MOFEP), Legal (Attorney-General's Office), Health and Safety (Environmental Protection Agency), Security (Department of Defence), and local content (Ministry of Trade and Infrastructure) (see Cavnar, 2008). The NPP Government subsequently produced a draft Petroleum Policy in July 2008 (Amoako-Tuffuor, 2011).

[89]Some of the infrastructural projects included the construction of four stadia to host the African Cup of Nations in 2008, in addition to high-profile events such as the Golden Jubilee independence celebrations in 2007, Hosting of United Nations Conference on Trade and Development Conference (UNCTAD XII) and an Africa Union Summit.

The processes that led to the adoption of the draft Policy generally lacked domestic input, marginalised ordinary citizens and were described as "closed" and "secretive" (Cavnar, 2008). Indeed, the report itself was not publicly circulated. Oxfam-America and ISODEC reported that the report was filled with "vague policy principles and proposals" with less attention to parliamentary oversight and no mention of initiatives such as the EITI (Gary et al., 2009).

The less participatory nature of the NPP Government's draft petroleum policy irked various domestic NGOs and other groups. Following the 2008 general elections, which saw the election of the opposition NDC, the draft policy was suspended. The new Government announced a series of public consultations to formulate new laws, policies and institutions to govern the oil industry. However, the Government did not curtail the fast-track approach to production. Hence, when Ghana formally began production of oil in December 2010 without the requisite institutional and legislative framework, various observers maintained that industry development far outstripped regulation (Gary et al., 2009). This poor institutional and governance environment has adversely influenced the state's revenue streams, and undermined equitable distribution as various groups and their patrons continue to form around the oil industry.

The generous fiscal terms that produced Ghana's oil discovery, and the poor institutional environment, which greeted commercial production in 2010, invariably reflected the adverse impact of the "triple legacy." Over the past years, long-term stabilisation clauses, coupled with a poor institutional environment have undermined optimum outcomes from the oil industry.

As set out noted earlier in Chapter 1, the announcement of commercial oil find in 2007 immediately resulted in a sharp increase in the number exploration licenses and other unitisation agreements among various oil firms.[90] In the absence of provisions on capital gains tax, Ghana could not attract any income from most of the commercial deals, which were spearheaded by Kosmos Energy. The poor institutional setting for commercial oil production came to the fore in 2011 when Tullow Oil acquired the shares of the only indigenous partner in the Jubilee Field - the EO Group. Following the transaction, the Ghana Revenue Authority (GRA) issued a ruling that the transaction was liable to tax, based on interpretations of general tax laws and Section 6 (e) of the PRML, which cite capital gains tax as one of the sources of revenue for the Petroleum Holding Fund (see GHEITI, 2013; CSPOG, 2010, interview with

[90] The companies that came on board included Afren, described as a Pan-African oil company, GASOP (a Nigerian reported as a subsidiary of Omega Maritime and Energy Limited), Vitol (a Swiss Company), Russia' Lukoil, Aker ASA (owned by a Norwegian billionaire Kjell Inge Roekke), Al Thani Ghana (a Qatari Firm), and Gulf Atlantic Energy (US Embassy-Ghana, 2008).

GRA Officers, 2013). Tullow rejected GRA's ruling because of its agreement with the Government and the PITL. Indeed, under Section 12.2(II) of the agreement contract between the Government of Ghana and Tullow Ghana, Sabre Oil and Gas, and Kosmos Energy, requires companies to pay income tax under the PITL, 1987 levied at the rate of 35% (Government of Ghana, 2006:50). Nonetheless, agreement continues:

> Where a new income tax rate comes into force as a result of the promulgation of the new Petroleum Income Tax Law currently before Cabinet, Contractor [Kosmos, Tullow, and Sabre] shall have the option of either applying the new income tax rate to this Agreement or remaining under the Petroleum Income Tax Law, 1987, PNDC Law 188 (insertion mine) (ibid.).

While I was writing this chapter, Tullow oil had issued several public threats to contest the GRA ruling in the courts. While the matter remains to be resolved, the dispute has highlighted one of several institutional defects that have undermined Ghana's quest to derive optimum benefits from the oil industry. For instance, in the case of the 2004 agreement with GNPC, Kosmos and the EO Group, income tax could only be reviewed downwards, while export taxes and levies were forbidden(cf. Government of Ghana, 2004 Sect. 12.2). Whereas the exact revenue losses from most of commercial transactions are difficult to trace, conservative estimates, from the Civil Society Platform Oil and Gas, put the figure relating to Tullow-EO and another between Tullow and Sabre Oil at $70 million (Manteaw, interview, 2013, also see myjoyonline.com, 2013).

In addition to revenue losses, the progressive marketization of the oil sector, like various aspects of the "triple legacy" that I outlined in Chapter 4, lacks an effective enforcement environment for transparency and accountability. Despite an avowed commitment to transparency, which I outline below, confidential cables from the US Embassy in Ghana contained "key concern" among leading donor agencies about the opaque "process for awarding offshore concessions and negotiating petroleum agreements" (US Embassy-Ghana, 2008). Predatory tendencies, led by well-connected political patrons of leading political parties in the country, have flourished under the weak institutional and policy environment of the oil industry.

One of the deals that came under the spotlight was the EO Group, which owned 3.5% shares in the Jubilee Fields. The strong political connections of Kwame Bawua Adusei - a Director of the EO Group who was appointed as Ghana's Permanent Representative to the UN Bodies in Switzerland, and later, Ambassador to Austria and United States, after the petroleum agreement between the GNPC, Kosmos and Anadarko in July 2004 - led to serious allegations

that he was fronting for the then President, John Kufour (McCaskie, 2008). As a corporate entity, the EO Group's operation was also shrouded in much secrecy.[91] Frantic efforts by the NDC Government, which took over from the NPP in 2009, to investigate the matter did not yield any concrete results and led to accusations of political victimisation. Nonetheless, the political transition in 2009 led to reconfiguration of the oil industry involving the exit of the EO Group, which was followed by the entry of new companies that were considered as "friendly" or, less hostile, to the NDC. These developments demonstrate that the oil industry is not immune from Ghana's age-old problem of undue intrusion of partisan interests into institutional paths.

### 5.3. Key Drivers of "Good Governance" in the Oil Industry

The weaknesses in the institutional architecture that characterised exploration and the early phase of the commercial oil industry in Ghana significantly informed the myriad calls for the incorporation of "good governance" norms in the new industry. These norms, which were mostly articulated in terms of transparency and accountability mechanisms, have eventually become essential components of the key legislation and politics of the oil sector. Most significantly, Section 49 (1) of the Petroleum Revenue Management Act (2011), for instance, instructs that; "the management of petroleum revenue and savings shall always be carried out with the highest internationally accepted standards of transparency and "good governance." The drive to extend "good governance" principles and institutions in the oil sector has been influenced by several factors, which I discuss in detail in the rest of this chapter.

#### 5.3.1. Domestic Civil Society and Democratic Spaces

As I argued in Chapter 1, Ghana's impressive democratic growth and the increasing prominence of various social forces in shaping policy outcomes, mostly under the "good governance" banner, remains critical in exploring the governance contours of the oil industry. One of the effects of the oil industry that became evident immediately after the formal announcement of commercial discovery was how it energised various domestic non-governmental organisations (NGOs) into action. New NGOs emerged to complement the efforts of existing ones, which led to incessant calls for the sector to be structured in a manner consistent with "good governance" principles. So far, these groups have been very articulate in demanding the inception of "good governance" mechanisms that emphasise transparency and accountability. These demands yielded some notable outcomes in the shape of the PIAC

[91] The company did not have an official website and was registered as KG (Kwame-George) Group in a tax haven in the Cayman Islands (Kasting, 2012:11).

and expanded GHEITI that, in turn, added more impetus for more NGO activism in the sector.

Civil society engagements with the oil industry can be traced to the First National Oil for Development Conference in February 2008. Prior to the Conference, NGOs like the Integrated Social Development Centre (ISODEC) and the Publish What You Pay (PWYP) coalition in Ghana, organised a consultative forum at Mankessim where they raised concerns about the level of public engagements and called on the Government to adopt various transparency and accountability mechanisms (interview with civil society activists, 2013). The Kumasi Institute of Technology and Environment (KITE) also convened the Oil and Gas Stakeholders Network, as a loose coalition of "energy experts and practitioners in the industry, private and civil society actors who are committed to the pursuit of sound management of Ghana's energy sector" (Edjekumhene et al., 2011:1). The Network initially rolled out several capacity building workshops, targeted at Members of Parliament and other policy makers in the oil industry, in the areas of transparency and accountability (interview with KITE official, 2013).

In November 2009, a host of Research and Advocacy Organisations at an Annual Convention on Oil and Gas called for the need to build the oil and gas industry on the principles of transparency and accountability. The Convention called for information on "public revenues and expenditures, awarding of contracts/licenses, public procurement, ownership of interest of public officials, awarding of positions and promotions, and regulation and facilitation of private sector activities" (G-RAP, 2009). Four months later, about 110 domestic NGOs, including policy and governance think tanks, human rights and environmental groups and other activists formed the Civil Society Platform on Oil and Gas (Gyimah-Boadi & Prempeh, 2012).[92] The Platform has been invariably credited with serving as invaluable gatekeepers for aggregating and articulating public inputs around issues of "good governance" into various laws and policies in the petroleum industry.

Other civil society "good governance" initiatives have been unilateral. For example, the Institute of Economic Affairs (IEA)-Ghana, has launched the Petroleum Transparency and Accountability Index (P-TRAC) by which it annually reports on the compliance of several public institutions on various dimensions of "good governance" in the oil industry. These national-level NGO activities have been accompanied by a series of initiatives within various

[92] The Platform received funding and technical support from organisations such as Oxfam America, Revenue Watch Institute, World Bank, Kasa Foundation, STAR-Ghana, among others.

communities, especially those in the Western region. Organisations such as Friends of the Nation, the Western Region Development Working Group by the Nana Kobina Nketsia IV Trust, and recently the Regional Multi-Stakeholder Dialogue Platform, have been at the forefront of promoting institutionalised mechanisms of community participation in the oil industry.[93]

Available evidence points to the fact that "good governance" solutions for the oil industry are ingrained across the wider spectrum of the Ghanaian population. According to a Constitutional Review Commission, which collated public views on the industry across the country, various people called for the need for a new Constitution to incorporate explicit "good governance" norms such as public disclosure, and other "transparent processes" in various dimensions of natural resource management (Constitution Review Commission, 2011). Another nationwide survey, which was conducted as part of consultations into the establishment of the legal and policy framework for the oil sector, also reported that 97% of respondents called for all "activities of the petroleum revenues" to be fully transparent, which was followed with calls adopt a range of "good governance" instruments for the sector (Amoako-Tuffuor, 2011).

### 5.3.2. Western Donors and the Continual Quest for Leverage

The donor community, through various grants, loans and other technical support programmes, have perhaps played the most pivotal role in driving "good governance" norms into the oil industry. Donors' interest in "good governance" have particularly peaked in the sector largely based on a well-founded fear that their leverage over policy areas, especially those concerning anti-corruption, public sector reform, and fiscal discipline in exchange for loans or grants, would disappear as the country access alternative sources of funding linked to the oil discovery (Jonah, interview, 2013). Donors' response to save the "good governance" project from the threat of oil, have taken three main forms:

At the initial stages of the discovery in 2007, various development agencies encouraged Ghana to approach countries that were considered to have a good record of accomplishment of "international best practices" in the management oil resources. One of the countries that fitted the "good governance" frame was Norway, especially given its record in managing hydrocarbon revenues. Under the auspices of influential donors, a number of public officials, technocrats and civil society activists were encouraged and sponsored to embark on training

[93] See "A Multi-Stakeholder Dialogue Platform for W/R Formed" http://vibeghana.com/2014/02/20/a-multi-stakeholder-dialogue-platform-for-wr-formed/ (accessed 20/02/14); *Communique Western Region Development Forum.* Meeting held from 24th to 25th September, 2010. Takoradi

trips in Norway while a host of workshops and conferences were organised to sell the "Norwegian Model." These engagements preceded the National Oil for Development Conference in February 2008,[94] which was to brainstorm "towards the establishment of a comprehensive national oil and gas policy strategy" (Government of Ghana & Kingdom of Norway, 2008). The Conference led to a Memorandum of Understanding (MOU), under which Ghana and Norway, committed to "exchange information and technical expertise on all issues relevant to Ghana's national interests in the oil and gas industry" including the following:

1. Revision of the Petroleum Law of 1983, development of regulations to the law and revision of the Model Agreement
2. Revision of the tax legislation applicable to (upstream) petroleum activities
3. Production and implementation of legislation on resource management and revenue management
4. Development and strengthening of the relevant government administrative institutions
5. The role of the state-owned Oil Company
6. Conflicting interests relating to different uses of the sea (petroleum and fish)
7. Bidding procedure and negotiation processes for block allocations
8. Resource assessment and data management
9. Health, safety and environment (HSE)
10. Use of national goods and services

As recorded by Dypedok (2010:2), the cooperation has so far not only consisted of technical cooperation on policy and legislative issues, but also Statoil and other leading Norwegian oil firms expanded the "Norwegian market sphere" by rolling out operations in Ghana.

Attempts at drawing from the Norwegian Model were strained, momentarily, when the opposition National Democratic Congress (NDC) won the 2008 general elections. The NDC Government emphasised the deepening of "local content provisions" and promised to create a "petrochemical industry utilizing local and imported natural gas" (National Democratic Congress, 2008). Following the elections, the NDC rolled out a nationwide consultation programme, which was coordinated by a technical team drawn from the Ministry of Finance and Economic Planning (MOFEP), the Ghana National Petroleum Company (GNPC) and Ministry of Energy (Amoako-Tuffuor, 2011). The new emphasis on local content and public consultations did not only threaten the MOU with the Norwegian Government, it also paved

[94] The conference theme itself mimics Norway's Oil for Development Programme, which was launched in 2005 (Dypedokk, 2010).

the way for multiple sources of influence within and outside of the country on the petroleum industry. Notably, on August 26, 2011, the Parliament of Ghana approved a Master Facility Agreement for a loan with the China Development Bank (CDB) amounting to US$ 3.0 billion to undertake various infrastructural projects, including a gas processing plant in Atuabo (Parliament of Ghana, 2013).

The Ghanaian government's assertiveness, which followed from the availability of alternative sources of funding, stirred unease among various Western donors. One area that the government demonstrated this assertiveness related to the Local Content Law in 2013. In setting the local content framework for the oil and gas sector, the Government opted for the "Trinidad Model," as opposed to the "Norwegian Model" and set requirements for purchased goods and services from 10% (at the start of license), through 50% (within five years), to 60-90% (within 10 years) (Government of Ghana, 2013b).[95] The Law has similar stringent provisions for the recruitment of Ghanaian expertise with a target of 100% over ten years (ibid.). During field interviews, various representatives of the donor community told me that these targets were "unrealistic" and argued that Law's "harsh" penalties were "detrimental" to the operations of foreign companies.[96]

Another donor strategy involved collaborative initiatives, which mostly supported civil society organisations and promoted multi-stakeholder engagements. Within this strategy, MDBS Annual Reviews have been expanded into the oil sector with widespread calls on the Government to commit to a range of reforms and policies across the value chain of the industry. Concerted efforts by donors to promote "good governance" in the sector also took the form of increasing multi-donor support initiatives such as Strengthening Transparency, Accountability and Responsiveness in Ghana (STAR-Ghana) and *Kasa* Initiative.[97] These

[95] Formal explanations of what constitute the Norwegian Model and the Trinidad Model have not been clearly articulated. However, domestically the differences are framed in terms ownership and management of resources. Whereas the Norwegian model is presented as strong on the management of petroleum revenues, the Trinidad Model is associated with a deeper emphasis on local content legislation and state-driven diversification in the gas sub-sector (see Moi, 2010).

[96] These views were also expressed by Mr Gene A. Cretz, US Ambassador to Ghana, when he launched the Second Compact for the Millennium Challenge Account. Prior to this, there were reports in the local media about resistance against the Local Content, law by foreign companies and some donors. See "US Concerned About Ghana's Local Content" http://www.ghanaweb.com/GhanaHomePage/business/artikel.php?ID=290597 (accessed 4/12/13); Joy Business (2013) "CEO of Wood Group Doubts Time-Frame for Local Content in Oil and Gas." http://www.modernghana.com/news/508045/37/ceo-of-wood-group-doubts-time-frame-for-local-cont.html (accessed 16/12/13)

[97] The list of STAR-Ghana donors includes DFID, DANIDA, EU and USAID. *Kasa* initiative is funded by the Netherlands, CARE-Denmark, Inter-Church Organisation for Development Cooperation (ICCO), and Netherlands Development Organisations (SNV). *Kasa,* in the local language means, "Speak out."

initiatives operate essentially as funding mechanisms and other forms of technical support for the expanding range of civil society involvements in promoting "good governance" in the energy sector. Other donor collaborative efforts include a host of bilateral agreements with the Government of Ghana. These agreements have become useful in adding visibility to various development agencies within the context of what is fast becoming a "competitive market" of "good governance initiative. Most significantly, the World Bank has invested a total of US$57.80 million to, among others, "help improve public management and regulatory capacity and enhance sector transparency" of the oil industry (World Bank, 2014b).

The third element of donor strategies to deploy "good governance" norms in the oil sector could be explored in terms of a myriad of unilateral flagship initiatives. These initiatives took centre-stage during an Oil and Gas Stakeholders' Forum in September 2013 in Takoradi. At the Forum, donors ranging from the UK Department of International Development (DFID) and USAID, unveiled a host of initiatives that were being (or would be) implemented to promote optimum outcome from the oil industry. These programmes, such as USAID's Supply Chain Development Programme and Coastal Fisheries Project, DFID's Coastal Foundation Dialogue Forum and Western Region Coastal Citizen Oil and Gas Multi-Stakeholder Advisory Council, and GIZ's Good Financial Management Programme, invariably emphasised the consensus within the donor community on "good governance" norms such as citizens' voice, enhancing regulatory and accountability mechanisms and the promotion of transparency (Personal notes, 2013).

### 5.3.3. Enhancing Market leverage: Firms and "Good Governance"

Various extractive companies in Ghana, through unilateral or collaborative interventions have become active participants in pushing for the "good governance" drive in the oil industry, often under the Corporate Social Responsibility (CSR) banner. For the most part, these CSR programmes emphasise specified social interventions without explicit "good governance" targets. In addition, they were largely unilateral and included public and private sector firms in the industry. For instance, the Jubilee Partners funded the Jubilee Technical Training Centre to build "the capacity of the youth in various technical and vocational fields to enable them to gain employment in the oil industry" (Ghana News Agency, 2013). The GNPC has also instituted an Oil and Gas Learning Foundation to contribute towards the development of skills required to meet individual and institutional capacity needs of the oil and gas industry (Information Services Department, 2013). Nonetheless, "good governance" is increasingly finding its way into a host of CSR initiatives and company statements especially as its domestic narrative continues to grow. Active participation in various initiatives, especially the EITI and

other community dialogues, has become the reference point for companies' involvement and commitment to "good governance."[98]

Incipient forms of collaboration along the lines of promoting "good governance" among oil firms have already began to take shape. One notable initiative, the Coastal Foundation, facilitated by oil companies and other development agencies, seeks to promote effective "good governance" engagement around four thematic areas - health, education, environment and enterprise - in the frontline districts of the Western Region (Friends of the Nation, 2013). There have also been other private sector-led platforms mimicking the Ghana Chamber of Mines, such as the Ghana Exploration and Production Forum, with the view to providing a holistic framework by which oil companies could get representation and participate in various "good governance" initiatives.

### 5.4. Conclusion

The historical perspectives that have been shared in this study so far point to the intricate relationship between previous patterns of largely market-oriented reforms and the poor institutional landscape of the chequered experience of oil exploration and sector-wide development in Ghana. As noted at the onset of this study, this observation underscores the limitations of ahistorical accounts of the political economy of Ghana's oil industry, especially those that suggest that the country was immune from the trepidations of the so-called "resource curse" given its impressive scores in "good governance" and democratic institutionalisation. Resting on Morrison's (2012) premise that oil resources are "stabilising," it appears that a more pragmatic conclusion to the issue of whether or not Ghana's oil was susceptible to less optimal outcomes could have been derived from a painstaking interrogation of previous political economy and institutional patterns, and the key norms and actors that have worked to reproduce them within the sector. Consequently, in addition to rejecting overly optimistic accounts of the new industry, the contributions in this chapter could be articulated in two main respects. Firstly, given the chequered history of oil exploration and its concomitant reproduction of market-friendly and predatory institutional processes in Ghana, many limitations that have so far been recorded in the country's oil sector do not constitute momentary blips or generic "resource-curse" effects as advanced by the bourgeoning literature. Rather, the challenges could be framed as inextricably interlinked with the weaknesses in previous patterns of institutional development that have thrived alongside effective political

[98]Currently Tullow Oil and Kosmos Energy are represented on the National Steering Committee of GHEITI, which is explored in detail in the next Chapter.

and economic liberalisation over the past decade. Secondly, in contrast with Heilbrunn's (2014) recent intervention, "emerging" oil-producing states do not emerge from a vacuum and that the period of exploration carry its own distinctive institutional, informational, and political economy patterns, which bear their own logic in shaping outcomes in the wake of commercial oil find. This implies that whereas the broader socio-political and economic context remains important, it is also important to incorporate sector-specific political economy patterns that are associated with processes of exploration. Building on these historical premises, a key question that emerges is how the interest in, and deployment of "good governance" norms, which have been propounded by a wide-ranging set of actors connected to the oil industry, have worked to either reproduce or alter the institutional and political economy patterns outlined so far. In the next two chapters, I take this issue up based on a detailed examination of the Extractive Industries Transparency Initiative and the Public Interest and Accountability Committee.

# 6.

# TRANSFORMING FROM OUTSIDE: THE GHANA EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE

*…it is judged that Ghana has fully implemented EITI and met all indicators in the Validation Grid. In several areas, Ghana has gone considerably beyond the basic requirements.*

**-Final EITI Validation Report, February 9, 2010.**

*The EITI has helped. But because it is not home-grown, it has remained between Government and the EITI Board. Ordinary citizens are not part of it. If you go out and ask anybody on the street what is EITI they are not going to be able to tell you.*

**-Interview with an NGO activist, October 1, 2013.**

## 6.0. Introduction

The last two Chapters have established the intricate linkages between the legacy of pro-liberal reforms and weak institutional development with the chequered history of oil exploration and development in Ghana. This brings to light the fundamental flaws inhered in political economy analyses of the oil industry, which suggested earlier that the country was immune from the trepidations of the "resource curse" given its impressive scores in "good governance" and democratic politics. As I set out at the onset of this study, the previous chapters have also demonstrated the flaws inhered in analyses that prognosticate that the sector-wide governance challenges of the oil industry as momentary blips. The insights revealed so far reinforce the points that I raised in Chapter 3 about the importance of constitutive norms, resources, and power logics that drive the complex dynamics of institutional reproduction and change. Consequently, the challenges of institutional effectiveness, sub-optimal elite behaviour, and the weak incentive environment that have undermined policy implementation in the oil industry cannot be divorced from the enduring legacy of Ghana's rent-driven politics of institutional development. In this chapter, I delve into one of the key instruments of reform that were adopted to foreclose predatory politics, adverse behaviour, and weak institutions in the oil industry based on global efforts at transparency and accountability in the shape of the EITI.

The Chapter draws heavily from the analytical levers culled from Chapters 2 and 3 to present the political economy dynamics of Ghana's EITI experience: how it was created, how it operates, and its impact on the extractive sector, in general, and the oil industry.[99]

To date, the emergence of the EITI at the global level, and the level of compliance by various actors, have attracted enormous interest (cf. Aaronson, 2011; Gillies & Heuty, 2011; S. Smith et al., 2012). However, beyond various impact studies and stakeholder analysis, often sponsored by different policy organisations, there has been less attention in the academic literature to in-country dynamics and impact of the EITI. Within the context of the Ghana, the current literature is riddled by three main empirical gaps: Firstly, many country-based accounts often fail to situate the body of technical fixes associated with the EITI within the broader context of domestic socio-political and economic forces that mostly shaped its adoption and implementation. Secondly, there is little attention to sectoral dynamics of the EITI following the emergence of the oil industry in 2007. Thirdly, while the EITI is often framed in transformational language, there has been little effort, beyond formal aggregation and validation in policy circles, to demonstrate how its adoption has influenced institutional and political reform in the extractive sector.

To address these weaknesses, this chapter traces the processes that led to the adoption and implementation of Ghana's EITI, specifically designated as the Ghana Extractive Industry Transparency Initiative (GHEITI), and how it has shaped the institutional contours of the mining and oil sectors. The chapter also presents the institutional underpinnings of GHEITI, and offers a more grounded appraisal of its structural and operational dynamics. It mainly argues that because the EITI, like other "good governance" instruments, is not ingrained in domestic political and democratic structures, it works to support market-based norms and elite instrumentalities rather than reform. Consequently, while Ghana has recorded significant inroads, particularly in terms of a wholehearted commitment among the political elites and some notable openings for public engagement in the extractive sector, GHEITI has made limited impact in driving reform in the oil industry.

[99] During this study, a new and more enhanced EITI had been launched with some revisions in response to some of the criticisms that have emanated from the academic and policy literature, which are not deeply reflected here (see EITI International Secretariat, 2013). While this may represent a major gap, two main reasons support the presentation here. Firstly, as many interviewees noted, the new EITI Standard is like "the rest of the World catching up with Ghana." Hence, as the paper demonstrates, many of the proposed changes, like sub-national reporting, have for long being part of Ghana's EITI experience. Secondly, there are ongoing consultations about the implications of the new EITI Standard for the country, which means that full implementation is yet to take place.

### 6.1. The Making of a "Model" in the Extractive Industry.

The analyses and commentary that have built around the EITI since its introduction could be situated within ongoing reform agenda, at the local and global level, which is largely driven by the theoretical nexus between the "resource curse" and "good governance" norms, often expressed in terms of transparency and accountability initiatives (see Acosta, 2013; Benner et al., 2010; Corrigan, 2014). In this regard, one of the defining characteristics of the EITI literature, which is often dominated by various policy documents from EITI national audits, validation reports and other impact studies sponsored by different development agencies, is an inbuilt technocracy that presumes a generalized acceptability of EITI standards (see GIZ, 2011; Nguyen-Thanh & Schnell, 2009; Reite et al., 2011; E. Wilson & Van Alstine, 2014). Within the academic literature, this technocracy has led to a research agenda which is mostly characterised by an interest in how the EITI emerged as a tool for the deployment of "good governance" norms in the extractive sector, often followed by how different stakeholders comply with and internalise the EITI (see Bracking, 2009b; Emmanuel, 2004; Gillies, 2010; Haufler, 2010). As I hinted in Chapter 3, this research agenda largely rests on established analytical tools of "norm diffusion," as employed by scholars from International Relations, Organisational Sociology, Comparative Politics and Public Administration (see Gillies, 2010; Howlett & Ramesh, 1993; Hyden, 1999; Ikenberry, 1990; Park, 2006; Simmons et al., 2007; Streeck & Thelen, 2005).

The accent on norm diffusion and compliance presents an important outlet to make sense of the EITI expanding subscription rate despite well-documented limitations and compliance issues, which I shall revisit soon in this Chapter. For instance, Gillies's (2010) emphasis on the reputational utility of EITI compliance points to the inroads that the transparency agenda has made even in so-called "inhospitable" domains, including the oil industry. As I argued in Chapter 3, the main weaknesses of this largely "constructivist" approach[100] could be gleaned from their failure to explore the deeper vectors of power, politics, and contestations that are often embedded in EITI processes. Notably, we have little knowledge of individuals and groups who reject the EITI framework, and the alternative mechanisms and platforms through which they engage with the extractive sector. Besides, similar contestations and shifting interests around the EITI, at the global level, are often subsumed under the headings of "international best practices" which are mostly difficult to sustain. Additionally, to recall an argument in Chapter 3, any viewpoint that upholds "good governance" norms as the panacea

[100] Among international relations scholars, constructivism denotes that state adopt the identities and behaviours associated with the community to which they belong (cf. Gillies, 2010:107)

for addressing the ills of resource endowment needs to be problematized against the emphasis on institutional fixes that profess support for market efficiency and private investment.

As demonstrated by the historical accounts in Chapters 4 and 5, "norm diffusion" should be balanced against the instruments of domination and control wielded by powerful agents, particularly political elites, at the national level. In this regard, there has been a growing critical voice within the literature on extractives, which suggests that market-driven "good governance" initiatives lack a deeper appreciation of the contestations and other political dynamics, which are often engendered by natural resource extraction and utilisation (see Bebbington et al., 2008; Bracking, 2009b; Hilson & Maconachie, 2008). Within the EITI, such critics, as noted in Chapter 1, have not only questioned the implicit presumptions of converging "good governance" norms. They have also maintained that the EITI, together with various transparency and accountability initiatives, are not far from the broader institutional arrangements and social engineering projects that are meant to promote market-based solutions (Florini, 2010; Haufler, 2010; Kolstad & Wiig, 2009).

By presuming a static global consensus around "good governance" norms that barely exists, technocratic pretensions around the EITI have rendered it practically impossible to ascertain clearly the nature and impact of the key products that it often promises to deliver. Notably, among its passionate advocates, the EITI's main objective is limited to rallying various stakeholders around payments and receipts of revenues from resource extraction (see Eigen, 2009). To paraphrase a well-cited quotation from the former British Prime Minister, Tony Blair, the Initiative links "Publish Want You Pay" with "Publish What You Earn" (T. Blair, 2003). As I demonstrate later in this chapter, this attempt to reduce the complex challenges of the extractive industry to transparent auditing have been a subject of immense criticism some of which has culminated recently into different revisions of the EITI Standard.

At its onset, critics raised serious questions about the minimal scope of the EITI. The World Bank, in particular, proclaimed a "post-EITI" era in 2008 when it launched the EITI++ to support "committed governments" to implement "good policy along the entire natural resource value chain" (cf. World Bank, 2008a). In a classified correspondence between the EITI and the Bank, the latter argued that, "while the EITI is a crucial ingredient, it is not enough" (EITI International Secretariat, 2008). And that, through EITI++, it was seeking in "collaboration with other partners," to raise its "commitment to take a more holistic, integrative approach in how we support interested countries in their efforts to translate natural resource wealth into sustainable development" (ibid.). The response of the then EITI Chair, Peter Eigen, deserves extensive quotation:

> …we believe that the greatest value the EITI often brings is the multi-stakeholder oversight. It allows for a debate not only on the veracity of the figures [about payments and receipts] themselves, but also on wider set of issues around natural resource management. In EITI implementing countries, there have been cases of this group talking about issues ranging from licensing to payments to sub-national government and about transparency of expenditure payments…In other countries, however, the discussions have focussed on exclusively on revenue transparency. These variations lie at the heart of the concept of country-ownership of the EITI-allowing a great deal of flexibility to adapt to national circumstances, underpinned by a robust core of requirements [insertion mine] (EITI International Secretariat, 2008).

Eigen's position was reflected in an earlier EITI Conference in London during which the Initiative, which hitherto operated on pilot basis, was confirmed. The Conference outcomes, which were incorporated into the EITI Sourcebook, urged participating countries to "go beyond the minimum requirements where possible" (cf. EITI International Secretariat, 2005:7). The interplay between "minimum" or "core" requirements and country "variations" has been vague. Various aggregation reports tend to evaluate compliance with the "minimum" EITI standards. Moreover, once compliance is established, various "success stories" are selected to validate "country variation" without establishing any meaningful linkages.

In line with the issues raised above, an important dimension of this chapter is the accent on the dynamics power, politics, and contestations around the EITI, with attention to how they work to reproduce or transform the institutional contours of oil within implementing countries. As I demonstrate later, implementing countries of the EITI have become dramatic battlefields for the lack of consensus around the global EITI community and its conceptual vagueness. I take the position that because the EITI operates as a global initiative that is amenable to country variations it reflects various bargains that are struck among various social and political forces. Taking this position leads me to reject the technocratic language of diffusion and compliance while acknowledging that EITI implementation comes with winners and losers. Another point of interest is that, as part of broader development processes, the EITI serves as an instrument that may either constrain or facilitate adverse elite behaviour and incentive patterns in the extractive sector. As I demonstrate in the rest of this Chapter, Ghana's experience of the EITI reflect the larger historical legacy where compliance with transformative programmes, instigated from abroad, fits into an effective elite strategy to secure rents from donors and foreign investors.

### 6.1.1. The Conflictual Path towards Compliance

Ghana formally began its participation in the EITI following an announcement at the first meeting on the Initiative on 17th June, 2003 which was convened by the then British Prime Minister, Tony Blair, at Lancaster House in London. Various factors impinged on Ghana's decision to sign on to the EITI.

As presented in the previous Chapter, as part of the ERPs, Ghana undertook a host of reforms in the mining sector, essentially to attract foreign investments to revamp its ailing mining and minerals sector. The impact of these reforms, in terms of heightened investments in exploration and extraction, which raised central government's revenues, equally evoked various questions about environmental costs, social and economic impact, as well as distribution of revenues accruing from mining (see Akabzaa et al., 2007; B. Aryee, 2001; B. Campbell, 2004). These questions were more evident in mining communities, most of whom maintained that increased mining activities had come at the cost of their livelihoods, without adequate compensation, which coupled with poor business practices and government neglect, exacerbated poverty. Various agitations against mining took the form of sporadic violent confrontations and civil action, led by organised groups such as the Wassa Amenfi Association of Communities Affected by Mining (WACAM) and the Third World Network (TWN). Domestically, the search for mechanisms that would help manage the mining terrain became imperative largely because of the success by which domestic advocacy groups managed to shape public opinion against mining and extractive companies.

At the turn of the 21st century, the mining sector in Ghana was riddled by suspicion and cynicism, while the relationship between companies and government on one hand, and social groups were "generally sore."[101] Through initiatives such as the National Coalition on Mining in 2001, a number of community-based organisations (CBOs) and NGOs managed to forge national, regional and global networks to demand various reforms of the sector. Notably, in 2003 the Coalition made a strong appeal for an end to mining in forest reserves, and backed that with wider calls for a complete abolition of mining (See National Coalition on Mining, 2003).

Through various activities coordinated by the Ghana Chamber of Mines, companies responded to these calls by articulating principles of corporate social responsibility and

[101] Field interviews with various representatives from mining companies, NGOs and the Chamber of Mines in 2013.

behaviour, and began publishing details of public payments in the media.[102] The Government, on the other hand, through specific mention in budget presentations and other press releases publicly disclosed receipts from extractive companies. The main problem with these individual efforts, as noted by Emmanuel Kuyole who served on the first GHETI Steering Committee, was that there was no systematic platform to coordinate these individual efforts (personal interview, 2013). The EITI framework therefore provided an opportunity within which, to synchronise various actions by different groups to "manage" tensions, suspicions and cynicism that had come to characterise the mining sector (ibid.).

Other political and economic factors shaped Ghana's accession to the EITI Framework. President Kuffour and the NPP Government took over the reins of government in 2001 on the back of severe economic difficulties largely due to rising oil prices, decline in export revenues from cocoa, gold and timber, as well as the loss of fiscal discipline owing to the 2000 general elections (CEPA, 2003:3 in Whitfield & Jones, 2009). As recalled by Whitfield and Jones (2009), the economic challenges were compounded by a severe strain in the relationship between Ghana and the IMF and various donors due to the previous NDC government's failure to comply with IMF conditions. This strain was all the more serious given the fact that decades of reliance on foreign aid and the proliferation of various donor programmes had permeated the state apparatus with donor finance estimated at 40-50% of government expenditure by 2001 (CDF,2002 in Whitfield & Jones, 2009:196). In 2000, these factors culminated into rising inflation, depreciation in the Cedi, acute shortage of foreign currency and stalled economic growth, recorded at 3.7% (Government of Ghana, 2001). Within the extractive sector, there was a gaping hole in donor engagement especially when the World Bank withdrew its engagements following an unsuccessful implementation of the Natural Resources Management Project (1998-2003). According to the Bank, the decision to withdraw was due to a number of weaknesses that inhered in the mining sector. These included, "slow and uneven progress on policy reform," absence of sustainable management practices, distorted incentive structures, lack of transparency, poor governance and a declining importance of "non-productive" environmental concerns to Government (IEG, 2008 in World Bank-IEG, 2014).

The newly elected NPP Government in 2001 committed to reversing trends in donor engagements based on a large-scale engagement with the "good governance" mantra. In his

[102] For a sample of these disclosures, see Ghana Chamber of Mines (2013) Publish What You Pay 2013. Available at http://ghanachamberofmines.org/media/publications/Publish_What_You_Pay_2013.pdf (accessed 12/08/14).

Second State of the Nation address, President John Kufour identified "good governance" as one of the "development priorities" of his government (Government of Ghana, 2002). The objective, as elucidated by the 2002 budget presentation of the Finance Minister, included restructuring of the civil service, promoting the rule of law and supporting the three arms of government, enhancing social order with support for the police service, and strengthening the office of the Attorney-General while boosting assistance to the judiciary. Hence, the NPP Government's "good governance" priority was envisaged as part of broader measures to woo the private sector and serve as one of the triggers that would restore relations with external donor agencies. In the same budget, for instance, the Foreign Ministry and diplomatic missions abroad were specifically charged with the "promotion of Ghana as an important partner in good governance and a haven for private sector investment" (ibid.). This call was backed by numerous engagements, directly spearheaded by the President, such as participation in the Africa Peer Review Mechanism (APRM) and the Highly Indebted Poor Country Initiative (HIPC). The Government's formal launch of the GHEITI in 2004, after going through EITI accession procedures became critical in the restoration of donor support and raising the country's investment profile for the extractive industry. A high-ranking member of the NPP Government, at a National EITI Workshop in 2007 confirmed this point when he observed:

> It is hoped that a transparent Extractive Industry in Ghana will bring about an improved investment climate by providing clear signal to investors and the international community, especially financial institutions that the Government of Ghana is committed to these reforms (for) greater transparency (A. Osei A., 2007).

It follows from the above that, within the Ghanaian context, the EITI was envisaged as part of various institutional mechanisms that were adopted under a market-enhancing "good governance" logic.

Predictably, the EITI adoption received mixed responses from various groups within the extractive sector. Mining companies, most of which had established some formalised channels of interaction with the Government, through the Ghana Chamber of Mines (GCM) embraced the Initiative wholeheartedly. A representative of the Chamber, even averred that it was the mining companies that "actually pushed" the Government to sign on to the EITI because, for the mining companies; "the Initiative is like getting a third-party person to tell a good story about you. If sometimes you say it people don't believe it" (interview with GCM representative, 2013). Whereas various CSO activists that I interviewed disputed this claim, the inclusion of the then CEO of the Ghana Chamber of Mines, Ms Joyce Wireko-Brobbey, in Ghana's

delegation to the Lancaster Conference points to the active involvement of the mining companies in the Government's decision to join the EITI (also see J. Aryee, 2007).

The question of whether to participate in, and support, the EITI polarised domestic CSOs mainly along two schools:

The first group largely comprised of a host of organisations that were, hitherto, very active in campaigns for the abolition of mining, under the leadership of the TWN-Africa. Prior to the EITI, members of this group were active in what they often recalled as "the debacle" of the international campaign for total debt cancellation by the Highly Indebted and Poor Country (HIPC) Initiative.[103] Hence, for them, the EITI was a "ploy" to diffuse what they considered as the growing momentum around NGO activism in the mining sector (Manteaw, interview, 2013). At the heart of this criticism was that the EITI did not address the core problems of the extractive sector such as human rights abuses, environmental degradation, and social dislocation (ibid.). The TWN-Africa also raised questions about the structure of the EITI. During field interviews with some of its officers, they argued that one should be cynical about the fact that Government - an entity that they accused of "not putting information out there"- was expected to host and drive the Initiative. Furthermore, they argued that no amount of information disclosure would change lopsided fiscal terms in the extractive sector without addressing issues of equity and fairness. They insisted that there are more expansive and progressive regional alternatives to the EITI, which Ghana has signed on to, but failed to implement largely because they fell in the pecking order of donor priorities. According to these respondents, these alternatives include the APRM, which they considered as having much more elaborate provisions on effective governance, and the 2009 African Mining Vision, which they cited for outlining elaborate mechanisms on linking mineral extraction with development priorities, domestic capacity and local enterprise (see African Union, 2009). Whereas Ghana was the first country to subject itself to APRM review in 2003, critics within this NGO School insisted that the Government abandoned it for the more fanciful EITI (various interviews, 2013).

Another school of thought, largely shared by NGOs who had rallied around the *Publish What You Pay Campaign* in Ghana, while sharing in the criticism that the EITI was limited in its scope,

[103] At the turn of the 21st century, various movements and activists rallied around the Jubilee 2000, an international coalition covering over 40 countries to demand total cancellation of debt owed by "Third World" countries. The introduction of the HIPC Initiative, which offered some debt reliefs to countries, based on specific conditionalities, was interpreted as a half-hearted response to the momentum that was garnered by the Jubilee 2000 campaign. During field interviews, some activists averred that Ghana's adoption of HIPC affected activists who turn away from the call for total debt reliefs towards designing proposals to access HIPC benefits.

maintained that it provides an opportunity and platform. This was because despite its limitations, the Global EITI Sourcebook, which outlined the main principles of the EITI, encouraged countries to be ambitious and did not limit in-country variations (Manteaw; Kuyole, interviews 2013). Hence, embracing the Initiative provided CSOs with another room to engage and push for the broadening of its scope and deepening of its content (Manteaw, interview, 2013).

Despite noticeable variations that have been incorporated into GHEITI, I discovered during the field research for this study, that the points of contention within the NGO community have not waned and opponents of EITI still questioned the legitimacy of NGO representatives on GHEITI. Even worse, these critics maintained that the portrayal of the GHEITI as a model is increasingly complicating the engagements of domestic social groups, which are not linked with the Initiative, gradually pushing them away from frontline activism in the extractive sector (various interviews, 2013).

Another contestation that dogged the EITI implementation was between the Government of Ghana and various donors, especially the World Bank. To put this point in perspective, let me digress briefly to recall the equally contested processes that characterised the global EITI as demonstrated by key events around the 2003 Lancaster Conference in London. Prior to the Conference, the G-8 had adopted an Action Plan at Evian in which it agreed to push for an "intensified approach to transparency," on "a voluntary basis." The Evian Plan also encouraged "governments and companies, both private and state-owned, to disclose payments and receipts to the IMF or another agreed independent third party such as the World Bank or Multilateral Development Banks (G-8, 2003)." Business groups, represented at the Conference outlined the following principles as requirements for their commitment to the EITI:

1. **Confidentiality:** to ensure that existing contractual agreements and commercially sensitive information are respected;
2. **Universality:** to ensure that improved disclosure standards apply to all parties. This includes joint ventures, state-owned extractive companies and their host governments;
3. **Comprehensiveness:** ensuring that all relevant payments and revenues paid to governments are captured, and
4. **Comparability:** to enable data for different countries to be compared easily (ISIS Asset Management, 2003).

On the other hand, NGOs at the meeting raised concern about the voluntary and non-enforceable mechanisms of the proposed EITI. Most significantly, a statement by the African Network for Environmental and Economic Justice at the Conference read:

> That global and mandatory measures are the only lasting and effective solution to this global problem. The current emphasis on pilots and voluntary proposals does not guarantee that the EITI will be successful at the global level especially in a country like Nigeria (Ugolor, 2003).

The final EITI framework that was adopted at Lancaster emphasised voluntary compliance and "respect for contracts and laws," and called for "enhanced environment for domestic and foreign directive investment that financial transparency may bring" (EITI, 2003). Contrary to popular assertions, the key problems with the EITI have not only been in terms of its voluntary nature, but also a lack of consensus among various global partners as to the role of various International Financial Institutions (IFIs), as suggested by the Evian Summit, especially concerning in-country implementation. Consequently, the most dramatic agitations against the EITI, as I demonstrated earlier in this Chapter, has emanated from the World Bank.[104]

In Ghana, the less articulate role assigned to various IFIs and competition among international agencies with the EITI International Secretariat significantly accounted for the initial tensions between the Government and the World Bank. Domestically, various development partners conceived of the EITI largely as a "global" standard and were suspicious of attempts by domestic elites to tinker with its implementation. This conception was on the back of heightened donor engagements in other policy areas, through HIPC and the Ghana Poverty Reduction Strategy (GPRS) programmes. The World Bank's centrality in driving EITI implementation in Ghana was bolstered by the fact that it was entrusted with managing the Multi-Donor Trust Fund (MDTF) through which technical and financial assistance to EITI implementing countries is provided (World Bank, 2014a). [105]

On the other hand, Ghanaian Government officials, with the support of the newly established Steering Committee, underscored the need for country ownership and maintained that Ghana could take advantage of the EITI to build local capacity as alluded to by the EITI Source Book.

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[104] The World Bank is not represented on the EITI Board, but is invited to its meetings as an observer. An MOU between the EITI and Multi-Donor Trust Fund explains that the EITI is a separate legal entity, of which the MDTF is not a part. The MDTF will take note of decisions made by the EITI Board and Secretariat, while retaining full autonomy regarding its work program and allocation of resources (see Independent Evaluation Group-World Bank, 2011).

[105] See ibid.

According to the EITI Source Book in the development and planning of the Initiative, the "balance of responsibility for progress lies with the government" (EITI International Secretariat, 2005). The Book continues that the government "will need to ensure that the governance structures and processes, staff and financing mechanisms are in place" (ibid.). Hence, various Government officials and other members of the GHEITI's Steering Committee expressed a preference for procuring services from various experts "who had an understanding and appreciation of the challenges in the mining sector" in the country (interview with current and former NSC members, 2013).

The contrasting positions of the Government and the development community, especially the World Bank, came to a head when the Government contracted Boas and Associates, a domestic auditing firm to conduct the first country aggregation covering the period between 2004 and 2006. The World Bank and some development agencies raised concern about the appointing process (see IDL Group & Synergy ltd, 2010; various interviews, 2013). This impasse was captured in the 2010 EITI Validation report, which was conducted by two international consulting firms - the IDL Group and the Synergy Ltd. According to the report, the Bank requested the Government to reappoint the aggregator, to bring it in line with "international requirements" instead of the Public Procurement Act of 2003 (IDL Group & Synergy ltd, 2010: 26). On the contrary, government officials, members of the Steering Committee, and even some informants working with the donor community averred that the World Bank asked the Government to employ an Aggregator, from among seven "international consultants" that it recommended, instead of the domestic auditing firm as a requirement for the release of funds for GHEITI (interviews, 2013). When the Government insisted on maintaining Boas and Associates, the World Bank refused to release funds for the first GHEITI aggregation. Consequently, apart from some limited support from GIZ, the Government of Ghana sponsored the GHEITI's take-off.

The stalemate between the Government and the donor community at the initial stages of the EITI process in Ghana added an impetus to national ownership of the EITI process. It also enhanced the leverage of domestic political elites over the programme. In addition, it opened the way for less coherent donor engagements with GHEITI. On one hand, some development agencies, especially GIZ, have had a more visible presence in GHEITI offering funding for the publication and dissemination of various GHEITI reports. On the other hand, certain donor agencies, including the UK Government's DFID and World Bank, have created parallel programmes alongside GHEITI over the years. These parallel initiatives, including the Natural Resources and Environment Governance Programme (NREG), have also served as important

routes by which various development agencies have attempted to carve out niche areas within the broader spectrum of Ghana's growing field of extractive sector "good governance" engagements.

The challenges of CSO representation, proliferation of incoherent donor programmes, and the leverage of incumbent political elites have been compounded by the discovery of oil. This contested terrain has arisen because of increased calls to redesign and expand the institutional and operational structures of GHEITI to cater for new actors and issues related to the oil industry. This reconfiguration, which coincided with the election of the opposition NDC party, has further exposed some of the weaknesses of GHEITI. In the next sub-section, I reflect on these institutional and operational mechanisms of the EITI, and some of the contentious issues about its application to the oil industry.

### **6.2.** *"The EITI operates like this; I will not come to you with a policeman, but I will wash your dirty linen in public."*

The above quotation, attributed to a member of GHEITI's NSC in an interview, depicts the institutional and operational mechanisms of the EITI Standard. Specifically, the EITI involves a "regular cycle of disclosure, dissemination and discussion on extractive sector revenues" with an emphasis on various reviews based on country experiences and feedback meant to improve it over time (EITI International Secretariat, 2005). The main quality assurance mechanism offered by the International Secretariat, comes in the form of Validation, which involves an "impartial assessment of whether EITI implementation is consistent with the EITI Standard" (EITI International Secretariat, 2014a). It is through the validation mechanism that the EITI designate a country as either a "candidate" or "compliant" with the Global Standard (EITI International Secretariat, 2014b). In line with the international requirements, GHEITI's institutional and operational architecture is based on a national adaptation of the global EITI Standards, which was developed locally in consultation with different stakeholders comprising state institutions, the private sector, civil society and various development partners.

Following the announcement to participate in the EITI, the Kuffuor administration took immediate steps to institutionalise its implementation in Ghana. On June 17, 2004 after a series of stakeholder meetings in collaboration with the Ghana Chamber of Mines and with the support of DFID, the Government officially launched GHEITI in Tarkwa, a mining town in the Western region (IDL Group & Synergy ltd, 2010). GHEITI was mandated to,

1. Carry out an independent audit of Ghana's extractive industry,

2. Develop various mechanisms of revenue disclosure to ensure that Ghanaians get all information relating to revenues and expenditure in the extractive industry,
3. Build capacity for government agencies and civil society in EITI, promote national ownership by developing and implementing a communication strategy to engage different civil society organisations and community groups, and
4. Ensure sustainability of EITI through legislation of its principles (GHEITI Secretariat, 2013).

A year after launching GHEITI, the Government inaugurated a 16-member multi-stakeholder National Steering Committee (NSC) as the principal governing body to oversee its implementation (see A. Osei A., 2007).

Government representation on the NSC was structured along two main lines. At the political level, the Deputy Ministers from the Ministry of Finance and Economic Planning (MOFEP) and the Ministry of Lands, Forestry and Mines (MLFM) were nominated to provide political leadership to the NSC. Other representatives were drawn from various Government Ministries, specifically MOFEP and MLFM, and government departments such as the Office of the Administrator of Stool Lands and the erstwhile Internal Revenue Service (IRS).

Regarding the private sector, the Government received nomination from the Ghana Chamber of Mines, which serves as an umbrella body for various companies that operate along the production and supply chain of mining and other "associate institutions" related to the mining industry in Ghana (interview with GCM representative, 2013).

The main challenge of representation, given the internal divisions and the difficulty in establishing its main constituencies, came from the civil society. As recounted by Steve Manteaw, the PWYP-Ghana member of the Steering Committee, the Government initially contacted the Ghana Association of Private Voluntary Organisations in Development (GAPVOD) to nominate a representative for civil society organisations in the country (interview, 2013).[106] Under the auspices of the Integrated Social Development Centre (ISDOEC), GAPVOD organised a meeting of various NGOs who were engaged in the extractive sector at the Accra Teachers' Hall in 2004. At the meeting, ISODEC, which convenes the local chapter of the PWYP campaign, was tasked to represent domestic CSOs in GHEITI and to take steps to sensitize and "bring all interested groups into the PWYP umbrella" (Manteaw, interview, 2013). After initial recriminations about the number of CSO

[106] As observed previously in Chapter 4, GAPVOD's claim as the umbrella body of all NGOs operating in the development sector in Ghana is highly contested, and a product of priorities of external donors as part of reforms to support SAP-style market interventions (see Gary, 1996).

representation in the NSC, another representative was nominated from within the PWYP platform.

Members of the NSC were constituted into technical and sensitisation sub-committees. As revealed by various members of the NSC, these sub-committees provide an opportunity to draw from various expertise within and outside of the NSC. The Ministry of Finance and Economic Planning (MOFEP) is institutionally the Chair of the NSC and, through the GHEITI Secretariat, "coordinates all activities of the GHEITI" (GHEITI Secretariat, 2014a). The Secretariat is charged with the day-to-day implementation, coordination, monitoring and evaluation of GHEITI's work plan (ibid.). It is headed by an Executive Secretary, with the complement of about five officers, who are generally MOFEP officers that have been assigned to the GHEITI (interview with GHEITI Secretariat official, 2013).

The inception of GHEITI was backed by initial attempts to drive various country-level variations. This drive was largely fuelled by attempts to appease the cynicism that was voiced by some domestic NGOs. As already noted, there were also genuine concerns that given that disclosure of payments and receipts in Ghana pre-dated the EITI, the solutions offered by the Global EITI Standard could not lead to any meaningful changes in the mining sector. In the words of Emmanuel Kuyole:

> When we were thinking about how to design the Ghana EITI…one of the things, which came out very, clearly was that if this was just about how government was receiving and how much company was paying, that information is already there. Because the Minister of Information was putting information through the budget and even people were not paying attention to it. The Chamber of Mines had a lot of information even beyond what the EITI Initiative was requesting (interview, 2013).

The most visible outcomes of the consensus that were adopted at the early phase of GHEITI were its well-documented variations. As I outlined earlier, this drive for national ownership was demonstrated by the appointment of Boas & Associates to prepare GHEITI's aggregation. The Terms of Reference of the aggregator also contained new areas. These included "process and financial audit" as well as "analysis of "historical documentation on production, exports and payment of royalties for minerals produced in the country" (Boas & Associates, 2006:4). More specifically, the aggregator was tasked with the following:

a. Check if the payments by mining companies have been appropriately made.
b. Ascertain if all revenues received by government agencies have been fully accounted for.

c. Aggregate payments and receipts and reconcile mining companies' submissions to government receipts.
d. Ascertain the correctness of disbursements to the District Assemblies and to the Minerals Development fund.
e. Check the utilization of the funds disbursed to the District Assemblies and to the Mineral Development fund.
f. Utilize lessons learnt from the reconciliation/aggregation to enhance transparency in the payments, receipts, disbursements and utilization of mining benefits (ibid: 2).

In this regard, successive GHEITI reports contained strong qualitative and contextual information beyond revenues and payments, and captured disbursement and expenditure patterns within local governments that receive mineral royalties.

### 6.2.1. A Critical Institutional Appraisal of GHEITI

Whereas various EITI novelties in Ghana have been applauded, concerns have been equally raised that GHEITI has not been able to venture into areas where the tendency for elite patronage tends to be more pronounced. For instance, while sub-national reporting has been lauded, there are criticisms that by not deeply interrogating disbursements to traditional authorities, which are usually not linked with formal scrutiny, GHEITI has failed to touch on traditional patronage networks that facilitate elite capture within extractive communities (see IDL Group and Synergy ltd, 2010: 30).[107] Indeed, many studies have confirmed that payments from mineral revenues to traditional councils and stools often suffer embezzlement and tend to finance expenditures other than those that benefit local communities (cf. ICMM, 2007:23; Standing, 2014:77; World Bank, 2011:16). Nonetheless, various EITI reports indicated that templates for reporting on disbursements to traditional authorities have proven ineffective. Moreover, they have either not been accessed or verified by the aggregator (see Boas & Associates, 2007:39). Again, regarding companies, GHEITI targets what is refers to as "significant producers" in terms of royalty contribution. It excludes other strategic private operators in the mining sector, including exploration companies, service providers and small-scale miners.

Another recurring institutional anomaly relates to the dominance of government representatives (both political and technical) on the NSC. During interviews, various members of the NSC were adamant that this lopsided representation for the government is "inevitable"

[107] Also, Personal Notes from "Presentation by DFID Governance Adviser." Ghana Oil and Gas Stakeholders' Forum. Takoradi. 11-12th September, 2013

given the wide-ranging cover of various public agencies over different aspects of the extractive sector. They also maintained that decisions of the NSC are made on consensus and not through voting. Whereas consensus building has been critical in holding the balance for various representatives on the NSC, it points to the EITI's de-institutionalised character. However, without the benefit of various institutionalised mechanisms, and the voluntary nature of the EITI process, it is not surprising that cynics question its independence to mediate competing claims and forces in the extraction and utilisation of extractive resources in the country.

There have been concerns that GHEITI operates largely on "goodwill" of its "stakeholders" and needs to institutionalised, particularly through legislation. These concerns have led to various commitments to promulgate an EITI law. The process for an EITI law formally began in August 2007 when a workshop organised by the Parliamentary Select Committee on Mines and Energy led to a call for legal review, especially those relating to revenue management, and extractive sector transparency and accountability, as a way of institutionalising the EITI process. In January 2008, the Government with the support of GIZ contracted a local firm, Reindorf Chambers to review domestic laws pertaining to extractive sector transparency and accountability (interview with GIZ representative, 2013). The study found that the country's laws adequately supported various aspects of GHEITI engagements and that there was no need for a separate EITI legislation. ISODEC and other NGOs raised questions about the consultant's conclusion and sponsored another review, which recommended a separate legislation (ibid.).

Following these contested findings, the GIZ put together a team to incorporate the Reindorf and ISODEC reports, which led to a proposed EITI Bill. However, during my fieldwork and the time of finalising this study, the Bill - which was concluded sometime in 2012 - had not been presented to Parliament thereby fuelling speculations about the poor commitment of government and other "stakeholders" who have vested interest in maintaining GHEITI's non-compliant status.

GHEITI also suffers from a great deal of representation crisis. At the nominal level, there are serious contentions, especially between "government" stakeholders and CSOs as to who best represents the "public." Government officials, usually cited what they consider as their constitutional and legal mandate, and were adamant that their presence and dominance of the NSC is based on justifiable democratic principles. A senior public officer, for instance, accused CSO representatives of "struggling to find legitimacy" and "not having a constituency that they report to" (interview, 2013). On the other hand, CSOs faulted government officials for just paying lip service to transparency largely to satisfy external constituents without following

through on various recommendations (also see Gary et al., 2009:48). They insisted that most of the ground-breaking country variations of GHEITI were the outcomes of their vigilance and active engagements. For example, according to Manteaw (2010: 102-3), after the GHEITI report in 2007, PWYP-Ghana commissioned a technical review and organised a civil society roundtable that raised a plethora issues including access to contracts, feasibility studies of mining companies in order to compare projected and actual production, and thorough transparency over disbursement and utilisation of the Minerals Development Fund. These critical issues, according to the PWYP-Ghana's GHEITI representative, led to most of the laudable GHEITI variations (Manteaw, ibid; interview, 2013). I have marked these counterclaims to representation as nominal in the sense that there was no compelling evidence about their adverse impact on coherence within the NSC, perhaps, largely due to its emphasis on consensus decision making.

Nonetheless, beyond internal NSC processes, the crisis of representation of GHEITI is more evident by its failure to establish meaningful institutional linkages with other representational platforms at the national and community level. CSO representatives of the NSC who I interviewed indicated that they often hold initial consultations with various NGOs/CBOs prior to NSC deliberations and provide feedback during such meetings. However, one of the representatives conceded:

> It also depends on the kind of resources the coordinating group has. Because when we do not have funding to support some of these activities, you cannot be meeting everything. You know EITI in itself is quite demanding. Last week we were somewhere, this week we are going, next week there is an activity, the following week…So that is how demanding it is (interview, 2013).

Different NGOs, within and outside the PWYP-Ghana coalition, in contrast to the claims by their representatives maintained that there is no institutionalised feedback from the GHEITI. Most civil society activists ranging from trade unions and others that have rallied around anti-corruption and "good governance" programmes bemoaned the lack of effective feedback from various representatives on GHEITI. A leading activist affirmed this position, which was echoed by other groups in the extractive sector as:

> …our representatives do not report to us as they are supposed to be doing. There is no feedback mechanism. And so, it is not just the [state] institutions that are not doing the consultations as they should, but even our representatives on these institutions [GHEITI and PIAC] that are representing interest groups are themselves not doing it (interview, 2013) [insertion mine].

Another prominent civil society activist from the Ghana Integrity Initiative bemoaned the absence of an "active civil society coalition that meets from time to time to take decisions" (interview, 2013). The activist further averred that the poor representation of civil society organisations on the NSC is simply because, "it is not civil society that sent you [them] there" (ibid). Other NGOs based in the Western region that I sampled for this study, confirmed these assertions arguing that participation in the EITI is "really difficult" and that the "reporting mechanism is not really strong" (interviews with activists from Friends of the Nation, 2013).

One of the key initiatives that showed some promise in linking the GHEITI with the broader populace were the Dissemination Workshops which take the form of community forums and sensitisation meetings with parliamentarians. A member of the NSC maintained that the limited scope of the EITI framework means that, "once government is declared compliant, it cuts off real community and citizen participation in the process" (interview, 2013). Hence, as confirmed by various members of GHEITI, these workshops represent a useful avenue to engage with, and receive feedback from, the public over some of its findings and activities. Documented records of those meetings, observations of some of these workshops, and interviews with some community activists revealed that the workshops represented the only tangible presence of GHEITI within the public domain. In areas such as Kenyasi and Kumasi, where recorded transcripts of the proceedings were available, various community actors raised a plethora of concerns that did not necessarily fall within the remit of GHEITI, including illegal mining activities (GHEITI Secretariat, 2011a; GHEITI Secretariat, 2011c). Nonetheless, some participants of the Dissemination Workshops argued that beyond the workshops where GHEITI reports are distributed to participants the NSC, "needs to get into the media and disseminate information to the public so that when the reports are in it would not be a handful of people who have the report and running around with it" (Friends of the Nation, interviews, 2013).

Beyond CSO representation, GHEITI does not have any institutional linkages with enforceable and democratic institutions including the legislature and the Auditor-General's department. For instance, at the time of writing this study, the Ghanaian Parliament had not debated any of the eight GHEITI reports. They have also not been the subject of interrogation by the Public Accounts Committee (PAC), the Mines and Energy Committee, and the Finance Committee. Parliamentarians, including former and current members of the PAC explained that, the Committee is constitutionally mandated to receive and scrutinise only reports emanating from the Auditor-General's department. Hence, given the absence of similar

provisions for GHEITI reports, neither the PAC nor other parliamentary committees had a clear mandate to follow up on them. They also acknowledged that informal linkages between GHEITI and Parliament exist through briefings and participation in various workshops. However, some of them quickly criticised these briefings and workshops for "lacking substance" or any "relevance" for their own work in Parliament (interviews, 2013).

The response that I received from members of the Steering Committee concerning how GHEITI recommendations are implemented were less coherent, not least in terms of who the real "consumers" of EITI reports are. According to some members of the NSC, GHEITI reports go to "no one," but the "general public" (interviews, 2013). However, they maintained that the multi-stakeholder nature of the NSC comes with a lot of goodwill to follow-up on some of GHEITI's findings and recommendations. They also pointed to reputational concerns with the "threat of washing your dirty linen in public" serving as incentives for compliance with EITI findings (ibid.). Whereas reputational concerns and goodwill remain pivotal, without linking GHEITI with the "policing" institutions of the state, it is difficult to envisage any meaningful impact on political transformation in the extractive industry. These institutional and operational limitations proved more decisive in informing the conundrum that various actors faced in applying the EITI model to the oil industry.



Figure 2. Public Forum on the 2012/13 GHEITI Reports at Obuasi (photo credit. GHEITI Secretariat)




Figure 3 GHEITI Sensitisation & Dissemination (Credit: GHEITI Secretariat)

### 6.2.2. Applying EITI to Oil: An Agenda with Limited Local Support

The announcement of commercial oil discovery coincided with a stronger momentum around GHEITI. By the end of the discovery year, Ghana was designated an "EITI Candidate" with four aggregation reports. Within the same year, the country began preparations for EITI Validation, which eventually led to her confirmation as "EITI Compliant" in 2010. Consequently, the bourgeoning debates around the oil industry, which centred on how the country could avoid the "resource curse," led to calls for an extension of the GHEITI to the petroleum sector. These calls were largely fuelled by domestic NGOs, especially those within PWYP-Ghana and the Civil Society Platform on Oil and Gas. At a meeting in Mankessim towards the national Oil for Development Forum in February 2008, various representatives of CSOs raised questions about the narrow space ceded to "organised citizen groups" and called on the government and other state agencies to,

> Demonstrate goodwill and willingness to provide information on its actions and plans, and to open the space for the democratic citizen groups in the decisions and choices it will be making on behalf of the citizens (Mankessim Forum Communique, 2008)."

To back this call, the Mankessim Forum called on the government to enact the Freedom of Information Bill and provide access to information on oil and gas revenues (ibid.). As part of the broader demands for transparency and accountability, CSOs urged the Government to extend GHEITI to the oil and gas sector. Following a collaborative meeting between the NSC and other CSOs, the extension of the GHEITI into the oil sector was tentatively incorporated into the work plan for the 2009-2011(Ghana Extractive Industry Transparency Initiative, 2009:2). However, according to some NGO activists, this demand did not receive a warm reception from members of the then NPP Government who maintained that Ghana had fulfilled its commitments to the EITI, which was initially earmarked for the mining sector (interviews, 2013). Indeed, during the 2008 general elections the NPP promised to institute measures for the transparent management of petroleum revenues without spelling out any concrete engagement with the GHEITI (New Patriotic Party, 2008).

Domestic CSOs took advantage of the general elections to press the opposition NDC to commit to GHEITI's extension to the oil industry. They subsequently implored the NDC party to commit to GHEITI's extension to the oil industry if voted to power (interview with NGO activists, 2013). Their lobbying yielded results when in the NDC's *Manifesto for a Better Ghana* during the 2008 elections, the party promised, among others, that the "energy sector

will be transparent and compliant with the principles of the EITI" (see National Democratic Congress, 2008).

When the NDC assumed power after the 2008 elections, it introduced various measures to fulfil its campaign promise of transparency in the petroleum sector. In 2009, President John Atta Mills directed the Minister of Energy to disclose all petroleum contracts between the Government and oil companies to the public (see Civil Society Platform on Oil and Gas, 2011). Consequently, various portions of the contracts with companies like, Hess, Vitol, Heliconia, Tullow, Sabre, Kosmos and the EO Group were published.[108] Under the Mills Government, GHEITI underwent some restructuring when it was brought under the leadership of the Office of the Vice President. The Acting Director of the Ministry of Finance was also appointed as GHEITI's Chairperson on an interim basis (IDL Group & Synergy ltd, 2010:11). During the same year, the Minister of Finance, in a budget address, confirmed the Government's attempt to establish "a framework for ensuring transparency and accountability in relation to oil and gas revenues and compliance with EITI principles" (cf. Duffour, 2009:32).

Various development partners also played an active role in pushing the expansion of GHEITI into the oil and gas sector. These were mostly through indirect channels especially given the fact that most of the civil society initiatives were undertaken with the support of organisations such as DFID and GIZ. Other channels for donors' call for GHEITI extension were more direct. Following the discovery of oil in 2008 the World Bank, along with the development agencies of the Netherlands, United Kingdom and France, as well as the European Commission launched the Natural Resources and Environment Governance Programme (NREG), with a series of loans meant to provide annual budgetary support over five years (World Bank, 2008b). A Memorandum of Understanding between the Government and the supporting development agencies presented NREG as "fully owned by Ghana's relevant governmental agencies," envisaged to "address governance issues as regards natural resources and environment" (World Bank-IEG, 2014). Since then, an estimated US$ 115 million financing has been provided to support various reforms across the extractive sector (World Bank-IEG, 2014:57).

In structural terms, NREG was informed by the World Bank's EITI++, which, as outlined earlier, promised a more holistic, and integrated form of transparency and accountability across the entire value chain. Whereas NREG is structurally different from EITI, its linkage with

[108] These agreements could be accessed from the Ministry of Energy and Petroleum's website. See http://www.energymin.gov.gh/?page_id=218 (accessed 18/08/14).

GHEITI and other programmes across various governmental agencies gave the World Bank a much stronger impetus to steer the expansion of GHEITI to the oil sector. A Development Policy Loan under the programme providing US$31million in 2008-2009, for instance, noted that the program, "will also support efforts to address the emerging oil sector and to adopt a more holistic, integrated approach to the management of its extractive industries" (in Gary et al., 2009:49). NREG financed the production of GHEITI reports for 2006-2009, while the World Bank supported the production of 2010-2012 reports (World Bank-IEG, 2014:28). Various donors associated with NREG, employed it as an important outlet to apply significant pressure on the Ghanaian government to apply GHEITI to the oil sector.

The combination of CSO activism and donor engagement proved pivotal in accelerating GHEITI's expansion. Although the Government had signalled its intent to extend EITI into the oil industry, initial disagreements between officials of the Finance and Energy Ministries slowed its implementation. Various officials at the Ministry of Energy initially called for a separate EITI framework to cater for the needs of the industry and draw on various specific stakeholders in the oil industry. In addition, the Ministry argued that since Ghana signed on to the EITI for the mining sector, there was the need for a separate inception to the oil and gas sectors (anonymous interviews, 2013). The Government subsequently referred the matter to the EITI International Secretariat, where it received clarification, among others, that once a country signs on to the Initiative it does not require a new inception process to apply it to another extractive sector. With this clarification, the Government in 2009 adopted a memo, *the Revised Institutional Framework for the Ghana Extractive Industries Transparency Initiative*, under which it formally extended the GHEITI into oil and gas industry. Within the oil and gas context, GHEITI's mandate was reformulated as follows:

1. Undertake aggregation/audit of the extractive sector benefits
2. Monitor and ensure that all payments due to the Government of Ghana from all oil/gas companies including taxes, royalties, dividend, bonus, penalties, levies and such likes are duly made
3. Identify lapses and undertake measures to enhance the capacity of any relevant organ of the government having statutory responsibility to monitor revenue payments by the oil/gas companies to the Government.
4. Disseminate by way of publication of records, reports or otherwise any information concerning the revenues received by the Government from the oil/gas sector as it may consider necessary
5. Ensure that all fiscal allocations and statutory disbursements due from the government to statutory recipients are duly made

6. Promote and undertake any other activity related to its functions and which in its opinion is collected [required] to help achieve its overall objectives [insertion mine] (Government of Ghana, 2009b).

Various implementing structures of GHEITI were in turn reviewed to cater for the expanded mandate in the oil and gas sector. On September 8, 2010, the Government launched a new 22-member GHEITI National Steering Committee. As outlined in Table 6.1 below, the reconstituted NSC reflected the expansion of GHEITI and tried to address some of the structural weaknesses of the old GHEITI. Although not actualised in the reconstituted NSC, the Government's memo made provision for representation from the Parliamentary Select Committee on Mines and Energy, as a way of building a linkage with the legislature (cf. Government of Ghana, 2009b). In addition, civil society representation was expanded with the inclusion of a representative from the Civil Society Platform on Oil and Gas. The new NSC also catered for sub-national representation with a member appointed on behalf of oil-producing District Assemblies. This move was envisioned as part of a strategy to place District Assemblies as "interlocutors of EITI policy on transparency at the grassroots level" (ibid). There were also elaborate provisions for technical sub-committees in charge of dissemination, oil/gas and mining.

Table 6.1. GHEITI National Steering Committee (Inaugurated, 2010)

| MINING AND MINERALS SECTOR (OLD GHEITI) | | |
|---|---|---|
| **Name** | **Position** | **Stakeholder** |
| Franklin Ashiadey | Ministry of Finance and Economic Planning | Government |
| Roger Angsomwine | Office of the Vice President | Government |
| Victoria Bension | Ministry of Finance and Economic Planning | Government |
| Gad Akwensivie | Office of the Administrator of Stool Lands | Government |
| Sulemanu Koney | Ghana Chamber of Mines | Private |
| Sheila Naah | Ministry of Finance and Economic Planning | Government |
| B. C. D. Ocansey | Ghana Revenue Authority | Government |
| Steve Manteaw | Publish What You Pay-Ghana | Civil Society |
| Chris Afedo | Ghana Revenue Authority | Government |
| Amponsah Tawiah | Minerals Commission | Government |
| Ellis P. Atiglah | Ministry of Lands and Natural Resources | Government |
| **OIL AND GAS (ADDED MEMBERS)** | | |
| Wayo Abubakari | Office of the President | Government |
| Philomena Johnson | National Catholic Secretariat | CSO |
| J.Y. A. Appiah | Ministry of Energy | Government |
| J. B. Okai | Ministry of Energy | Government |
| Kobina Pra Annan | Sekondi-Takoradi Metropolitan Assembly | Local Government |
| Sam Ado Nortey | Ghana National Petroleum Corporation | State Enterprise |
| Kevin Quinn Tullow | Tullow Oil Ghana | Private |
| Dela Klubi | Ghana Revenue Authority | Government |
| Frank Turkson | Ghana Manganese Company | Private-Public Enterprise |
| Duodu Acheampong | Jomoro District Assembly | Local Government |
| Hannah O. Koranteng | WACAM | CSO |

**Credit: GHEITI Secretariat, Accra.**

In most instances, the new GHEITI framework compounded some of the weaknesses of the Old one. A critical case in point is the hold of the political leadership over the GHEITI process, which was strengthened with representation from the Offices of the President and Vice President and an increase in the number of representatives from government agencies in the mining and oil industry. The mandate of the NSC was also set out in the frame of market-enhancing "good governance" techniques. More specifically, Section 3.3 (19) of the new GHEITI framework requires the National Steering Committee to request information related to "amount of money paid and received" from any company or relevant government body (cf. Government of Ghana, 2009b). However, it left a caveat: "provided that such information shall not be used in a manner prejudicial to contractual obligations or proprietary interest of the extractive industry company or sovereign obligation of Government" (ibid.). Given various factors, including the prevalence of secrecy and stabilisation provisions in various contracts, the absence of supporting legislation, and what a senior government official described as "the lethargy of extractive sector companies and revenue management institutions to disclose

information for the EITI reports" (see Hammah, 2011), the new GHEITI did not represent any radical departure from its previous version.

The fact that the revised GHEITI did not represent any ground-breaking inroads towards promoting transparency and accountability accounted for various challenges it faced domestically in its extension to the new oil industry. Various policy documents, including the NDC Government's 2008 manifesto, the Budget Statement in 2009, and the Revised Institutional Framework for GHEITI had earlier anticipated the EITI model, as the principal "good governance" instrument for the oil and gas industry. Nonetheless, this unique status, which was accorded to GHEITI, was questioned when, after public consultations over the management of the petroleum revenues, the Government enacted the PRML and created the Public Interest and Accountability Committee (PIAC).

The creation of PIAC and extension of GHEITI led to various concerns about a duplication of parallel transparency and accountability initiatives in the oil industry. Various domestic actors, especially policy analysts within the Government, maintained that the PRML adequately captured the transparency and accountability requirements of the industry. According to the lead technical advisor for the PRML, for instance, "there is no law in Ghana which requires so much reporting and accountability than the Petroleum Revenue Management Law," and that the law is "in fact, a Freedom of Information Law" (interview, 2013). Field interviews with various domestic NGO activists revealed that although most of them supported, and earlier called for, GHEITI's extension to the oil industry, they have rallied more around PIAC as a home-grown and robust alternative. While acknowledging the international dynamics that the EITI brings to their engagement, these activists maintained that PIAC is the "real deal" as far as governance in the oil industry is concerned. They argued that PIAC's mandate is, "more elaborate," represents "the public interest," and comes with the support of legislation.

There is also limited evidence to support the involvement of oil companies in the extension of GHEITI into the petroleum industry. This in many ways departed from the wholehearted support that the Initiative received among mining companies. Whereas this lack of interest, as advanced elsewhere, could be linked with a broader narrative of flippant attitude of oil companies towards questions of "good governance" (see Frynas, 2005; Vigneau et al., 2014), there were more practical reasons for this trend in the case of the EITI in Ghana. Some members of the NSC intimated that owing to the fact many oil companies in Ghana, such as Tullow, Kosmos and Anadarko, were largely "infant" firms which operate in emerging oil nations that did not participate in the EITI, they were naturally not accustomed to its principles and structures (interviews, 2013). They reported that, oil companies shared significant anxiety

about the likelihood of EITI process to instigate potential witch-hunt by the government and CSOs (ibid).

From my interactions with some company representatives, coupled with assessment of reports in the local media, it appeared that the most significant factor which accounted for companies' suspicion of GHEITI is their preference for direct community engagements and concrete investments through various CSR initiatives. A representative of the state-owned GNPC, for example, argued that while the company supports and discloses information to GHEITI, it has introduced various town hall meetings as a more "structured, institutionalised and periodic" way to maintain the "social contract" with oil communities (interview, 2013). Kosmos Energy also launched its "six business principles," drawing from "leading international benchmarks such as the UN Guiding Principles on Security and Human Rights, the EITI and the Voluntary Principles on Security and Human Rights" as a way of directly engaging with the wider community (GHEITI Secretariat, 2014c).

Following the publication of the first GHEITI report for the oil sector, the resentment of companies to GHEITI framework has been more amplified and coherent. Recently, oil companies formed the Ghana E&P Forum to promote formal and informal dialogue with Government and CSOs on behalf of private sector upstream operators (E&P Forum, 2014). Through the Forum, they have raised several concerns about the extension of GHEITI to the oil industry. In a meeting with GHEITI, the Forum argued that the scope of GHEITI is "incongruent with international practice" given the fact that the EITI is a voluntary process (GHEITI Secretariat, 2014c:28). They also raised concerns about the duplication of GHEITI with various public audit institutions, including PIAC and the Ghana Revenue Authority (ibid).

The declining domestic momentum for GHEITI in the petroleum industry meant that, for the most part, Ghana's compliance with EITI in the oil sector was more donor-driven. Pressure from Western donors and the EITI Secretariat grew stronger especially when the country failed to meet reporting deadlines for 2010-2011 after the inauguration of the NSC. Sources within the Government and GHEITI attributed this failure to "significant delays in data collection" (GHEITI, 2013:6), as well as broader legislative and institutional retooling that were taking place in the industry (interview with official from the Energy Ministry, 2013). This reason did not sit well with various organisations such as DFID, IMF and the EITI Secretariat (EITI International Secretariat, 2012). Most significantly, the World Bank asked the Government to expedite GHEITI's extension to the oil industry as one of the conditions for the disbursement of US$100 million support facility towards the Ghana Shared Growth and Development Agenda (2010-2013) (Public Agenda, 2012).

Ghana published its first aggregation report for the oil industry in February 2013. The report, which covered payments and receipts between 2010 and 2011, followed the publication of two reports by the PIAC. GHEITI embarked on various dissemination workshops and distributed about 10,000 copies to many stakeholders (GHEITI Secretariat & Ministry of Finance, 2013). Nonetheless, as I demonstrated later in this Chapter, the Report did not significantly alter the cynicism that has built around its application in the oil industry. Indeed, GHEITI's oil and gas report proceeded the publication of others by the PIAC, and did not broach new areas, affirming concerns about duplication.

### 6.3. Compliance vs. Transformation

Ghana's adoption of the EITI model in the mineral and oil sectors has not escaped questions about its role in transforming the incentive challenges and institutional weaknesses within the extractive sector. As I alluded to earlier, within the global EITI framework, questions about its transformative impact have largely been approached in terms of compliance with pre-determined norms of revenue disclosure and multi-stakeholder oversight (see Aaronson, 2010; Garuba & Ikubaje, 2010; Gillies, 2010; Ölcer, 2009). Supporters of EITI have underscored "win-win" benefits for implementing countries in terms of improved investment climate, "public accountability" and "good governance," as well as prevention of resource-based conflicts (EITI International Secretariat, 2015a).

In a similar vein, those who offer compliments to the EITI in Ghana often offer different claims about its transformative effects (IDL Group & Synergy Global, 2010; Manteaw, 2010; Nguyen-Thanh & Schnell, 2009). Notably, they have advanced GHEITI's impact in providing deliberative platforms and ensuring transparency. Nonetheless, Ghana's experience of EITI points to the fact that compliance with pre-determined notions of "good governance" in the extractive sector is not a highway to optimal political and institutional reform. As I have noted in this Chapter, contrary to the technocratic pretensions of the global EITI standard, claims about GHEITI's success remain highly contested and politicised.

Various proponents of the EITI model in Ghana, mostly in reference to the heightened opposition it initially received, often claim that they have been vindicated for supporting the Initiative. They support this claim by pointing to a host of institutional and policy reforms that have been witnessed in the extractive sector, which could be linked with GHEITI's processes over the past decade. Members of the National Steering Committee who I interviewed recalled the cynicism and agitations that characterised the mining sector in the pre-EITI era and asserted that the Initiative has contributed towards stabilising the extractive sector and

provided an invaluable avenue for constructive engagements by various stakeholders. In addition, they argued that prior to GHEITI there were no systematic processes of information disclosure, as well as, a forum where the stakeholders in the industry could interrogate such disclosures.

Supporters of GHEITI also maintained that the ensuing improvements in the relationship among CSOs, government and mining companies have led to an impressive compliance of the various stakeholders in the GHEITI programme. Indeed, with the exception of small-scale mining firms, the eight leading companies, constituting 99% of mineral royalty payments, report under the GHEITI (IDL Group & Synergy Global, 2010:40; World Bank, 2010:33). Likewise, despite its largely de-institutionalised mechanisms and voluntary processes, GHEITI has survived a political turnover between the two leading parties in Ghana - NPP and NDC - which points to an appreciable support among various political elites in the country. Additionally, various GHEITI reports are credited with increasing the level of transparency in the mining industry highlighting the flows of payments and receipts, as well as utilisation of mineral revenues at the national and sub-national levels. A senior official from the Ministry of Energy and Petroleum captured the importance of GHEITI's disclosures for both non-state and state actors:

> The EITI reports received a lot of attention from civil society groups including trade unions, church groups, and faith-based groups. A lot of these reports became Bibles for these groups in their advocacy work. To the government itself, some of the omissions and commissions that were exposed by the reports were quite informing… the outcome of the EITI reports became tools or justifications for government to undertake a number of reforms including reforms of the fiscal regime, reporting processes, monitoring of companies (interview, 2013).

As hinted by the above assertion, several noticeable institutional improvements have been linked to EITI implementation. In the mining sector, these improvements include the revision of mineral royalties from a previous range of 3-6%, to a fixed rate of 5%, under the Minerals and Mining Amendment Act (Act 794) in 2010, which amended the Minerals and Mining Act of 2006. Some respondents from GHEITI and some donor agencies told me that prior to the fixed rate, companies generally chose to pay the minimum rate of 3%, which adversely affected overall public revenues from the mining industry. They also maintain that various GHEITI reports have drawn public attention to a number of policy issues, such as capital gains tax, and inter-sectoral/agency collaboration over matters related to the extractive sector (also see Ghana

Extractive Industry Transparency Initiative, 2012:22-28). For instance, GHEITI reports are credited with the consolidation of the country's revenue agencies into the Ghana Revenue Authority (GRA).[109]

Furthermore, members of the National Steering Committee highlighted various problems related to sub-national disbursement and expenditure of mineral royalties, which have become known through their reporting. In support of this position, they argued that GHEITI uncovered that within mining communities, royalty disbursements from the Office the Administrator of Stool Lands (OASL) to local governments were, often delayed and used to fund operational and administrative expenses rather than development projects (also see GHEITI Secretariat, 2011b:24). Consequently, GHEITI has developed guidelines on the use and reporting of mineral revenue by District/Municipal Assemblies.

Two main observations could be made from the reforms that are often linked with the GHEITI: The first and obvious point is that GHEITI-linked institutional and policy changes generally fall outside the remit of the EITI global standard. Consequently, it is not surprising that the EITI in Ghana often receive large-scale endorsements from the International Secretariat, and the wider EITI community. The second observation which is less obvious, but critical, relates to the difficulty in establishing linkages between these reforms and GHEITI. While lauding notable improvements and reforms in the extractive sector, various factors suggest that their linkages with the EITI is somewhat exaggerated.

A case in point relates to the recorded increases in government revenue from the mining sector which, as reported by successive GHEITI reports, rose from $27 million in 2004, through $112 million in 2009, to $1270 million in 2013 (EITI International Secretariat, 2015b). Whereas GHEITI and the international EITI community have been quick to point to these increases as demonstration of EITI's contribution, there are compelling reasons to suggest that the surge in public revenues from the mining industry has been rather fuelled by enhanced commercial activities in response to various pro-market reforms. Most notably, during the same period, companies reporting under the EITI increased from eight to 21 (ibid.). From the perspectives of extractive firms, successive reports on the performance of the mining industry by the Ghana Chamber of Mines have underlined other intervening factors for revenue increases, including

[109] The GRA was formed in 2009 following a merger of the country's four revenue collection agencies i.e. Excise and Preventive Service (CEPS), the Internal Revenue Service (IRS), the Value Added Tax Service (VATS) and the Revenue Agencies Governing Board (RAGB) Secretariat in accordance with Ghana Revenue Authority Act, Act 791.

appreciation in output and increases in realised price of gold (see Ghana Chamber of Mines, 2008; 2009; 2013).

Within the broader ambit of various research of Ghana's mining sector, there is a critical body of literature that have linked the country's enhanced mineral revenues with several pro-investment policy incentives. These included the repeal of the Additional Profit Tax Law (1985), provisions for stability agreements for a period of about 15 years, as well as import duty exemptions, most of which were consolidated under the Minerals and Mining Act (Act 703), 2006 (see Akabzaa et al., 2007; Akabzaa, 2009; Aryeetey et al., 2004). Just like the critical voices of civil society activists, which I recorded earlier in this chapter, these analysts attributed mineral revenue increases to commercial activities propped up by the reforms, and asked critical questions as to whether government's share and community benefits are fair. Whereas it is impossible to refute the linkages between EITI and enhanced commercial engagements in the mining sector in Ghana, similar ties cannot be easily established between the EITI and broader institutional changes that have altered the lop-sided distribution of political power and resources since reforms under the ERPs, especially around mining communities.

The difficulty in establishing linkages between successful reforms with EITI is further compounded by other parallel claims. A deeper examination of reports from other donor-funded programmes in Ghana's extractive sector reveals claims that are similar to those often cited for the EITI. Of significance is the NREG, which is a World Bank-led multi-donor parallel programme for the extractive sector. Domestically, NREG's relationship with GHEITI remains poorly defined. Nonetheless, both served as unique outlets through which the World Bank, and its allied donors, supported EITI implementation in Ghana, while driving other reforms in areas of the extractive industry that were not covered by the EITI. GHEITI framework, and its much-touted innovative strategies, in many ways, reflects a strategy of state elites to win the benefit streams that came with both EITI and NREG. However, the point of interest here is that the parallel implementation of GHEITI and NREG has led to overlap of claims by both programmes for almost every positive development in the extractive industry. A scrutiny of the 2010 Validation Report of GHEITI and a 2014 evaluation of NREG by the World Bank elaborate this point in detail (see IDL Group & Synergy ltd, 2010; World Bank-IEG, 2014). For instance, NREG claims its intervention accounted for the expansion of EITI reporting to cover sub-national payments (World Bank-IEG, ibid: 28). The 2014 Evaluation also links NREG with the upward revision of royalty payments from 3-6% to a fixed 5% (ibid: 27). On the matter of capital gains tax, NREG asserts that it developed financial models of 9 (of the 13) large mines in Ghana, which "indicated that capital gains taxes were largely being

avoided by large mining companies, and led to efforts to address this problem and collect taxes (ibid). I also recorded some of these overlapping claims in the oil industry, as the issues regarding capital gains tax and the Saltpond Offshore Producing Company Ltd, which were raised previously by the PIAC Report (2012:20), and other studies.[110]

Beyond the issue of linkages, Ghana's religious compliance of EITI requirements has failed to convince critics about its promise of promoting effective management of natural resources. In the past years, these criticisms have been voiced on various GHEITI's platforms. A scrutiny of reports from various GHEITI dissemination workshops and other public engagements reveals a stark contrast between what GHEITI offers, and the expectations of its intended "beneficiaries." A member of the NSC poignantly depicted this divergence:

> From our dissemination workshops, the feedback is not only an interest in whether we got revenue or not but how the companies would address the legacy issues; the environmental pollution; the water stress in communities because of mining; the takeover of community lands... So, you realise that yes, we are doing A B C D. But is it what the people want us to do? That is the linkage that should be developed from the community, from the citizens, the national secretariat and international secretariat (interview, 2013).

The above viewpoint was supported by various field interviews with activists at the community and national level. In the Western Region, for instance, there were concerns that the revenue-centeredness of GHEITI has masked other aspects of the extractive sector in the region, specifically questions about environmental damages and costs, as well as threats to livelihoods.[111] The absence of a complete account of "serious environmental and social concerns" was also raised at another Dissemination Workshop in the Northern Region (see GHEITI, 2013:11). Various participants at the Workshop, which was organised in the regional capital, Tamale, complained that GHEITI reports seem to "dwell more on revenues thereby reducing benefits to only cash" (ibid). At the Ghana Trade Union Congress, senior officers criticised GHEITI for not probing questions concerning equity or asking whether government receipts represent "what the country really deserve to get" (interviews, 2013). Within the mining sector GHEITI was often faulted for not helping to reverse the lopsided market reforms dating back to the 1980s that strengthened mining companies against the state. Consequently, these critics tend to align EITI with other reforms in the mining sector,

[110] See also. Civil Society Platform on Oil &Gas (2010) "Implementation Challenges of the Petroleum Revenue Management and the Petroleum Commission Laws". Briefing Paper dated February, 2012

[111] Field interviews with various members of Friends of the Nation, Western Region,

including the revised Minerals and Mining Act (2006), that have maintained pro-market status quo without addressing issues of public ownership, local capacity and even domestic entrepreneurial development (interviews with Third World Network Officers, 2013).

A critical interrogation of the contradictory and contested viewpoints about the impact of Ghana's EITI experience points to the one thing. That, in the context of deep-seated structural and institutional limitations, external initiatives often pushed by a loose network of external development agencies based on questionable normative goals of "good governance" cannot serve as effective instruments of reform in the extractive industry.

The above observation reverberates with general accounts between pro-market reforms in the mining sector and poor outcomes in terms of readjustments of power and distributional patterns, especially within various mining communities (see Bebbington et al., 2008; Bridge, 2004; B. Campbell, 2006; Le Billon, 2005). Across Sub-Saharan Africa, substantial research has revealed that various reforms, which were often implemented by many mineral-rich countries as part of the SAPs and current "good governance," have rather produced a "feast on super profits" (2009b:5), while the burden of taxation has been comprehensively reduced. Most significantly, a comprehensive account offered by Hilson & Maconachie (2008) in countries like Mali and Tanzania, indicated that the "mining boom" in Africa came with low returns to the "sovereign owners of sub-soil resources." They also noted that legislation is replete with enhanced incentives for companies in areas such as land ownerships and security of tenure, import and export tax regimes, ancillary services, and land access (see Bracking, 2009b; Filho, 2002; Hilson & Maconachie, 2008). Hence, as noted by Bracking (ibid:8), for various actors with commercial interests in the mining sector, joining and supporting the EITI is a "small commitment" in the face of the benefits accruing from the current "neo-liberal" regulatory regime in Africa. The intricate dynamic between "compliance" without meaningful "transformation" is demonstrated further by Ghana's EITI compliance in the oil industry.

### 6.3.1. GHEITI and the Politics of Transforming the Oil Industry

The global EITI standard was pioneered in the oil industry, when Nigeria became the first country to sign on to the Initiative. Nonetheless, the sector presents some of the most difficult challenges to the EITI model. In the case of Ghana, the first GHEITI report for the oil and gas sector uncovered a plethora of issues, which according to its Secretariat have yielded some positive responses (GHEITI Secretariat & Ministry of Finance, 2013). These issues include the absence of provisions on capital gains tax and thin capitalisation (Boas & Associates & GHEITI Secretariat, 2013). The report also raised questions about the capacity and number of

officials engaged in the petroleum sector at the Ministry of Finance (MOF), GRA and Bank of Ghana (BOG). Moreover, it reported the failure of the Saltpond Offshore Producing Company Ltd (SOPCL) to disclose royalty payments to the Non-Tax Revenue Division of the Finance Ministry the operators of the account (Boas & Associates & GHEITI Secretariat, 2013). Without drawing direct linkages, GHEITI has cited notable changes, proposed in the tax regime which cater for capital gains and thin capitalisation, various training programmes within MOF, GRA and BOG, as well as payments from the Saltpond Fields into the Petroleum Holding Fund as part of the "implementation status" of its findings and recommendations (ibid.).

However, GHEITI in the oil sector has not proven immune from the structural and institutional anomalies, which inhere widely in its application in the mining sector. Most significantly, the emphasis on "significant producers" has ignored a host of domestic and external operators that are characteristically linked with the more complicated value-chain of the oil industry. Even within its limited scope of disclosure and multi-stakeholder representation, GHEITI ignores a whole range of public and private sector agents that operate in the country's oil and gas industry. For example, the first Report on the Aggregation and Reconciliation of Oil and Gas Sector Payments and Receipts: 2010-2011, reported payments by companies such as Tullow, Kosmos Energy, GNPC, Saltpond Oilfields, Anadarko, Sabre Oil and Gas Holdings, and the EO Group (ibid.:v). However, beyond the Jubilee and Saltpond fields, where actual production is taking place, companies operating in exploratory and developing fields such as ENI, HESS and Lukoil were not included. In addition, other service providers such as Sinopec - the lead contractor in the Ghana Gas Infrastructure Project in the Western Region - were not covered by GHEITI reports.[112]

There have also been several questions about GHEITI's principal products, i.e., public disclosure and multi-stakeholder platforms, as to whether they offer real political benefits in the oil industry beyond the technocratic pretensions of transparency and participation. The answers to these questions need to be contextualised and politicised given the contentions around them and the presence of alternative governance instruments that have been offered to Ghana in her quest to secure optimum outcomes from the oil industry. As alluded to earlier, GHEITI's structural weaknesses, especially the poor linkage with the wider populace and representative "stakeholders" have accounted for serious legitimacy deficits. This challenge is

[112] As outlined in Chapter 5, the gas processing plant at Atuabo in the Western Region is being implemented through a Master Facility Agreement between the China Development Bank and the Government of Ghana (Parliament of Ghana, 2013).

further compounded by the dominance of government representatives, most of whom are political appointees. Besides, the flexible, non-enforcement and de-institutionalised environment of GHEITI made it difficult to de-link the Initiative from the priorities of incumbent governments and donor agencies.

A number of critical insights that emerged from the field interviews pointed to the fact that the malleable structures of the GHEITI, and the leverage they offer for political incumbents, account for why it has thrived along successive Governments since 2003. This position was supported by the fact that other initiatives that came with more stringent and institutionalised controls, such as the African Union's Africa Peer Review Mechanism and the PIAC, have not witnessed such appreciable level of support that the EITI has enjoyed among the political elites and donors.

Government's dominance of the GHEITI, in addition to its generally de-institutionalised structure, has proven more decisive in the quest of incumbent political leaders to gain strategic influence over the highly-politicised terrain of the oil industry. A case in support of the politicised dimension of GHEITI's solutions relates to the decision of the Mills-led NDC administration in 2009 to publish oil agreements in line with EITI public disclosure requirements. In opposition, various members of the NDC party accused the then NPP Government of corrupt dealings with some foreign companies as well as "friendly" local partners. Based on these allegations, various party activists on campaign platforms during the 2008 elections promised to renegotiate some of the contracts that were allegedly tainted with corruption and patronage within the ruling party. In Government, the NDC revoked a petroleum license for a Norwegian Firm, Aker Asa, and began inquiries into the deal with Kosmos and its local partner the EO Group. Through a directive of the erstwhile Serious Fraud Office (now Economic and Organised Crime Office (EOCO), the Government froze the local accounts of Kosmos Energy and the EO Group. The Government also asked the US Justice Department to determine whether the companies violated the Foreign Corrupt Practices Act, which prohibits payments to foreign officials to obtain or keep a business (Neubauer, 2010; US Embassy-Ghana, 2009).

Whereas other benign developmental intents may be cited, the NDC Government's directive to publish agreements with Kosmos, Tullow, Anadarko and EO could not be separated from the political game between the two leading political parties in the country, and attempts to gain control over an industry that was perceived to be dominated by "unfriendly" companies. This political logic became much clearer in the context of the NDC Government's lukewarm

position on contract disclosure within subsequent petroleum agreements, policies and legislation.

The growing influence of several donor agencies to push through various EITI solutions in the oil industry has also not escaped suspicion. As I have earlier alluded to, several questions abound as to whether Western donor countries wholeheartedly embrace the norms of transparency, especially when it comes to safeguarding the profitability of and investments of companies (see Benner et al., 2010). Notably, Sarah Bracking (2009b:14-16) has dismissed donor engagements with the Initiative for supporting a "public relations boon" that plays to many audiences, while overlooking corrupt practices involving multinational corporations and domestic firms of donor states (also see Bracking, 2009a; 2009c). Citing the example of the UK Office for National Statistics' (ONS) data on firms' destination for investment of by industry sector between 2003 and 2006, Bracking highlighted "missing data" on "mining and quarrying (including oil/gas)" in Africa based on what the Office indicated as "confidentiality considerations"(cf. Bracking, 2009b:14-15).

Similar claims, particularly pertaining to the insidious role of commercial interests in fuelling donor engagements with the EITI could be found in the context of Ghana. Most significantly, in one of the most insightful overview of Ghana's nascent oil industry, Gary, Manteaw and Armstrong alluded to the possibility that donors were employing increased engagements on "good governance" and capacity development initiatives to facilitate "commercial access" (2009:49). Their suspicion that donors (largely Western) were using various "good governance" programmes to facilitate market access was informed by the extensive involvements of Western companies such as Tullow, Aker Petroleum and Anadarko in Ghana's nascent oil company (ibid.). As I outlined in the previous chapter, many initiatives including USAID's Supply Chain Development Programme, DFID's Coastal Foundation Dialogue Forum and GIZ's Good Financial Management Programme, are ingrained in a competitive environment in which various donor agencies have sought to find a voice and strategic place within the increasing growth of "good governance" initiatives in Ghana's petroleum industry. The voice and strategic placement that come with these support programmes have been used by respective donors to articulate various commercial concerns.

A case in point relates to the protracted impasse between Ghana and Kosmos over the sale of its stake in the Jubilee Fields to Exxon Mobile in 2009. The Government's failed attempt to take over Kosmos shares through a bid from GNPC in partnership with Cnooc Ltd - one of China's leading oil companies - raised doubts about its relationship with Western Companies. A series of leaked cables from the US Embassy in Ghana revealed the apprehensions within

the US administration about the "radical change" in Ghana's relationship with the American companies, and the Government's option for other less market-friendly models of petroleum management (US Embassy-Ghana, 2008). In one of the leaked cables, the Embassy outlined its "key concern" as,

> …ensuring that the process for awarding offshore concessions and negotiating petroleum agreements is done transparently, and in *a manner that does not discriminate against U.S. firms* [emphasis mine] (ibid).

The complex mix between commercial interest and diplomatic engagements around "good governance" solutions took centre-stage during a visit in February 2010 by Johnnie Carson, Assistant Secretary of State in charge of Africa. In a meeting with President John Atta Mills, Carson "stressed the importance of respect and openness in the way oil companies engage with Ghana, highlighting Kosmos Energy as a case where he felt that was lacking" (US Embassy-Ghana, 2010). In a roundtable with Carson, companies such as, Anadarko and Kosmos bemoaned what they considered as "complicating bureaucratic process" and the "politicisation of the bureaucracy" (ibid.). Against these assertions, it was not surprising that the noticeable hesitations within the country to apply the EITI Model in the oil industry, was met by stiff opposition from Western donors. Whereas there is no evidence linking the EITI in Ghana and various commercial decisions per se, it is important to highlight donors engagements around the issues of transparency and accountability in the petroleum sector remains highly commercialised.

### 6.4. Conclusion

For many analysts, the EITI is the embodiment of converging global liberal norms for optimum management of revenues from natural resources. Consequently, the technocratic narrative associated with the EITI often presents implementing countries as sites for the deployment that would generate benign developmental outcomes as opposed to the grim fears of the "resource curse." The main research agenda, as demonstrated by various impact studies and policy documents, has focussed on why and how countries with pre-determined principles of the EITI Standards. Within the prism of this main research agenda, Ghana has emerged as a standard-bearer of EITI principles with a number of bold claims about national-level innovations, buy-in among various domestic stakeholders, and notable institutional reforms in the extractive sector. The empirical insights in this Chapter point to serious gaps in the research agenda and policy agenda associated with the EITI in both specific and general terms: Firstly, contrary to presumptions of norm convergence and diffusion, I have argued that the EITI,

and its "good governance" pretensions, are deeply embedded in the domestic political economy reality. Thus, as a reform instrument, it reflects the interests of various actors driving their implementation in the extractive sector. Secondly, despite the emphasis on country variations, and in contrast to other global initiatives such as the Kimberly Certification Scheme, EITI instruments are not properly integrated into national-level institutions and capacities; they are also delinked from domestic accountability mechanisms. These weaknesses make it difficult to present the EITI as an instrument of effective institutional transformation.

The less attractive picture that emerges from the scrutiny of the deep politics embedded in Ghana's "model" EITI experience has a much broader resonance. Indeed, in various countries a certain degree of pseudo reformism has come to be associated with the EITI not only because of its reliance on voluntary compliance, but also the propensity of some its policy levers, especially the multi-stakeholder platforms, to depoliticise broad-based public participation and empower social elites (see Bracking, 2007; Kolstad & Wiig, 2009). A study by Smith et al (2012) in the Anosy Region of South-East Madagascar, for instance, revealed that stakeholder dynamics of the EITI were manipulated by state elites and businesses in a manner that contributed to community disempowerment. Another inquiry by Aaronson (2011), while complimenting the EITI for demonstrating the benefits of public-private partnerships, described the public as the "silent partner" given tendency of governments to exclude broad sections of civil society. Two dimensions of the conceptual arguments that I advanced earlier in Chapter 3 emerge to make sense of these documented limitations of the EITI. On one hand, they point to the weaknesses in the single-minded pursuit of public disclosure without paying attention to substantive processes of institutional capacity and democratic processes. On the other hand, whereas multi-stakeholder deliberative platforms that are insured by global compliance standards may be loaded with best of intentions, they cannot be substitutes for traditional representative institutions of democratic oversight and broad-scale public engagements.

In Ghana, these challenges stem from fact that in spite of the emphasis on country ownership, EITI instruments are not properly integrated into national-level institutions and organisations, thereby denying them of any local presence or legitimacy. Additionally, the prevailing de-institutionalised environment lends itself to easy manipulation by incumbent elites and other agents within the extractive industry, which has been eclipsed by a strong global voice that passionately articulates EITI compliance without seriously engaging with it as an instrument of deep political reform. This observation became paramount, and proved decisive, in the calls for alternative and "home-grown" mechanisms of transparency and accountability in the

petroleum industry, which resulted in the creation of the Public Interest and Accountability Committee (PIAC). In the next Chapter, I examine Ghana's quest for home-grown and robust alternative instruments for the oil industry in detail.

7.

# PIAC: AN ELUSIVE QUEST FOR HOME-GROWN TRANSFORMATION

*You are an independent body carved out of good governance principles to provide an independent assessment of how petroleum revenues will be managed and used in the country.*

**Hon. Dr Kwabena Duffour, Finance Minister, September 16, 2011.**

## 7.0. Introduction

On September 16, 2011, Ghana launched a 13-member Public Interest and Accountability Committee (PIAC) to "ensure transparency and accountability in the management and use of petroleum revenue and investments in the country" (MOFEP, 2014). The Committee was presented as a home-grown, robust and non-partisan "good governance" instrument that compliments global and domestic institutions to promote public oversight and voice over the new oil industry. Unlike other "good governance" instruments, such as the Ghana Extractive Industry Transparency Initiative (GHEITI), the PIAC is anchored on Section 51 of the Petroleum Revenue Management Act (PRMA) of 2011. In addition, it is composed of representatives and nominees of various non-state organisations that have been statutorily designated by the PRMA. According to its architects, PIAC is the outcome of a bottom-up process that involved extensive and open public consultations.[113] Most recently, the Government of Ghana has singled out PIAC as an affirmation of its commitment towards managing the country's oil resources in accordance with "clear, transparent and accountable procedures" (Government of Ghana, 2013c). Various analysts have also celebrated PIAC as an affirmation of the renewed prominence of domestic civil society organisations in the drive for optimum outcomes in the energy sector (cf. Amoako-Tuffuor, 2011; Gyimah-Boadi & Prempeh, 2012:99; Kopiński et al., 2013:596). Outside Ghana, a number of high-profile persons and organisations have eulogised PIAC as a case of "good practice" for managing revenues from resources extraction and effective stakeholder collaboration (Adam Smith International, 2013; Pellegrini, 2013; World Bank, 2013a).

[113] These views also echoed throughout various field interviews I conducted for this study in 2013.

The general optimism surrounding the PIAC is reminiscent of various reform initiatives, which have been adopted generally to promote "good governance." As the previous Chapters have demonstrated so far, a noticeable dynamic of these "good governance" initiatives in Ghana is that they have been largely unsuccessful in altering the poor institutional landscape within which natural resources are extracted and utilised. Similarly, the enthusiasm associated with PIAC far exceeds the evidence of citizen-led accountability and institutional transformation that it offers for the petroleum industry. As demonstrated by successive PIAC reports (PIAC, 2011; 2012), early signals point to the fact that PIAC has so far operated without the requisite buy-in from the domestic political elite and exists essentially as a "toothless" and "façade" oversight body (Kopiński et al., 2013). Whereas these weaknesses have been acknowledged, they are often presented as "good governance" compliance challenges without a deeper interrogation of the technocratic, informal and highly political contestations that have characterised PIAC's adoption and operations.

This chapter offers an account of the politics of institutional choice that went into the adoption of PIAC, and how they adversely affected its transformative impact in the oil industry. By situating the PIAC into the contours of political choices, the chapter questions the capacity of technocratic and depoliticised "good governance" fixes to engender optimal institutional change, especially in a context of institutional fragility and adverse political incentives that have been compounded by the discovery of commercial oil resources in Ghana. Far from the mainstream analyses that have massed around PIAC, I argue that PIAC borrowed heavily from external institutional blueprints. Most importantly, the Committee also suffered from elite manipulation given various modifications that have legitimised less participatory and accountable mechanisms in the petroleum sector.

### 7.1. Tracing PIAC: A Glittering Journey towards "Good Governance"

The introduction of PIAC could be traced to the effects of the "triple legacy" that, as I previously argued in Chapter 5, set the institutional contours of the oil industry. Here, it is important to recall the Government's decision to adopt a fast-track approach to oil production despite the poor institutional and regulatory framework. The hastened Draft Petroleum Policy in 2008 suffered a serious backlash, due to criticisms that it was opaque and did not involve extensive consultation. Subsequently, domestic research and advocacy groups that began to mass around the oil question mounted various campaigns for a more participatory and transparent processes. The leading opposition NDC party, in *the Manifesto for a Better Ghana* in 2008, also promised to "restore transparency and end corruption in the petroleum sector if Ghana is to benefit from our oil and gas" (National Democratic Congress, 2008). The Party

followed up on this campaign promise, when it won the 2008 elections. In Government, the NDC unveiled a series of nationwide consultations, superintended by a technical team led by the Ministry of Finance and Economic Planning (MOFEP) to draft an overarching legislative framework for petroleum revenues. The team included officials from the Ministry of Energy, Bank of Ghana (BOG), Ghana National Petroleum Corporation (GNPC) and other government agencies with some technical support from the Economic Advisory Council (interview with team member, 2013).

After an initial review of the experiences and institutional frameworks of various resource-rich countries, the Government's Team undertook a three-pronged consultative strategy to receive public inputs in the management of petroleum revenues. The first involved open consultations within and outside the country to explore so-called "best practices," especially in petroleum revenue management. The team called for memos from various groups and individuals within and outside the country (see Institute of Economic Affairs, 2010). The second approach related to various town-hall meetings between February and April 2010 in Accra and some regional capitals with participants drawn from different segments of the public. The third element of the public consultations was a formal survey that sought to capture public opinions on how to assess, collect, account, spend and save petroleum revenues (Amoako-Tuffuor, 2011). On the question of transparency and accountability of the revenues, the survey probed:

1. How do we ensure transparency and accountability?
2. What measures are needed to ensure public oversight?
3. What other safeguards may be needed, if any, to protect the revenues from abuses (ibid)?

Questionnaires, designed to capture various elements of the survey, were subsequently administered across the ten regions and on MOFEP's website. The number of respondents to the survey was reported at 1242 (ibid).

Whereas various elements of the public consultations were lauded, they were riddled by many challenges. Firstly, many questions were raised about their nation-wide character especially given the limited presence in some regional capitals and the elitist nature of the participants that were drawn to the town-hall meetings.[114] Most significantly, apart from their top-down nature, led by the MOFEP team, the public consultations did not draw significantly from pre-existing participatory avenues, like those offered by local government structures. The second issue related to more structural barriers. Here, it bears to mention, that even a more expansive

[114] For instance, Hon. Cletus Avoka, Parliamentary Debates, Wednesday 23rd February 2011. page 1722.

and detailed scope of the town-hall meetings and nation-wide survey was in no position to alter the significant structural weaknesses owing to the poor public awareness of the highly technical aspects of the petroleum industry. During interviews, various policy actors, including public officials, NGOs and parliamentarians who participated in these forums, conceded to the dearth of expertise and knowledge about the oil industry.[115] Other concerns emanated from the heightened public expectations that followed the announcement of the oil discovery, especially in the Western region. For the most part, as I argued in the first chapter of this study, these expectations were fuelled by political promises during the 2008 general elections. Various technocrats on the MOFEP team maintained that public expectations needed to be balanced against the realities of Ghana's expected revenues from the petroleum industry. Consequently, in many instances, the town-hall meetings served merely as public education forums on issues such as property ownership and compensation, and clarification of various policy and institutional instruments (interview with a team member, 2013). This observation is supported by the town-hall meeting in Takoradi where simmering demands for a special treatment of the Western Region in terms of specified allocations, development interventions and representation on various statutory petroleum agencies had raised a lot of concern. Media reports and field interviews with some participants at the town-hall meeting in Takoradi, point to the fact that it merely served as education forum rather than a consultative platform (also see Ghana News Agency, 2010d). These challenges to the Government-led consultations are critical given that they illuminate some of the contentions that later formed around the PIAC.

Despite the limitations, the nation-wide consultations uncovered a few notable issues that later accounted for the institutional structures that emerged around the oil industry. Most significantly, there was a general sense of public dissatisfaction with previous management structures of revenues from the extractive sector. The public discontent was backed up with calls for more stringent mechanisms to chart an alternative path for the management of oil revenues. In Kumasi, for instance, participants called for a strict and effective legal framework that would make it mandatory for oil companies to account properly for their daily production to aid accurate assessment and maximise government's revenue (see Ghana News Agency, 2010c). Similar sentiments were expressed in Accra where participants called for "strong laws" to "stem corruption, enhance transparency and promote effective use of oil resources to enhance development" (Ghana News Agency, 2010a). The MOFEP team also reported that:

[115] A similar view was expressed by domestic civil society activists (see Civil Society Platform on Oil and Gas, 2011).

> A remarkable 97 percent of those surveyed and the weight of the evidence in the town-hall consultations indicate a strong preference for all the activities about the petroleum revenues to be fully transparent and captured in the annual budget. *About 83 percent saw the need for some separate oversight mechanism, independent of Parliament, with full access to all information regarding the use and management of oil revenues in Ghana* (Amoako-Tuffuor, 2011:9) [emphasis mine].

As noted above, calls for effective oversight mechanisms for the management of petroleum revenues were strongly linked with less public trust for parliamentarians as vanguards of the public purse.[116] A former member and Chair of the Public Accounts Committee of Parliament put this point more bluntly:

> They [the technical team] came back to report that as much as 78% of Ghanaians said; "If it [oil revenue] was going to be over-sighted by Parliament, then you might as well give them the money to *chop* [squander]. These people are crooks, how can you give it to Parliament?" (Interview, 2013) [Insertion mine].

For the most part, the damning assessment of various institutions that were charged with the management of natural resources, especially Parliament, is not new and conforms to this study's earlier grim assessment of the institutional trajectories of Ghana's rent-driven development. Various analysis of the Parliament of Ghana have equally bemoaned its multiple structural weaknesses that have been made possible especially by the institutional configuration of the Fourth Republican Constitution which over-centralises political power in the hands of an Executive President (for instance, Lindberg & Zhou, 2008; Ninsin, 2008). These institutional weaknesses of the legislature are linked with long-held public cynicism against politicians as trustworthy custodians of public revenues. Within this broader cynicism, the Ghanaian Parliament has been presented as a platform of partisan elements instead of serving as an effective forum for negotiations and compromises in the interest of the citizenry (Abdul-Gafaru, 2009). What was evidently different with the results of the public consultations was that, hitherto, public concerns have barely challenged Parliament's position as the foremost representative and oversight body. In this sense, the demands for the creation of a "separate oversight mechanism independent of parliament" in the management of petroleum revenues raised more questions than answers. Of significance, here were the concrete forms that such an alternative deliberative and representative institution should take. These questions were mostly not answered by the public consultations. Rather, the task of crafting the policy and institutional framework to respond to these public calls was driven by a handful of experts,

[116] Also, interview with Steve Manteaw, 2013.

legislators and some civil society activists, which introduced a host of technocratic fixes. These technocratic fixes further widened the gap between the public demands and the institutional outcomes that resulted in the PIAC.

### 7.2. The Technocracy of Institutional Choice: A new Model for Oil

Contrary to previous consultative processes that went into the drafting of the PRMA, the final phase of institutional engineering that resulted in the PIAC was less participatory. Here, it is important to recall the dearth of expertise within governmental circles and the public about the petroleum industry, which I advanced earlier. Consequently, various processes that eventually led to the constructing of the petroleum-sector institutions had a strong input from external agencies and policy consultants. In Parliament, for instance, various MPs conceded to me that the advice of organisations such as Revenue Watch Institute and the Canadian Parliamentary Centre proved more decisive in shaping the outcome of the PRMA. In the words of a long-serving parliamentarian:

> We ourselves were being educated on something very new to us by these people [external organisations and consultants]. We, sort of, took their advice. And all that they said we pushed into the law [PRMA]" (interview, 2013) [insertion mine].

The technocratic fixes that went into the drafting of the Petroleum Revenue Management Bill (PRMB) were spearheaded by a group of consultants, mostly a number of Ghanaian experts based in the USA, working in tandem with the MOFEP technical team and Parliament's Committee of Finance. Against the backdrop of the report of the public consultations, the PRMB drafters were guided by two main assumptions: Firstly, that the body that would emerge to monitor the petroleum revenues should be delinked from state institutions and independent of politicians, including those in Parliament. Secondly, that it should be "home-grown" and different from existing "good governance" initiatives pertaining to the extractive industry. Consequently, the Government's earlier decision to extend GHEITI to the oil sector as the chief instrument of "good governance" promotion (see Oteng-Adjei, 2009), which was broadly supported by the donor community, was deemed as inadequate to meet the public call. One activist, who was involved in this process, for instance, argued that "extending the EITI to the oil industry was never going to be the same as having a dedicated oversight body whose basic preoccupation is to make sure we track oil and gas revenues" (interview, 2013).

At the broader societal level, the extent of domestic input that went into the PRMB drafting process was less transparent and largely circumscribed around active members of Civil Society Platform on Oil and Gas (CSPOG) who had links with the drafting team. When details about

the creation of an independent oversight body began to filter into the media, various NGOs began public discussions about how its shape should be. In addition to affirming wider support for the proposed body, several proposals were floated into the public domain. For instance, Imani-Ghana, a member of the CSPOG, proposed a body with regional representation "similar to the Council of State, but modelled after the Ghana Education Trust Fund (GETFUND) Board, with good enough representation from politicians designed in a way that prevents extreme manipulation" (Imani-Ghana, 2010). These public debates were generally speculative as members of the drafting team were not forthcoming with information. In June 2010, for instance, a Citizens Summit, convened by the CSPOG, called on the Government to, "as a matter of urgency… release the amendments being proposed for petroleum regulations for public debate" (Civil Society Platform on Oil and Gas, 2010a).

During various interviews with some actors who were involved with drafting the PRML, including some members of the MOEP technical team, they suggested that the oversight body, which was eventually proposed in the shape of PIAC, drew heavily from various external institutional models, especially in Timor-Leste and the United States (Bell et al., 2010; Gillies, 2013). In the case of Timor-Leste, there is a Petroleum Fund Consultative Council, which was created under the Petroleum Fund Law of 2005. Under Article 25 of the Petroleum Fund Law, the Council is created to serve as a repository of knowledge and expertise on which Parliament should draw when considering matters related to the operation of the Petroleum Fund (USAID, Asia Foundation and Stanford Law School, undated). As outlined in Table 7.1 below, the Council is set up as an advisory and multi-stakeholder body that does not play a role in investment decisions, except parliamentary appropriations (see Government of Timor Leste, 2005). Whereas the complementary legislative role of Timor-Leste's Council was appealing, its multi-stakeholder structure did not fit very well with the drafters' prior assumptions.[117]

[117] Timor Leste's Council is in many ways similar to the defunct *Collège de Contrôle et de Surveillance des Ressources Pétrolières* (CCSRP), or Petroleum Revenue Oversight and Control Committee, of Chad. In a recent contribution, Celeste Hicks (2015:136) reported that the *Collège,* was another popular external blueprint among policy actors in Ghana.

TABLE 7.1. Selected Institutional Models for the PIAC

| INSTITUTION | DESCRIPTION | COMPOSITION |
|---|---|---|
| **Council of State** | Created under Chapter 9(89) of the 1992 Constitution of Ghana primarily to "counsel the President in the performance of his functions" | • 11 members appointed by the president<br>• a representative for each of the ten regions elected by an electoral college of two members of the region's District Assemblies<br>• the President of the National House of Chiefs<br>• persons who have previously held the office of the Chief Justice, Chief of Defence Staff of the Armed Forces and Inspector General of Police. |
| **Ghana Education Trust Fund Board** | Created under the Ghana Education Trust Fund Act, 2000 to oversee the management and policy direction of the Fund. Members of the Board are appointed by the President, acting in consultation with the Council of State | • a Chairman<br>• representatives of the Ministry of Finance, religious bodies, Ministry of Education, Universities and Polytechnics (in rotation), National Council on Tertiary Education, Ghana Employers Association, Ghana Education Service Council<br>• the Executive Secretary of the Revenue Agencies (Governing) Board<br>• The Administrator of Fund<br>• Three representatives of the established financial institutions one of whom shall be a woman |
| **Collège de Contrôle et de Surveillance des Ressources Pétrolières (CCSRP)** | Created under Article 18 of the Petroleum Revenue Management Law (Loi No. 001/PR99) to verify compliance with the relevant finance laws, and<br>authorize and control withdrawals from the special accounts(Gary & Reisch, 2005:52) | • One magistrate, member of the Supreme Court<br>• One deputy<br>• One Senator<br>• The National Director of the BEAC<br>• The Director General of the Treasury<br>• The Director of Petroleum Resources<br>• The Director of Planning and Development<br>• One representative of local NGOs, and<br>• One representative of unions |

| | | |
|---|---|---|
| **Petroleum Fund Consultative Council, Timor-Leste** | Established by Article 25 of the Petroleum Fund Law of 2005 to;<br>• Advise Parliament on matters relating to the performance and operation of the Petroleum Fund<br>• Advise Parliament on appropriations from the Petroleum Fund as set out in Section 30.2<br>• In the context of the budgetary process, advise Parliament on whether the appropriations of the Petroleum Fund are being used effectively to the befit of current and future generations | • Former Presidents of the Republic<br>• Former Speakers of Parliament who have effectively been in office for at least three years<br>• Former Prime Ministers who have effectively been in office for at least three years<br>• Former Ministers in charge of finances who have effectively been in office for at least three years<br>• Former Heads of the Central Bank who have effectively been in office for at least three years<br>• Two members appointed by Parliament, elected in accordance with the rules laid down by parliament<br>• Two members appointed to represent civil society non-profit organisation<br>• Two members appointed to each represent the private business sector and religious organisations |
| **Public Company Accounting Oversight Board (United States)** | • A Five-Member body which operates as a "non-profit corporation" set up under Section 101 of the Sarbanes-Oxley Act of 2002 to "oversee the audit of public companies that are subject to the securities laws, and related matters, in order to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports for companies the securities of which are sold to, and held by and for, public investors" (Section 101(a)). | • Five members "appointed from among prominent individuals of integrity and reputation who have a demonstrated commitment to the interests of investors and the public, and an understanding of the responsibilities for and nature of the financial disclosures required of issuers under the securities laws and the obligations of accountants with respect to the preparation and issuance of audit reports with respect to such disclosures" (Section 101(e) 1 of Sarbanes-Oxley Act, 2002). |

My interactions with key respondents who were linked to the drafting of the PRML, including members of the MOFEP technical team and some Members of Parliament, suggest that they found the Public Company Oversight Board (PCAOB) more compelling. The Board, which was created under Section 101 of the Sarbanes-Oxley Act of 2002, could be traced to a series of reforms that were adopted by the US Government, especially the Congress and Security and Exchange Commission (SEC), to bolster public confidence in the integrity of public accounting firms, following a series of financial scandals in companies like Enron, Rite-Aid, WorldCom and Health South (see E. Weiss J., 2003). Startling revelations about the failure of auditors to detect companies who were falsifying financial statements to deceive investors led to serious questions about the self-regulation regime by the audit profession. The creation of the Board signalled a shift towards a new regime of independent regulation. Among others, the PCAOB was mandated to "enforce compliance" with the Sarbanes-Oxley Act, register public accounting firms, set and enforce auditing ethics and standards, and conduct investigations and disciplinary proceedings.[118] As revealed by a member of the PRMB drafting team, the PCAOB's independence and non-governmental character fitted very well with the public calls for an independent oversight body (interview, 2013). In addition, the drafters viewed the Board's oversight and monitoring functions, which are ingrained in public accounting, as critical in meeting demands for stringent accountability and disclosure of petroleum revenues.

Having settled on "model," which was largely borrowed from external and some non-oil sources, the next challenge for the drafters was how to "contextualise" it to suit the Ghanaian and petroleum context. This challenge was particularly daunting given the different operational and sectoral environments within the USA and Ghana, on one hand, and public auditing firms and the petroleum industry, on the other. As I demonstrate later, the outcomes of this daunting task, as expressed in the proposed PIAC, was essentially a hodgepodge of the "soft" elements of the PCAOB and the Timor Leste's Petroleum Fund Consultative Council. However, there was little attempt to tailor them to suit the specific dynamic of the oil industry, the proposals that emerged from the nationwide consultations, and, even, the wider public revenue management framework in the country.

On July 16 2010, the Government tabled a draft Petroleum Revenue Management Bill for parliamentary consideration. The accompanying memo to the proposed Bill outlined the underlying conception and structures of the PIAC. The proposed PIAC was established under

[118] See Section 101 (c) of Sarbanes-Oxley Act of 2002.

Section 53 without a detailed definition of its character. Section 54 of the Bill outlined the object of the Accountability Committee as:

a) To monitor and evaluate compliance with this Act by government and other relevant institutions in the discharge of their duties in relation to the use and management of petroleum resources as required by law;
b) To provide a formal active voice in the use and management of petroleum revenues, by providing space and the platform for the public to debate whether spending prospects and management of revenues adhere to development priorities;
c) To provide independent assessments on the use and management of petroleum revenues and resources to assist parliament and the Executive in the oversight of and performance of related functions; and
d) To ensure that petroleum revenue is used for the benefit of current and future generations of citizens (Government of Ghana, 2010d).

To be able to discharge these objects, the Bill proposed that the Committee must "consult widely," determine its operational rules and procedure, have a Secretariat, and most critically, benefit from "adequate funding" for its operations "through the budgetary appropriation for the operation of parliament" (Government of Ghana, 2010d: Section 55). Furthermore, the Committee was to be composed of 11 members representing independent policy research think tanks, civil society and other nominees from the Trades Union Congress (TUC), National House of Chiefs, Association of Queen Mothers, Association of Ghana Industries and Chamber of Commerce, Ghana Journalists Association (GJA), Ghana Bar Association (GBA), Institute of Chartered Accountants, GHEITI and Academia (Government of Ghana, 2010d: Section 56). The members of the proposed Committee enjoyed secured tenure, which ranged between two (renewable) to three years, and were entitled to allowances, which are determined by the Finance Minister and approved by Parliament. Finally, the proposed body was required to publish semi-annual and annual reports in at least two national dailies, hold at least two public meetings to report on its mandate and submit copies of their reports to the President and Parliament (Government of Ghana, 2010d: Section 58).

Another round of nation-wide consultations was initiated by the Committee of Finance when the proposed PRMB was submitted to Parliament. These consultations involved forums in Accra, Takoradi and Sunyani. The consultations sought to inform, and receive feedback from, the public about various aspects of the Bill. The consultations, as well as media discussions around the Bill,

pointed to public support for the idea of the PIAC (Ghana News Agency, 2010b; Ghana News Agency, 2010e). However, this overwhelming support did not mask the public anxiety about the proposed body. In the Western Region questions were raised about the extent to which the new body would ensure a fair allotment in terms of the oil revenues and the representational structures that were being developed for the industry. Various coastal communities along the oil zone called for a Sub-Committee to be created within the PIAC specifically to "oversee the judicious use of the funds meant for community development."[119] Some groups in the Region even called for a withdrawal of the PRMB because the Western Regional House of Chiefs was not represented on the PIAC. These agitations culminated in a petition by various traditional leaders in the Region to Parliament to demand representation on the PIAC.[120]

Public anxiety over the proposed PIAC was compounded by the lack of clarity about its structure and importance as far as the management of oil revenues was concerned. Various advocates of the PIAC succeeded in raising public expectations about the centrality of the proposed body in determining how oil revenues would be managed and distributed. The issues that were raised by the public, even before parliamentary scrutiny, underscored critical questions that were not adequately reflected upon by the framers of the PIAC: First, is there a national consensus on what constitutes the "public interest" as far as petroleum revenues are concerned? If so, which institutions or organisations are best placed to articulate and guarantee the public interest? Secondly, what is the relationship between the proposed Committee and other constitutional bodies, such as the Parliament and the Auditor-General's Department, which exercised similar mandates over petroleum revenues? Thirdly, does the proposed Committee represent what the "people" meant by stringent transparency and "independent oversight"? If so, does the Committee have the complement of legislative provisions to enforce them? Finally, at whose expense do these lies? As demonstrated by the United States' PCAOB, these questions are not only institutionally challenging, they remain politically contested.[121] In the Ghanaian context, historical accounts of the polarising national debates over the state versus private ownership and control over cocoa revenues on the eve of independence are the stark reminders of how contentions these issues are (see Allman, 1990; Ninsin, 1985). The problem with the proposed PIAC is that it, at best, trivialised

[119] See Communiqué issued at the end of a Two-Day Sensitisation Workshop on Human Rights, Environmental Rights and Managing the High Expectation of People Within the Oil Zone. Dated 9th December 2010. Available at http://www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=199131&comment=0#com (accessed 12/09/14)

[120] Parliamentary Debates, 22nd November, 2010. page 1398

[121] In the case of the PCAOB, disputes about its mandate have even divided opinion at the Supreme Court. See Strauss (2009); Nagy (2009a; 2009b).

or, worst, ignored, most of these questions. Consequently, the responsibility for resolving them was deferred to members of the Ghanaian Parliament, who further downgraded PIAC.

### 7.3. The Contentious Politics of Institutional Choice

The simmering tensions around the PIAC reached a tipping point when the PRMB was brought to Parliament for the Second Reading. In presenting the proposed Bill to Parliament, the Chairman of the Committee on Finance, Hon. James Avedzi, outlined a few dividing lines around the PRMA, in general, and PIAC, in particular.[122]As presented by Hon. Avedzi:

- ***Supporters:*** contended that the establishment of such a committee will enhance public accountability and transparency in the management of the petroleum revenue and also complement the efforts of other oversight bodies. They further noted that the establishment of such a committee was supported by most Ghanaians during the public fora and the questionnaire administered by the Ministry [of Finance and Economic Planning]. These members were however of the view that the composition of the PIAC should be relooked at.
- ***Opponents:*** held the view that Parliament and the Auditor-General are the constitutionally mandated oversight bodies of public funds and therefore, the existence of a PIAC will be a duplication of effort. They further argued that Parliament is the elected representative of the public and that the composition of the PIAC as contained in the Bill cannot be said to represent the generality of public interest
- ***Middle grounders:*** held that a PIAC is necessary but its mandate should only be advisory and that their decisions should not be binding. They further argued that the object of the committee is similar to the object of the Extractive Industry Transparency Initiative (EITI), which Ghana had signed on to and which had been extended to cover petroleum sector and that the EITI is a platform for civil society to oversight government performance within the extractive industry generally (see Avedzi, 2010) [insertion mine].

These general perspectives reflected in the debates that were documented on the floor of Parliament, but some notable developments require further reflection.

First and foremost, it became evident that the Government's position on the new body was at best, inconclusive, and, worst, hostile. Whereas the differing perspectives over the PIAC did not generally pattern alongside partisan lines, most of the ardent critics of the proposed body were in the Majority side of Parliament and the ruling National Democratic Congress. Even worse,

[122] Another issue which divided the Committee on Finance was on whether, and how, petroleum revenues should be allocated to the budget or invested in a fund to cater for the developmental needs of future generations in a Heritage Fund (see Avedzi, 2010).

members of the Cabinet, who submitted the PRMB to Parliament, resented the creation of the PIAC.[123] Most significantly, Hon. Armah Buah, who was then Deputy Minister of Energy, argued;

> Apart from the provisions made, and apart from all the transparency clauses in this Bill, we have submitted ourselves to Extractive Industry Transparency Initiative (EITI). But the call for a Public Interest and Accountability Committee simply makes us ask the question, "Then what is the role of Parliament and the role of the Auditor-General (Buah, 2010)?"[124]

Hon. Buah's reference to the "role of parliament" echoed similar viewpoints that were raised by various MPs about PIAC's threat to the legislature, which is constitutionally defined as the sole oversight and representative body. This position appeared the most compelling argument against the PIAC and represented the least of all the issues that the MPs were willing to compromise. Hon. Mohammed Muntaka echoed these reservations more forcefully:

> Mr Speaker, the oversight responsibility for public funds are in this House. If you claim that another committee that is not elected can pretend to be representing the people of this country better than us, I see it as an indictment on you and I. They are clearly saying that you and me, they do not have confidence in us to be able to manage this [petroleum revenue] … We are the representatives of the people. If there are things that we need do to strengthen the way we will play our oversight roles, let us do it… I think this is our role and we must guard it. Just as the Judiciary will guard its work, the Police guard its work and the Executive will guard their work [Insertion mine] (Muntaka, 2010).

A number of questions were also raised about the membership and composition of the proposed body. These questions included whether 11 members were too many or too small to undertake PIAC's assigned mandate. However, the most difficult puzzle that was raised in terms of membership related to substantive issues of which groups deserve representation on the Committee. Here, various MPs expressed unflattering misgivings about claims by civil society activists as representatives of the public interest. As they argued, civil society is an "amorphous group,"[125] which "does not exist in reality."[126] Furthermore, they intimated that whereas "Parliament is a fair representation of the general public,"[127] there is no register of a list of groups

[123] Article 108 of the 1992 Constitution requires all laws that would cause a charge on the Consolidated Fund or other public funds of Ghana to emanate from, or on behalf of, the President. In line with this constitutional requirement, the Government submitted the PRMB to Parliament.

[124] Hon. Buah was the Minister of Energy and Petroleum during the field research for this study.
[125] Hon. Cletus Avoka, Parliamentary Debates, 24th November, 2010.

[126] Hon. Rashid Pelpuo, Parliamentary Debates, 20th December, 2010.
[127] ibid

such as Independent Policy Research Think Tanks.[128] Consequently, some MPs proposed that the PIAC should include two parliamentarians representing the Majority and the Minority sides of the House.[129] Other queries were also raised about the inclusion and exclusion of certain groups in the PIAC. For example, there were proposals to exclude the Association of Queen Mothers. As Hon. Avoka, also from the ruling party, put it, "Ghana is a unitary state" and that the inclusion of the Association amounted to "discrimination against regions and various groups of people," who do not have Queen Mothers (Avoka, 2010). This proposition did not go well with female MPs who argued that including Queen Mothers was the only guarantee that at least a woman would be a member of the PIAC (for instance, Afeku, 2010).

In some instances, the bold claims of the nation-wide consultations as representing the views of most Ghanaians came under sharp criticism as some MPs maintained that the nation-wide survey did not constitute a "referendum."[130] As one MP put it; "indeed, if you go to my constituency and several constituencies now and ask them, they will tell you that nobody came and ask them about the Petroleum Revenue Bill."[131]

Another puzzle that came out of the parliamentary deliberations was how the proposed body would be funded. In the light of delays and inadequacies that have characterised budgetary allocations to various statutory bodies, such as the Electoral Commission, Commission of Human Rights and Administrative Justice (CHRAJ) and other Ministries, Departments and Agencies (MDAs), there were serious questions about whether Ghana could fund another governance institution from its meagre resources. Hon. Cletus Avoka, then Minister of Interior, put the argument this way:

> …let us be very frank with ourselves that we, as a developing country, have challenges as to resourcing our own State institutions to administer justice, law and order. We have challenges as to resourcing them. You do not even have accommodation for security personnel; you do not even have resources for them and you want to spread it to other non-governmental institutions in the country that you do not even know their source of funding, yet they are surviving…. It is premature for us to provide in the law that Government of Ghana can support private institutions that are involved

[128] Hon. Cletus Avoka, Parliamentary Debates, 24th November, 2010.
[129] Hon. P. C. Appiah Ofori, for instance, proposed an expansion of the PIAC to 13 to include two MPs. Parliamentary Debates, 20th December, 2010.

[130] Hon. Mohammed Muntaka. Parliamentary Debates. 24th November, 2010. Also, see Address by Hon. Alban Bagbin.
[131] Hon. Cletus Avoka. Parliamentary Debates. 24th November, 2010.

> in governance in the country. I think that we are not facing the reality of the situation that we have in the country.[132]

Various concerns about the PIAC that resurfaced on the floor of Parliament during the deliberations over the PRMB invariably reflected an inherent tension within policy processes to control and manage Ghana's petroleum resources. This tension is between the purveyors of technocratic institutional solutions, especially domestic NGOs and consultants who have received significant donor attention and support around the "good governance" mantra, and other political agents, who often claim to be the legitimate representatives of the people with a democratic mandate. This tension has been pronounced in the new oil industry with the application of various "good governance" norms and institutions.

During field interviews, many MPs were of the view that the attention to these norms have contributed towards undermining the status of parliamentarians as the custodians of the expressed democratic will of Ghanaians in favour of less representative institutions. As recorded by Whitfield (2005:653) this divide between "consultative" and "constitutional representative" processes, which has been fuelled by donors' zeal to involve civil society, was the subject of contention among parliamentarians during formulation of the Poverty Reduction Strategy Papers in Ghana. For most MPs, the introduction of PIAC was a further indictment of their legitimate status, as outlined within the wider democratic and constitutional arrangements of the country. Within Parliament, some sympathetic MPs, mostly from the Minority side, argued that the proposed PIAC could provide an outlet for Parliament to build genuine partnerships with members of civil society to increase public education that could help build the dwindling trust in politicians.[133]

Unlike parliamentarians, the reasons for the Executive's hostile posture to the PIAC were less subtle. From the parliamentary debates, especially in the address by Hon. Armah Buah and Hon. Cletus Avoka, it appears that the Executive's concerns were genuinely based on financial and logistical grounds. However, given the fact that the Executive sponsored the PRMB, the opposition by members of the Cabinet and MPs of the ruling party at the legislative stage could be rightly interpreted as attempts to re-assert control over a process that was ostensibly driven by foreign experts, elite NGOs, and some donors. The resultant impasse, which threatened to delay the passage of the PRMB, while oil production had begun, was resolved largely through lobbying by domestic civil society organisations. Notably, the CSPOG sustained the call for the retention of

[132] Parliamentary Debates 26th January, 2011.

[133] See. Hon. Mike Ocquaye, Parliamentary Debates, 23rd November, 2010.

the PIAC and insisted that it should be established as a purely citizen-based body without any representation from Parliament or the Executive (Gyimah-Boadi & Prempeh, 2012:99).

Activism by domestic NGOs paid off when Parliament unanimously backed the PRMA with the inclusion of the PIAC. However, this backing was premised on the affirmation of two key principles: Firstly, that the PIAC becomes subservient to Parliament, as the principal representative of the sovereign will of the people who should primarily exercise oversight over the Executive in the management of the petroleum revenues. The implication of this point is that PIAC's mandate was less proactive and couched in advisory or complementary terms to the Parliament. Secondly, that the state's responsibility in providing logistical and financial support for PIAC's operations would be a matter of discretion. To cite Hon. Muntaka;

> If this Committee is going to be formed and not put under the public purse, so be it, so that it will be an independent body; whatever it does, just as ISODEC [a domestic NGO] and what have you, could be a comment that could help Parliament to strengthen its oversight role but not to place this Committee, that it is going to ensure public interest [insertion mine].[134]

The final institutional and operational outcomes of the PIAC, which I explore in the next section, invariably reflected these principles of subservience to the legislature, in terms of its oversight mandate, and "independence," regarding financial and operational support. Hence, instead of an independent oversight body endowed with the capacity to stem corruption and compel various agents within the oil industry to comply with transparency and accountability measures, the final PIAC that featured in the PRMA lacked a clearly articulated mandate. The paradox of PIAC is that in terms of sourcing revenues and logistics, it is required to operate as an independent body. However, it is generally disabled as an independent and effective oversight body.

### 7.4. Processing the Compromised Institutional Outcomes

On the brighter side, a significant number of the provisions related to the PIAC, as proposed in the PRMB were maintained in the final Act. These included the membership, security of tenure and reporting requirements. Other organisations, such as Christian groups, Federation of Muslim Councils and the Ahmadiyya Mission, were represented on the Committee while in the case of "academia" it was specified for the Ghana Academy of Arts and Sciences (Section 54 of PRMA). In some instances, the threshold for the integrity of the Committee was raised. For instance, the

[134] Hon. Mohammed Muntaka, Parliamentary Debates, 23rd November, 2010, page 1633

Bill had proposed that eligibility for appointment onto the Committee should exclude any person who has been; (a) removed from office; (b) convicted of a criminal offence, or is on trial in a court of law; and (c) declared bankrupt or insolvent.[135] The final PRMA offered more rigorous and clearer eligibility criteria, similar to those pertaining to Members of Parliament under Article 94 of the 1992 Constitution.[136] A notable breakthrough that came to be associated with the PIAC's mandate relates to the PRMA's provisions on contract transparency and confidential clauses. Specifically, Section 49(5) of the PRMA reads:

> The declaration of confidentiality shall not limit access to information by Parliament and the Public Interest and Accountability Committee established under this Act.

Despite the above noticeable positive elements, various changes to the proposed Bill significantly downgraded the PIAC. For instance, the Committee's mandate was revised from the oversight of "petroleum resources" to "petroleum revenues." This redefinition is significant as it circumscribed the Committee towards the revenue and expenditure streams of the value chain of the petroleum industry. In addition, Section 4 (d) of the responsibilities of the PIAC relating to ensuring that "petroleum revenue is used for the benefit of current and future generations of citizens" was expunged. The object of the PIAC, as outlined in Section 52 of the final PRMA, reads:

a) To monitor and evaluate compliance with this Act by government and other relevant institutions in the management and use of petroleum revenues and *investments* as provided in this Act
b) To provide *space and platform* for the public to debate whether spending prospects and management and use of revenues conform to the development priorities as provided under Section 21(3); and
c) To provide independent assessments on the management and use of petroleum revenues to assist Parliament and the Executive in the oversight and performance of related functions respectively (emphasis mine).

The PRMB proposed that PIAC members should be paid allowances determined by the Finance Minister (Section 59), which was retained in the final Act. However, Section 55 (3) which required Parliament to "approve and provide adequate funding for the operations of the Accountability Committee, including appropriate allowances for members of the Committee, through the budgetary appropriation for the operation of Parliament" was removed.

[135] Section 57 (5) of Petroleum Revenue Management Bill. 16th July, 2010.

[136] See Section 55 (5) of the Petroleum Revenue Management Act of 2011.

Another noticeable revision related to Section 56 (2) of the Bill, which read; "the members of the Accountability Committee shall be appointed by the President in accordance with Article 195 of the Constitution. Article 195 speaks to appointments of "public officers," and contains stringent requirements that involve the advice of the "governing council of the service concerned in consultation with the Public Services Commission (PSC)."[137] Its strength is to apply more rigour to the appointment processes onto the Committee. It also designated PIAC members as "public officers" with less Executive interference. Besides, the involvement of different appointing institutions, including the PSC is an important safeguard against unilateral decisions in the appointment processes, which could undermine the integrity of PIAC. Nevertheless, this provision was revised and the appointment of PIAC members was entrusted to the Minister (in charge of finance).[138] As observed by a representative from GIZ-Ghana in an interview, this revision essentially placed PIAC under the Ministry of Finance and Economic Planning.

[137] Article 195 (1) of the 1992 Constitution of the Republic of Ghana.
[138] See Section 54(2) of the Petroleum Revenue Management Act of 2011.

Table 7.2. Selected member organisations of PIAC, outlined in the PRMA

| NAME | DESCRIPTION |
|---|---|
| Civil Society Platform on Oil and Gas | About 120 organised groups, individuals and professional bodies (including community based organisations, faith based groups, research institutions, gender based groups, trade unions, etc.) working toward ensuring transparency and accountability in the oil and gas industry in Ghana (credit: Zandvliet, 2013). |
| Trades Union Congress | The main umbrella organization for trade union activities in Ghana. According to the TUC's official website, it is made up of 18 affiliated national unions. |
| National House of Chiefs | In accordance with Article 271 of the 1992 Constitution of Ghana, the National House of Chiefs consists of five paramount chiefs from each of the 10 regions elected by the Regional House of each region. |
| Association of Queen Mothers | Less institutionalised, compared to the National House of Chiefs. The Association comprises members from Seven (out of the 10) regions in the Southern and Middle belts of Ghana (credit: Fayorsey & Amolo, 2003). |
| Association of Ghana Industries | A voluntary business association of over 1200 members, made up of small, medium and large scale manufacturing and services industries in agro-processing (food and beverages), agri-business, pharmaceuticals, electronics and electrical, telecommunications, information technology, utilities, service industries, transport, construction, textiles, garments and leather, banking and advertising. See more: www.commonwealthofnations.org/organisations |
| Institute of Chartered Accountants (ICA) | The ICA was established by an Act of Parliament in 1963. It is the sole body charged with the regulation of the accountancy profession in Ghana. |
| Chamber of Commerce | An association of business operators, firms and industries with interests spanning every sector of private enterprise in Ghana. It was established with the prime objective of promoting industrial and commercial interest in the country. See more; www.ghanachamber.org |
| GHEITI | The Ghana subset of the global EITI initiative. |
| Independent Policy Think Tanks | There is no known group with such designation in Ghana |
| Christian Groups | The PMRL requires representation from the following groups on rational basis; Catholic Secretariat, the Christian Council and the Pentecostal Council |
| Muslim Groups | The Petroleum Revenue Management Law requires representation from the following groups on rational basis; The Federation of Muslim Councils and Ahmadiyya Mission |
| Ghana Academy of Arts & Sciences | Founded in 1959 on the initiative of Ghana's first president, Osagyefo Dr Kwame Nkrumah generally to promote the pursuit, advancement and dissemination of knowledge in all branches of the sciences and the humanities. There are about 103 Fellows overall with about 55 in the Sciences and 48 in the Arts (Humanities). While there are no yearly quotas, the Academy on the average admits between 4 and 8 new Fellows every year. See more; http://www.iamp-online.org/content/ghana-academy-arts-and-sciences |

### 7.5. PIAC in Action: Another Case of a Miscarried Transformation

The institutional outcomes of PIAC that emerged from the various technocratic fixes and tinkering by the political elites during the legislative stage invariably reflects the overriding argument about the proliferation of pseudo-reform initiatives in Ghana under the "good governance" era. Since its inauguration, various developments that have characterised PIAC's operations have reinforced this grim assessment.

Despite noticeable legislative guarantees, the composition of PIAC had a significant input from the political directorate. As hinted earlier, there are inbuilt mechanisms in the PRMA to offset undue Executive interference in the selection of the membership of PIAC. These measures include a statutory specification of the organisations that are supposed to be represented on the PIAC. As outlined by Section 54 (1) of the PRMA, membership of PIAC include, a representative each nominated by think tanks, civil society, TUC, National House of Chiefs, Association of Queen Mothers, Association of Ghana Industries and Chamber of Commerce, GJA, GBA, Institute of Chartered Accountants, GHEITI, Christian groups (National Catholic Secretariat, Christian Council and the Ghana Pentecostal Council on rotational basis), the Federation of Muslim Councils and Ahmadiyya Mission on rotational basis, and the Ghana Academy of Arts and Sciences. According to various members of the Committee and senior government officials, during interviews, the Minister's mandate in appointing members of the PIAC is largely nominal. This is because nominations are submitted by the designated organisations, after their own internal deliberations and consultations. Upon receiving nominations, the Minister conducts minimal checks based on the PRMA eligibility requirements, after which he/she makes a formal appointment. However, these assertions mask subtle mechanisms of influence that were employed by the Minister in the selection of some members of the PIAC. As some Parliamentarians argued during the PRMB debates, groups such as civil society and think tanks are highly "notional" with no concrete membership in Ghana. Subsequently, the Minister unilaterally designated specific organisations that fall under the category marked in the PRMA. As reported by a PIAC member, in the case of policy Think Tanks, the Minister contacted the Institute of Economic Affairs (IEA) and the Centre for Policy Alternatives (CEPA) to nominate a representative for the PIAC (interview with PIAC member, 2013). This designation excluded a wide range of policy think tanks, including the Danquah Institute and Imani-Ghana, who are ideologically opposed to the ruling party.[139]

[139] In 2014, the Government announced its intention to revise the PRMA with a hint to redefine the membership of PIAC. The reconfigured membership is likely to reflect new designations in the light of new political developments especially with the new Government led by John Mahama (see Government of Ghana, 2014:32).

In contrast to assumptions by its leading advocates, the PIAC remains a highly politicised "good governance" initiative. This observation is portrayed by not only excluded groups, but also the extent to which it has transformed the patterns of engagements by represented organisations on PIAC. As noted by Gyimah-Boadi and Prempeh (2012), the incorporation of PIAC into the PRMA was the outcome of the leverage that domestic groups and activists possess over the management of petroleum revenues. These groups essentially operated under the umbrella of CSPOG. The national consultations added a new breadth to these organisations who managed to secure significant concessions in the PRMA based on their capacity to access resources from donors, such as Oxfam-America and Ibis West Africa, under the CSPOG umbrella (Quagraine, 2013). For instance, in an interview with Steve Manteaw, a convenor of CSPOG, he asserted that about 90% of proposed CSO amendments were accepted and incorporated into the PRMA (see Kopiński et al., 2013; Zandvliet, 2013). In this sense, PIAC served as an important instrument to incorporate active members of the CSPOG into formal administrative structures of the energy industry. Notably, CSPOG nominates, and receives feedback for the NGO/Community-Based Organisations' representative and most of its members, including policy think tanks, TUC and other faith-based groups are represented on the PIAC. The implication here is that peripheral organisations that fall outside the CSPOG ambit are generally marginalised within PIAC. Another effect of this incorporation has been the diminution of CSPOG's engagements especially in the post-legislative stages of petroleum revenue management.[140]

Since its inception, PIAC has operated in a manner similar to other "good governance" initiatives that have been adopted by the Government of Ghana. Like the EITI, PIAC has become an important instrument in legitimatising Ghana's "good governance" credentials and commitments. For example, a recent Africa Progress Report described PIAC as an "independent regulatory body" and extolled its pioneering role in achieving rigorous rules for reporting and "greater accountability in the natural resources sector" (Africa Progress Panel, 2013). Apart from donor financing, the Committee has boosted the country's capacity to attract financing from the international capital markets, which began after the discovery of oil.[141] Domestically, activists of the ruling NDC and other government officials often point to PIAC as a testament of their commitment to "good

[140] During the fieldwork, I observed that CSPOG's presence was confined to a malfunctioning website. Various members conceded that the CSPOG had lost a great deal of momentum, especially after the introduction of the PRMA.

[141] In 2007, Ghana became the second country in Africa, after Seychelles, to borrow money from the Eurobond market raising $750 million. The Third Eurobond issued in September 2014 with orders reaching up to US$3 billion (Joycelyne, 2014; MOFEP, 2013).

governance" and capacity to effectively manage the country's petroleum resources (see Government of Ghana, 2013c). In the Party's manifesto for the 2012 general elections, for instance, the NDC touted PIAC as evidence of its "sterling" performance in transparency and accountability (National Democratic Congress, 2012).

Despite its significance in legitimising Ghana's "good governance" pretensions, the PIAC is riddled by a host of noticeable predicaments that point to poor commitments from different segments of the political elite. Various PIAC reports have so far bemoaned the "very difficult conditions" under which the Committee has operated largely due to its dire resource constraints (see PIAC, 2012: v). Members of the Committee that I interviewed for this study intimated that Government has been generally reluctant to meet several statutory requirements that could strengthen their work. For instance, the PRMA requires PIAC to consult widely on best practices, operate its own secretariat and procure various technical inputs into its operations. Besides, the Committee's mandate to publish and disseminate semi-annual and annual reports and hold public meetings has significant financial implications (Ablorh-Quarcoo, 2013; Adam, 2013b; PIAC, 2012). However, during the study, I did not record any budgetary allocation to the PIAC to meet these requirements. While some members of the Committee confirmed receipt of 150,000 Ghana Cedis as collective allowances, they maintained that given the absence of budgetary support, they were compelled to invest the payments to other PIAC administrative undertakings (interview with PIAC member, 2013). On the contrary, PIAC has survived and operated on grants and support schemes from various international NGOs and development agencies (see PIAC, ibid).[142]

The Government's reluctance to provide any meaningful support has raised several distressing questions about the rationale for setting up an institution without resourcing it to function. A view shared by PIAC members and other public servants was that the Committee's financial woes were no different from other "independent governance oversight bodies" such as CHRAJ, EOCO and other MDAs. Other sources within Government indicated strong misgivings that directly supporting PIAC could be misinterpreted as interfering in the operations of an "independent" oversight body. These two perspectives have recently coalesced around the need for an independent funding mechanism, through a separate regulatory framework for PIAC and direct budgetary allocations. This position over the PIAC funding was the outcome of a meeting between representatives of Government and the PIAC, which was organised by the World Bank and some development agencies (interviews with NGO activists, PIAC members and a World Bank

[142] At the time of the study, the premises of Revenue Watch Institute served as the Interim PIAC Secretariat while GIZ provided financial support for the publication and dissemination of its reports.

representative, 2013). The 2013 Semi-Annual Report of the PIAC also hinted that a provision for its funding has been incorporated in pending amendments to the PRMA (see PIAC, 2013:5).

Optimistic assessments and solutions to PIAC's funding travails often overlook the overt resentments within the domestic political elites towards the notion of an independent oversight body, which was dramatized forcefully at the legislative stage of the PRMA. During my field trip in Ghana, there were no strong indications pointing to a change in this resentment. On the contrary, the relationship between PIAC and the Government was riddled by suspicion and cynicism. PIAC members who were interviewed were adamant that PIAC reports, which have raised many critical issues in the industry, have stirred unease within governmental circles. A PIAC member PIAC, for instance, revealed:

> …in subtle ways, Government is not happy with the PIAC and its report. And that is manifested by those frontline people in the Ministry that has to deal with us. You can see from their posture that they are really unhappy with us. So, when we published our semi-annual report last year, the Ghana Gas Company issued the advertiser's announcement in the national dailies, denying some of the things we had put in the report, and claiming that we did not consult them. But when we actually showed them the letters upon letters that we wrote to them, which they disregarded, they quietly wrote to us and apologised (interview with PIAC member, 2013).

On the other hand, during interviews, various public officials accused the PIAC of blunders such as "misreporting" or employing inaccurate data for its reports. While not citing any concrete examples, these officials did not hide their cynicism of the PIAC. A number of technocrats and policy makers at MOFEP and MOEP and some parliamentarians, for instance, referred to PIAC as a "collection of NGOs" or a "statutory NGO," that cannot take the place of state agencies (various interviews, 2013). Hence, they argued that its channels of funding should not be different from other private and non-state organisations. A senior public officer at the Ministry of Energy and Petroleum, who confirmed Government's failure to finance the PIAC, also captured this cynical perspective when he quipped; "*Na who cause am?"* (Who should be blamed?). The officer further asserted that "PIAC was not created by Government" and that its presence in the PRMA was due to the pressure from NGOs (interview, 2013). He called on the NGOs to be more "proactive" in raising funds from various sources other than look to Government (ibid).

I also found no indication of any meaningful improvements regarding PIAC's reception in Parliament. Unlike the GHEITI framework, where no meaningful linkages were built with the legislature, the Ghanaian Parliament remains an integral part of PIAC's operations. As I earlier

alluded to, the PRMA does not outline any meaningful enforcement mechanisms for the PIAC. Nevertheless, there are subtle references to Parliament as the sole enforcement outlet for PIAC's findings and recommendations. Apart from its mandate to assist in parliamentary oversight, PIAC is required to submit its reports to Parliament.[143] In contrast to the Auditor-General's Report, which is deliberated upon by the Public Accounts Committee, the PRMA does not specify the committee(s) of Parliament that should deliberate over PIAC's reports. Hence, as explained by a leading Member of Parliament's Committee on Finance, once members of the PIAC submit a report to Parliament "they have done their duty" (interview, 2013). What becomes of the reports is based on Parliament's calendar and internal processes (ibid). PIAC had issued the 2011 Annual Report and 2012 Semi-Annual Reports during my field study. However, none of these reports had been subjected to any deliberations in Parliament (see also PIAC, 2012b: IX). Various members of the PIAC and Parliament's Committee on Finance acknowledged during interviews that there have been some joint meetings, but argued that there have not been any tangible outputs from such meetings. Hence, without strong Executive buy-in, PIAC reports are likely to suffer the same fate of non-implementation that has bedevilled various Auditor-General and GHEITI reports.

The reaction of companies to the creation of PIAC has been less articulate. This observation is, in part, due to a widely-held viewpoint, among industry players, that PIAC's operations are circumscribed around the use and management of public revenues from the petroleum sector. Most of the oil companies that I contacted for this study expressed strong support for the PIAC based on what they considered as part of their wider respect for, and commitment to, the reporting requirements outlined in the Petroleum Revenue Management Law. However, the relationship between PIAC and petroleum companies that are operating in Ghana has not been always cordial. A case in point, which I outlined earlier in Chapter 5, relates to the legal tussle between the PIAC and the operators of the Saltpond Oilfields, Lushann Eternit Energy Limited (LIEC). Again, as I alluded to in Chapter 6, through the Ghana E&P Forum, upstream oil firms have expressed disquiet about what they consider as a saturation of public audit institutions that they have to report to including, the PIAC, Ghana Revenue Authority, and the Ghana Extractive Industry Transparency Initiative(see GHEITI Secretariat, 2014c).

Despite the evident institutional weaknesses and the poor elite buy-in, many people, including donor representatives, argued that the Government of Ghana, by establishing the PIAC has initiated an invaluable process to engage civil society in the petroleum sector. The extent to which various civil society groups have seized the PIAC initiative remains another problematic issue. The

[143] Section 56(d) of the PRMA.

Committee lacked significant internal structures and has failed to build any meaningful linkages with various domestic social groups, which it represents, and the public at large. Whereas various members of the Committee often attributed this anomaly to the absence of a Secretariat and financial support, others were clearly due to a lack of initiative in line with various statutory requirements. A case in point related to the absence of an operational "rules of procedure," as required by Section 53(b) of the PRMA. As rightly argued by Amin Adam (2013), this provision offers a unique opportunity to build various institutional mechanisms that could guide PIAC's operations in areas such as public participation and observation of its proceedings, code of ethics for its members and staff, complaints procedure, provisions on conflict of interests, as well as publication of minutes and reports. The evidence of compliance with other statutory requirements related to public engagements has not been met satisfactorily. Notably, at the end of 2013, PIAC had organised only two public forums in Takoradi and Kumasi (ibid; Ablorh-Quarcoo, 2013). This contrasts with the requirement of at least two biannual public forums about PIAC operation and, significantly, points to PIAC's weak level of public engagement.

Another major shortfall in the PIAC, reminiscent of the weaknesses of the GHEITI, relates to the poor feedback structures of various members serving on the Committee. Indeed, except for the TUC, which outlined a series of reporting by its representative through meetings of its General Council and annual reports,[144] I did not record any institutionalised feedback mechanisms within the PIAC. Indeed, some members of the Committee questioned the idea of representation to specific groups, and argued that they rather represented the wider public. According to an NGO representative on PIAC, members of the Committee are not "representatives per se," but "nominees" from various constituencies (interview, 2013). In the words of this nominee:

> …we are nominated from that constituency but not representatives. Yea, if you stretch it we are representatives. We represent the interest of that constituency but once you get onto the Committee, you don't represent them as sitting there...The PIAC is required to keep going back to the people, create platforms for people to talk about their concerns… In actual fact, we are not required to give feedback. It makes sense if you represent a body to give feedback, but there isn't any institutionalised process for us to do that except from the Platform on Oil and Gas. They [CSPOG] have a Secretariat, so whatever communication that I sent to them could be broadcast to everybody who is a member of the Platform. But for the other NGOs that are not members of the Platform on Oil and Gas, there is no feedback mechanism (ibid).

[144] Different field interviews with Nyarko-Otoo, Fuseini and Asafu-Adjei at the TUC in 2013

Indeed, most of the PIAC's membership is designated as "nominees" and not "representatives."[145] However, in the case of civil society organisations and independent think tanks, the PRMA specifically refers to their members on the Committee as "representatives."[146] The challenge for representation for these groups, as alluded to by this respondent is that they mostly fall outside the ambit of the CSPOG. Additionally, it is important to recall the earlier suggestion that, of the myriad think tanks in Ghana, only IEA and CEPA were represented on the PIAC. This implies that the scope for representation and engagement by the public in the PIAC is rather minimal than is often reported. Within this limited scope, other members of CSPOG such as the Ghana Integrity Initiative and the Ghana Anti-Corruption Coalition, which I interviewed, bemoaned the absence of adequate consultations and reporting from the PIAC. In the words of a high-profile member of the CSPOG:

> It is not just institutions that are not doing the consultations as they should but even representatives on these institutions that are representing interest groups are themselves not doing it. I am yet to see a forum where the civil society representative made presentation to us on…what they are doing on the PIAC. I have not seen that (interview, 2013).

To conclude this section, the processes that led to the introduction of the PIAC, and the explicit and subtle measures that have been employed by various members of the political elite reinforce this study's overriding argument about the paradox of "good governance" and poor institutional outcomes in Ghana. My presentation so far has presented PIAC as a technocratic response to genuine public calls for transparent and accountable mechanisms of petroleum revenue management that played more into the hands of the ruling elite. In this regard, despite its progressive beginnings we could visualise PIAC as part of the intricate web of pseudo reforms that have proliferated under the "good governance" regime in Ghana. The next section presents PIAC's specific role so far in the oil sector.

### 7.6. Will PIAC Succeed Where Others Have Failed?

In many ways, the introduction of PIAC into the institutional architecture of the oil industry has been mired by a paradox. On one hand, it remains an integral part of the body of institutions, which have been earmarked for promoting enhanced transparency in the management and use of petroleum resources in Ghana. As was assured by Maj. (Rtd) Daniel Ablorh-Quarcoo, who was the Chairperson of the Committee during my field work in Ghana, members of the Committee

[145] See Section 54(1) of the PRMA.
[146] ibid

are "aware of the high public expectations regarding the utilisation of petroleum revenues in Ghana" and would discharge this mandate faithfully in accordance with the requirement of the law" (Ablorh-Quarcoo, 2013). However, as poignantly portrayed so far in this study, the question that flows from Ablorh-Quarcoo's assertion, is that given the adverse institutional and political environment, is PIAC well placed to meet the so-called public expectations as far as the oil sector is concerned? A deeper analysis of this question reveals a mounting normative and empirical gulf between the expressed public calls for independent oversight and monitoring of petroleum revenues and the technocratic fixes that culminated into the formation of PIAC.

Within the prism of the plethora of "good governance" initiatives in the extractive sector, PIAC followed a distinctive trajectory and possessed unique attributes. PIAC's participatory roots, that could be traced to the nation-wide consultations over petroleum revenues, have contributed greatly to an enhanced legitimacy that is unrivalled by other "good governance" initiatives in the oil industry. Within the larger institutional arrangements around petroleum revenue management in Ghana, PIAC is arguably the body that has solely appropriated the narrative of representing the stake of the public in the oil industry. Besides, in contrast to the external, voluntary and multi-stakeholder GHEITI, PIAC's antecedents are often linked with a home-grown alternative, which is backed by legislation and representing a sole stakeholder in the form of the "public." Internally, unlike the Investment Advisory Committee and other regulatory agencies, such as the Petroleum Commission and Environmental Protection Agency (EPA), PIAC is broadly considered as unfettered by governmental intrusion. As supported by various interviews and observations, for the wider populace, PIAC epitomises the guardian over various public institutions such as the GNPC, BOG, GRA, MOFEP, MOEP and Parliament. While reiterating my earlier accounts of the structural limitations inhered in the PIAC, these claims have given PIAC a certain measure of assertiveness, which reflects in its reports. As outlined in Table 7.3 below, PIAC reports have raised a number of critical issues including, lapses in the collection of corporate taxes, questionable estimation of benchmark revenues, less transparency in the gas sub-sector and non-compliance with provisions in the PRMA related to allocations to the Petroleum Funds (see PIAC reports 2012; 2013).

Table 7.3. Selected Findings, Recommendations and Actions from PIAC Reports

| ISSUE/FINDING | RECOMMENDATION | RESPONSIBLE AGENCY | IMPLEMENTATION STATUS |
|---|---|---|---|
| Accounting for revenues from stock spill-overs<br>*(2011 Annual Report)* | Take into consideration the movement of stocks at the beginning and end of every production year to enhance the planning process and improve quarterly projections of petroleum receipts | Ministry of Finance | **No Action Taken:** The trend continued in January 2013 with a lifting of 995,550 barrels of crude oil |
| Surface Rental Payment<br>*(2012 Annual Report)* | Ensure that invoices on surface rentals are raised and paid by all international oil companies operating in Ghana in a timely as stipulated by law | Ministry of Energy and Petroleum, Petroleum Commission | **Acted Upon:** Surface rental payments are being properly accounted for as part of petroleum receipts and incorporated into the Benchmark Revenue |
| Inclusion of corporate taxes in expected petroleum receipts in 2012, like 2011, distorted the determination of the Benchmark Revenue, and subsequently the distribution of actual revenues<br>*(2011 Annual Report)* | Endeavour to improve the accuracy and reliability of revenue forecasting | Ministry of Finance | **Acted Upon:** relevant corporate taxes are now being assessed and paid |
| Utilisation of the Annual Budget Funding Amount (ABFA): The Ministry of Finance appeared not to have implemented the plan of expenditure from petroleum revenue approved by parliament in the 2012 budget<br>*(2012 Annual Report)* | 1. Consider utilising a dedicated account to receive the ABFA from the Petroleum Holding Fund at the Bank of Ghana<br>2. Take immediate steps to publish a more detailed report on how the ABFA, approved by Parliament was disbursed and give more details on expenditure on Loan Repayment and Capacity Building in the report<br>3. comply with the provisions of Section 21(4) (5) of the PRMA in spending petroleum revenues designated as ABFA | Ministry of Finance | **Mixed:** Action has been taken on 1, but not on 2. Action on 3 to be assessed in the annual report. |

| | | | |
|---|---|---|---|
| Actual transfers to the Petroleum Funds in 2012 fell short of target by 82%. This is due to the Finance Ministry's interpretation of Section 23(b) of PRMA as requiring only the excess revenue collection over quarterly ABFA to be transferred to the Petroleum Funds *(2012 Annual Report)* | Amend the section of the PRMA on Ghana Petroleum Funds for better clarity | Parliament | Pending |
| Investment of the Ghana Petroleum Funds has not yet yielded high returns. The continuation of this trend is likely to slow the growth of the Funds | Release the Policy and Guidelines to assist the Fund managers to better manage these funds as required by the PRMA. | Investment Advisory Committee and the Ministry of Finance | Action yet to be taken |
| Enactment of Regulations that would help to with the implementation of the PRMA. The PRMA required such regulations three years after its enactment. *(2012 Annual Report)* | Expedite action to complete the drafting of the regulations for parliamentary approval | Ministry of Finance | Drafting ongoing |
| There is no provision in the PRMA for funding on the PIAC and the Petroleum Commission *(2011 Annual Report)* | Introduce a section of the PRMA to cater for the funding of PIAC and the Petroleum Commission. | Ministry of Finance | Pending |
| Saltpond Offshore Producing Company Limited (SOPCL) has not been reporting transactions in the right format as is done by the Jubilee Partners *(2012 Semi-Annual Report)* | Publicly report on the quantity of crude oil lifted from the Saltpond Fields and their sales price in the right format to facilitate monitoring of petroleum receipts | Saltpond Offshore Producing Company Limited (SOPCL) | Action yet to be taken |

**Credit: Public Interest and Accountability Committee (2013)**

Whereas PIAC has so far managed to disclose many pitfalls in the management of petroleum revenues, its capacity to transform the poor institutional landscape of the sector remains doubtful. This position is informed largely by the number of institutional and structural anomalies inherent in the formulation and operation of PIAC. Even within the context of its highly-circumscribed mandate, there are compelling commentaries that have argued that PIAC operations have fallen short of its object as outlined in the PRMA. A case in point, as revealed by some members of PIAC, relates to the focus on the "management" side, without adequate attention to the "utilisation" aspect of petroleum revenues. In the words of a PIAC member:

> We are supposed to report back to the citizenry what and how we think the government has utilised the funds. And in our report, you read like; "Oh 20% of the money went into infrastructure; 10-5% went into capacity building." We are not able to tell the citizenry whether even those networks are existing or not. Because we do not have the resources to go there to, one, verify whether the money that is supposed to have been spent on the road and the road exists. And, two, whether there is value for money. The PIAC does not have the resources to do that (interview, 2013).

The Committee's inability to undertake so-called value-for-money audits of petroleum expenditure is alarming especially given the results of similar audits by other organisations. Most significantly, a study by the Africa Centre for Energy Policy (ACEP) concluded, among others, that "Ghana was not deriving value for money from the infrastructure projects funded with oil and gas revenues as most of the projects have been delayed, operating under costly extensions and leading to cost overruns" (Africa Centre for Energy Policy, 2013). In the case of the Navrongo-Tumu road, for instance, an award for extension in 2010 was 60% complete at the time of its completion date in June 2013 (ibid: 22). The report uncovered a series of cost overruns due to the delay, which was blamed on "irregular payments" and "weather conditions" (ibid.). Challenges associated with spending efficiency in terms of projects funded partly from petroleum revenues and the corollary impact on their quality was confirmed by the Parliamentary Select Committee on Roads in a report in 2013, which claimed that:

> A discourse with beneficiary communities during a field tour by the Committee in 2012 and indeed observations made by the Committee brought to the fore, the high rate of deterioration of most of the newly constructed urban and feeder roads nationwide". This is attributed to "poor design of roads, the use of inferior construction materials, and inadequate supervision by the Engineers (cited in ibid).

The Select Committee's revelation could be linked to wider public anxiety over the management of petroleum revenues, which PIAC's reports and activities have so far done very little to assuage.

During interactions with various community groups in the Western Region, for instance, a recurring theme that characterised debates about the petroleum industry was framed in the rhetorical question; *where is the oil money?* At a forum in 2013, which was facilitated by Friends of the Nation, they wondered if the Finance Minister was implementing the PRMA to the latter and argued that the Western Region should be carved out for priority spending. According to a "fisherman" "every time oil issues are raised; the stomach of fisher folks burns." This position, according to him, is because they feel generally "disempowered" to engage with the "big players," specifically the Ghana Maritime Authority and energy companies, over fishing waters. A number of the participants called for more information about the activities being undertaken by various agencies and institutions that are tasked with dealing with the petroleum industry. In the case of PIAC, they argued clearly that they do not find it as an effective platform to articulate these concerns. One participant, specifically, referred to PIAC as "just a talk shop" and that "we just talk and Government listens" (interview, 2013).

The claim that PIAC is merely a "talk-shop" is reinforced by the level of compliance and follow-ups that has greeted its reports so far. To advance this point, I recall Parliament's reluctance to subject various PIAC reports to further scrutiny. In addition, as outlined in Table 7.3 above, the response to various PIAC proposals has been generally mixed. In some instances, the response of these bodies has taken the form of rebuttals in the media and threats of legal suits against members of the Committee. A case in point, recounted earlier in Chapter 1, relates to the 2011 PIAC Annual Report, which cited the Government for failing to account for payments from the Saltpond Oil Producing Company Ltd (SOPCL) into the Ghana Petroleum Holding Fund as required by the PRMA. The Government clarified that it paid the 2011 receipts, amounting to US $146,482.37, into the Ghana Non-Tax Revenue Account, where previous SOPCL payments were lodged prior to the PRMA. In a move that was variously interpreted as a strategy to undermine the PIAC, Lushann Eternit Energy Limited (LIEC), which operated the Saltpond Fields initiated legal action against the Chairperson of PIAC and the Ghanaian Times which reported the findings about Government's failure to account for SOPCL payments (Graphic Online, 2012).

In several interviews, various NGO activists asserted that Government's compliance with EITI recommendations have been more impressive than with the PIAC. They attributed this lopsided level of compliance to a series of factors related to reputational concerns, especially given the EITI's international dimension and association with various donor programmes. They also maintained that it affirmed PIAC's status as a more robust check on Government as far as petroleum revenues are concerned. However, a more compelling reason, could be explored within

the culture of non-enforcement that have characterised Ghana's institutional environment, especially under the "good governance" regime, as I argued at the onset of this study.

The transformational weaknesses of the PIAC could be framed in the context of broader institutional fragility that has been recently legitimised by a host of "good governance" solutions in Ghana. Like the EITI, the body of technocratic fixes associated with PIAC borrowed on external "settled" norms and practices of transparency and accountability but designed domestically in a manner that undermined its capacity to promote meaningful reforms in the extractive sector. Here, it important to draw a few contrasts between the PIAC and the US-based PCAOB, which formed the basis for its design. As demonstrated by a recent suit by Beckstead and Watts at the US Supreme Court, the PIAC remains a pale shadow of its principal institutional import.[147] The PCAOB was established as a body corporate to operate specifically as "non-profit corporation" with the power to, among others, sue and be sued, complain and defend in its corporate name, enter into contracts, and maintain its offices.[148] The Board was also established with elaborate funding mechanisms, based on its own annual budget, from "annual accounting support fees" and "monetary penalties."[149] In addition, membership of the Board is structured with a view to avoiding any conflict of interest situations. Specifically, Section 101 E (3) of the Sarbanes-Oxley Act reads:

> Each member of the Board shall serve on a full-time basis, and may not, concurrent with service on the Board, be employed by any other person or engage in any other professional or business activity. No member of the Board may share in any of the profits of, or receive payments from, a public accounting firm (or any other person, as determined by rule of the Commission), other than fixed continuing payments, subject to such conditions as the Commission may impose, under standard arrangements for the retirement of members of public accounting firms.

If the filtering that eventually led to the transmogrification of the PCAOB led to a weaker body in the shape of the PIAC, similar conclusions could be drawn from the bottom-up processes that led to its creation. As I have already argued, despite its technocratic pretensions, the processes that led

[147] Beckstead and Watts LLP, a Henderson, Nevada-based accounting firm, and a group advocating for limited government challenged the PCAOB's constitutionality in the Supreme Court arguing that because the President lacked control, the Board "and all power and authority exercised by it" violated the American Constitution (see Westbrook & Stohr, 2010).

[148] Section 101 (b) (f), Sarbanes-Oxley Act of 2002.

[149] Section 109, Sarbanes-Oxley Act of 2002

to the outcome of the PIAC were a highly controlled political programme that played into the hands of the ruling political elites. In this regard, many the weaknesses of the PIAC could be visualised in terms of deliberate design. This observation is typified strongly by the Investment Advisory Committee (IAC), another body which was created under Section 29 of the PRMA to "advise the Minister [of Finance] and for the general performance monitoring of the management of the Ghana Petroleum Funds." The Committee's mandate is put in purely advisory terms and is composed of members and a Chairperson appointed by the President, based on nominations from the Finance Minister, in consultation with the Governor of the Bank of Ghana.[150] Unlike the lack of explicit provisions for the funding of PIAC, Section 37(1) of the PRMA requires the Ministry of Finance to; "provide the secretariat for the Investment Advisory Committee and any other administrative support or technical staff required by the Investment Advisory Committee for the performance of its functions."

Whereas PIAC could be traced to the various participatory processes that characterised the formulation of the PRML, its adoption froze various alternative measures that could have been harnessed to respond to public calls for an independent monitoring of the collection and utilisation of petroleum revenues. For example, one of the hints from Hon. Papa Owusu-Ankomah during the parliamentary debates over the PRMB, related to empowering decentralised organisations to assuage public apprehensions about petroleum resources. In his words:

> …we should intensify the decentralization process. My experience in government has demonstrated to me that the more centralized a government, the more waste you have. Let the people feel that they are contributing to their own destiny; they have their own destiny in their own hands (Owusu-Ankomah, 2010).

Indeed, with only two-thirds of District/Municipal/Metropolitan Assembly members being elected, and District Chief Executives being appointed by the President (cf. Standing, 2014:76-77), any proposition that ties accountability mechanisms to local government structures in Ghana could be susceptible to elite manipulation and equally suffer from political patronage (see Ayee, 1994; G. Crawford, 2009; Debrah, 2009). However, as I pointed out earlier, it underscores the fact that despite being incorporated into the PIAC processes, the participatory processes that characterised its adoption had a narrow base with limited substantive outcomes.

[150] Section 31 of PRMA, 2011

Concerns for various structures that could guarantee community interests and participation in the PIAC, which mostly emanated from the Western Region, were also subsumed within the filtering processes that went into the PIAC. The hastened manner by which various outcomes of the public consultations were packaged into the PRMA meant that PIAC's creation and operation would always be riled by an inherent contradiction. Whereas it builds its legitimacy from home-grown and bottom-up processes, it did not present an exhaustive and fair outcome of domestic debates that formed around the management of oil resources. On the other hand, as an institutional instrument that draws heavily on external practices of "good governance" in the oil industry, it represents an aberration.

Like the account of GHEITI, which I presented in Chapter 6, PIAC epitomises an important phase in a consensus that has been forged around "good governance" by leading international development actors, which presents civil society actors as the legitimate interlocutors of the public (cf. Ferguson, 2006; Jenkins, 2001; Spini, 2011). Indeed, the major weaknesses of these so-called citizens-led platforms in meeting the expectations of for democratic accountability and popular participation are well known, which cannot be rehashed here (cf. Hearn, 2001; Jenkins, 2001; O'Kane, 2001; Vervisch & Titeca, 2010). Nonetheless, the empirical insights offered by this Chapter suggest that perhaps the most significant weakness in this mainstream thinking is that state institutions can rarely be sidestepped, even in environments of institutional fragility. Even worse, they are equally susceptible to deep politics of elite instrumentalities, which often work to undermine reform in strategic areas of policy, including the extractive sector.

Within the broader regional context of Sub-Saharan Africa, the example of an experiment like PIAC was undertaken is the case of the *Collège de Contrôle et de Surveillance des Ressources Pétrolières* (CCSRP) in Chad. The *Collège* was created under the Petroleum Revenue Management Law 0001 (1999) as part of a series of reforms under the World Bank-backed agreement between the government of Chad and a consortium of oil companies for the construction of the Chad-Cameroon Pipeline (see Gould & Winters, 2012; Massey & May, 2005). As outlined in Table 7.1, the *Collège* comprised nine members: four appointed by independent organisations representing civil society, and five from the National Assembly, the executive, the judiciary, and the *Banques des Etats d'Afrique Centrale* (BEAC). While the absence of government actors on PIAC marked a striking difference from the *Collège,* the pomp around the two was similar. In commercial terms, the Chad-Cameroon Pipeline was considered as the largest privately financed infrastructure project in Africa with initial plans for drilling in 300 wells in the Doba oil fields and others in Bongor, Dosea and the Lake Chad basin (El-Khawas, 2006). For consultants at the World Bank, the project also presented an opportunity to demonstrate that the "resource curse" could be overcome by the

appropriate legal and institutional framework (cf. Gould & Winters, 2012:321). As one of the central tenets of what Massey and May (2005) labelled as the "Doba Model," the *Collège* was charged with ensuring that oil revenues are channelled into development projects in priority sectors, and guarding against waste or misuse in these funds (2005:256). However, the hope of this "historic" moment, as described by a former US Ambassador to Chad (cited in ibid.), quickly faded with the *Collège*. In March 2006, severe crisis of capacity constraints and undue interference from President Idriss Déby combined to collapse the *Collège*.[151] Caution may be required against overstretching the Chadian context to Ghana. Nonetheless, it appears that the twin effects of weakened capacity and elite instrumentalities, which I have presented so far in Ghana, are likely to place PIAC on the same trajectory as the *Collège*.

### 7.7. Conclusion

The centrepiece of this Chapter has been the Public Interest and Accountability Committee with empirical details of the politics of institutional choice that went into its adoption and how they, in turn, undermined its transformative capacity. I have argued here that despite its antecedents in a state-led participatory and bottom-up process to incorporate citizen voices in the management of petroleum resources, the Committee has so far proven ineffective in meeting the public expectations. As a central institution that was envisaged as part of a broader strategy to open the space for citizens' engagement in the oil industry, PIAC's progressive trajectory was stymied by various factors:

Firstly, I have underscored several structural barriers, especially the limited knowledge of the oil industry by the public and other critical actors like parliamentarians and policy makers. This limitation led to strong technocratic inputs, mostly from external experts and organisations that built strongly on so-called international blueprints without a satisfactory contextual modification.

Secondly, strategic interlocutors of the public, mostly NGOs who rallied under the banner of the Civil Society Platform on Oil and Gas, employed their strong linkages with external organisations and access to state agencies to leverage many "good governance" reforms. However, civil society activism failed to articulate a concrete alternative narrative that could guide the direction of PIAC. Consequently, national political elites, who have so far placed several explicit and subtle mechanisms to weaken the PIAC, dictated domestic modifications.

[151] President Déby employed his control over the legislature's choice of representatives for the college by replacing the Prime Minister with a close relative. He also placed his brother-in-law in charge of the Central Bank and there were reports of executive interference in the selection of members of the NGO representatives on the College (see Gary & Reisch, 2005; Gould & Winters, 2012).

The third and most decisive factor, which relates to the overriding theoretical contributions of this study, relates to the poor institutional environment and the incentives it generates for various actors linked to the extraction and utilisation of natural resources to undermine effective growth of political institutions in the country. Here, I recall a point forcefully articulated in Chapter 3, about the interplay of varied formal and informal institutional logics, political fragmentations, and residual controls retained by various agents and state elites in either driving or undermining institutional change. In the case of Ghana, the institutional outcomes associated with PIAC, and similar "good governance" measures discussed in this study, could be presented as the formal expressions of deep-seated political and informal struggles that are de-linked from broad-based democratic processes in the country. The norms and structures of "good governance" reform in Ghana, especially the emphasis on technocratic and depoliticised administrative fixes such as PIAC merely reflect, rather than transform, the sub-optimal institutional logics and residual controls retained by the political elites and a few agents in the oil industry.

# 8.

## GENERAL CONCLUSIONS

It is clear from the preceding chapters that the "good governance" turn, which has come with a plethora of interventions to mitigate the "curse" of natural resources, suffers from a fundamental flaw. As suggested in Chapter 3, embedded in "good governance" thinking is a logic that considers resource politics as distortionary to optimum commodity-led growth, which could be addressed through pre-defined institutional fixes. In practice, this study has shown that not only are these interventions rooted in the deep politics of elite predation and instrumentality, they are also de-linked from various openings offered by democratic accountability and public participation. To tease out the threads that underpin these parallel movements of technocratic solutions and the politics of reform in resource-rich countries, this study offered an in-depth account of how "good governance" norms interact with domestic actors and organisations to shape the landscape of Ghana's nascent oil industry. The study focussed on two major reform efforts designed to steer the country's nascent oil industry towards a developmental direction: The Extractive Industries Transparency Initiative (EITI), a global auditing and multi-stakeholder process, and the Public Interest and Accountability Committee (PIAC), a domestic citizens' oversight initiative.

In the period covered by this study, there have been remarkable shifts in the discourse around acceptable instruments that states could employ to deliver on different development goals for the broader citizenry. In Chapter 5, we saw that either in the shape of an interventionist socialist welfare state or in reforms aimed at "unleashing the markets," the Ghanaian state has often epitomised the strengths and pitfalls of this dynamic world of development orthodoxy. Over the last four decades, the country has been upheld as a "model" nation for countries in the Global South that aspire to development, based on the ethos of economic and political liberalisation. Throughout this period, "good governance" norms have taken centre-stage in various reform efforts aimed at enhancing institutional performance, public accountability, citizens' voice, effective economic management, and delivery of public services. The fruits of these reform efforts have been reaped in areas such as improved climate for private investment, along with political stability and sustained democratic pluralism. As noted in Chapters 4 and 5, the pursuit of "good governance" norms in Ghana has led to a culture of tripartism that has granted policy access to domestic civil society actors in areas like wages, forestry, electoral administration, and extractive sector governance. The mining and petroleum sectors in Ghana have become important spaces

where reforms along the lines of the "good governance" doctrine have been applied with similar outcomes in terms of enhanced private investment and tripartite deliberative processes.

I have argued throughout this study that decades of "good governance" in Ghana have been typified by an enduring paradox; expressed in terms of significant shortcomings of the institutional landscape like predatory politics, adverse incentives, and poor implementation, which have persisted alongside various reform programmes. Following the discovery of oil in 2007, many of these shortcomings have become increasingly apparent. After a brief period of optimism, when various analysts expressed faith in the capacity of democratic politics, macroeconomic stability, and "good governance," to help Ghana circumvent the "curse" of petroleum resources, which has bedevilled countries like Nigeria and Angola, the script about the country's prospects is witnessing considerable revision.

Instead of serving as the signpost pointing towards the possibility of commodity-led growth, as initially predicted, Ghana's crude oil has exposed some of the deep-seated frailties of the liberal economic and political institutional project. Historically, the institutional edifice that was built around the industry was primed to enhance commercial activity, without serious attention to effective regulation and democratic oversight. Consequently, different governance structures meant to promote transparency and accountability have operated on the fringes of industry development. As seen in the examples of GHEITI and PIAC, these structures have suffered poor elite buy-in, weak compliance, and an increasingly elitist nature of deliberative platforms that continue to exclude popular voices in the country. Notably, during the course of writing this study, the Ghanaian economy, which recorded an impressive growth rate of 14.4% in 2011, plunged into chaos due to the combined effects of currency depreciation, astronomical rise in public debt, and a mounting wage bill.[152] As the country sought refuge in a three-year Extended Credit Facility from the World Bank -amounting to $918 million - to address the economic crisis, there have been growing questions about what happened to the "virtuous cycle" of democracy, economic growth, and "good governance" that Ghana apparently displayed, especially at the turn of the 21st century.

This study unravelled a significant component of the above puzzle by focusing on the oil industry and its connection with institutional dynamics and political incentives in Ghana. The accounts offer a critique of the growing privilege accorded various mitigation strategies that remain agnostic to the deep politics embedded in natural resource extraction and utilisation in developing

[152] The Cedi lost 27% of its value in 2014, public debt (as a % of GDP) rose from 36.3% in 2009, through 55.53% in 2013, to 60.8% in 2014, while the wage bill, which captured about 57% of government revenue in 2008, increased at a growth rate cited as 17% between 2000 and 2008 in real terms (cf. Republic of Ghana, 2011; Terkper, 2014b).

countries. To develop this interest, I employed a research strategy that rests on a broader positivist approach based on comparative political economy and comparative institutional analysis. As justified in Chapter 2, this approach enabled me to explain how different structures in Ghana's oil industry evolved in practice, and the role of "good governance" norms and domestic actors in this process. I also took a more sophisticated outlook by combining an abstract and actor-centred notion of institutions to highlight the nested linkages between different patterns of institutional development with politics, power, and ideas. So far, the analyses and empirical findings of this study point to more sobering conclusions about the prospects of "good governance" interventions in transforming the adverse institutional landscape around the oil industry in Ghana. By extension, I question the relevance of universalised truths about the prospects of commodity-led growth that are less sensitive to politics and other contextual variations. In the rest of this chapter, I expound these conclusions based on the different lines of enquiry which I posed at the beginning of this study.

### 8.1. Mistaking Politics for "Good Governance": Normative and Institutional Dimensions

*How has "good governance" become the solution of choice for managing natural resources?*

An important segment of the enquiry in this study relates to what the normative and institutional expressions of "good governance" are, and why they have become the "solution of choice" for managing natural resources. As we saw in Chapter 3, contrary to postulations that suggest "convergence" around pre-selected "good governance" norms, there are deep divisions within international development discourse and practice between those who uphold "market-enhancing" structures and others who call for attention to the dynamic of power, politics and contestations. In the extractive sector, these differences resonate with budding criticisms against the overwhelming attention to forms of "good governance," which have come at the expense of viewpoints that are sensitive to political contestations and alternative governance structures that also shape outcomes in resource-rich countries (cf. Grugel & Singh, 2013:61). I drew from within this contested site of ideas and action, to explain the growing prominence of "good governance" norms in the management and use of natural resources.

In Chapter 3, as well as the presentations of both GHEITI and PIAC in Chapters 6 and 7 respectively, I pointed out the importance of constructivist analysts who use the emergence and diffusion of "neo-liberal" norms, especially in the late 1980s, as the starting point to make sense of the growing prevalence of "good governance" in the extractive sector. As I argued, such academic pursuits have yielded useful explanations about the flurry of activism that has expanded the governance contours of natural resources from security of access, towards issues concerning

corporate reputation, social responsibility, and optimum developmental outcomes from resource extraction. Within this constructivist mould, I pointed out established patterns in global governance and the response of key actors around the extractive industry which have made the cost of deviation from "good governance" norms extremely high, especially for governments and companies that operate in developing countries. These patterns include the deployment of various regulatory (binding and non-binding) regimes by state and non-state actors, the aid architecture, and activities of strategic interlocutors like donors, firms, civil society activists, public officials, and so-called "norm entrepreneurs."

As persuasive as the literature on norm "convergence" and "diffusion" may sound, my main concern is that it has offered very little towards our understanding of the complex and dynamic terrain of contestations and social bargains that often shape the trajectories of resource governance. Chapter 3, for instance, underscored weaknesses within various presumptions about settled norms of acceptable behaviour, largely because this convergence barely exists. Again, as we witnessed from the behaviour of various stakeholders associated with natural resources in Ghana and other parts of Africa, it is impossible to confine the agency of different actors to mere acquiescence. Consequently, I found the arguments offered by scholars who explain the growing prominence of "good governance" norms and institutions based on their strategic importance as instruments of power and politics more compelling. This position is partly based on my critical views against any monotheistic and static view of "good governance," as expressed in Chapter 3. Like various terminologies that have been canonised in international development, "good governance" continues to attract different interpretations based on specified organisational and political contexts. Moreover, driven by powerful donors, especially the IMF and World Bank, "good governance" has evolved to take on meanings that continuously privilege market-oriented norms. We are also reminded by the accounts of Ghana's experience in this study that various actors and groups, especially political and economic elites, often appropriate "good governance" initiatives into instruments of advantage.

In line with the observations above, instead of the benign attributes that are often laced into technocratic discourses around "good governance" interventions, I have pointed to how they generate outcomes that are often mixed and less beneficial. As I demonstrate very soon, this perspective helps to reposition questions about why different "good governance" norms proliferate to incorporate alternative opportunity structures for marginalised groups and activists to negotiate beneficial terms in the increasingly competitive and volatile environment engendered by natural resources.

*What are the normative and institutional expressions of "good governance" prescriptions within the extractive industry?*

I also offered at the onset of this study to account for the normative and institutional expressions of the "good governance" prescriptions in the extractive sector. Unfortunately, given my position that "good governance" prescriptions are contingent on the opus of power, contestations, and different normative points that prevail within specified spatio-temporal contexts, I am unable to offer a more decisive account of this issue. In line with the overall positivist approach of the study, I have taken stock of fundamental differences, largely in design, among various "good governance" initiatives, ranging from the mandatory disclosure provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act, in the United States, to more voluntary mechanisms, such as the EITI. While cautioning against generating universalised myths, the presentation of GHEITI and PIAC in Chapters 6 and 7 respectively, when paired with other accounts of similar initiatives, especially the defunct *Collège de Contrôle et de Surveillance des Ressources Pétrolières* (CCSRP) in Chad, reveal some common traits:

At the normative level, both GHEITI and PIAC, like other "good governance" initiatives discussed in this study, hinge on different trans-disciplinary perspectives in the academic literature which share a common suspicion of unqualified intrusion of politics and the state into market transactions and what is often considered as the legitimate sphere for the exercise of liberal economic and political rights. As I argued in Chapter 3, across many Sub-Saharan African countries, this "anti-state" and "anti-politics" rhetoric within various policy interventions has been supported by various state-society analysts who have underscored how a generalised atmosphere of institutional fragility prevails, especially in resource-rich states. While reiterating my reservations about this diagnosis, as detailed in Chapters 3, they have been influential in "criminalising" the African state (cf. Bayart, 1993; Bayart et al., 1999; Chabal & Daloz, 1999; Hibou, 2004; Yates, 2012). Consequently, various "good governance" initiatives in the extractive sector, including those that emerge from home-grown participatory mechanisms, such as PIAC, mostly derive their legitimacy from different assertions of insulation from the control of various state elites, which is often followed by a certain positioning within the fast-growing list of "best practices" around the world.

Given their normative orientation, the operational and institutional contours of these institutions are often designed with a promise of promoting effective state-market relations, as well as different processes of accountability and efficiency within the public sector (cf. Mkandawire, 2007; Solli, 2011; Watts, 2004). Consequently, in effect, these "good governance" initiatives pivot on openings

for alternative mechanisms and actors in the management and use of natural resources that are structurally delinked from the state. This trait is more prominent in the agenda of the transparency initiatives, such as the EITI and PIAC, which derive from a widely unsupported logic that once information is unleashed into the public, it would generate incentives for good behaviour that would yield optimum outcomes in resource-rich countries. Apart from the broad-scale cynicism of the intrusion of state and politics, two main ideas have fuelled this quest to carve out alternative "good governance" platforms: Firstly, in line with the overall liberal discourse, there is a strong faith in the ability to induce change in the behaviour of actors through the disciplining force of the markets. Secondly, as demonstrated by policy instruments, such as the Participatory Poverty Assessments and the Poverty Reduction Strategy Papers from the World Bank, these alternative platforms are premised on an expressed faith in civil society organisations, as vehicles for participation, democratic oversight, "social accountability," and delivery of public services. In this regard, the fanfare that is often accorded to so-called citizens-based oversight platforms like PIAC is mainly because they epitomise major advances in this mainstream optimistic discourse within international development circles that erroneously present civil society actors as the legitimate voice and representatives of the public. Hence, in practice, they are markedly different from institutions of "horizontal" accountability, such as supreme audit institutions, parliamentary committees and other sub-vented state agencies. Besides, given that they are often designed along specified expertise and policy access, these alternative platforms remain substantially different. Most often, they are delinked, from "vertical accountability" platforms as offered by elections, and broader associational politics.

The final dimensions of the concrete institutional forms of these "good governance" initiatives emanate from the conditions that permit them to emerge. In the shape of respect for contractual obligations or provisions for the protection of property rights, they are often laced with a generalised commitment to institutions that reinforce liberal economics and politics (cf. Bourgouin & Haarstad, 2013; Logan & McNeish, 2012). As demonstrated by the longstanding research agenda around the impact of transparency and accountability initiatives, the strength of different "good governance" initiatives in the extractive sector is often tested against their impact on established measures of so-called "market-enhancing" norms outlined in various indices, such as those contained in the World Governance Indicators. The importance of this generally liberalised environment, demonstrated by the Ghanaian context, is that contrary to early periods of institutional engineering based on the dictates of donor agencies, domestic non-state and state actors play an important role in driving and sustaining "good governance" norms in different sectors of the extractive industry.

Considering the above, a fair conclusion is that the "institutional turn" in the extractive sector, as depicted by "good governance" norms, could be visualised in terms of various efforts aimed at subjecting the contentious and highly political environment around resource extraction and utilisation to the disciplining force of market and liberal values. In a fragile institutional environment, as demonstrated by Ghana's portrayal in this study, this situation is likely to raise various dilemmas:

Firstly, at a general institutional level, there is a huge gulf between the virtual world of "formal" insulation from elite control of "good governance" institutions, and the reality of deep-rooted elite instrumentation of different policy processes by actors within the state, civil society, business, and donor community. This point typifies the significant measure ambiguity associated with these "good governance" reform initiatives presented in this study. On one hand, I have just observed that by resting on alternative platforms for public participation and oversight that is delinked from mainstream institutions, the "good governance" reform initiatives presented in this study are quite distinct. Nonetheless, they do not demonstrate any fundamental departure from the problems of elite manipulation and adverse incentive patterns that have dogged mainstream state institutions. As poignantly demonstrated by GHEITI in Chapter 6, what has permitted this dynamic of elite instrumentalisation to fester, is the generally de-institutionalised environment, around which different donor-driven reforms have been implemented. Additionally, because they are often not based on various mechanisms of vertical and horizontal accountability, "good governance" institutions pander to elites. In both GHEITI and PIAC, we have witnessed how they often work to constrict the public space around representatives who manage to establish strategic positioning within functional areas of public policy, or align with political and economic interests of the ruling elites as well as donor agencies.

The second contradiction is sectoral. As outlined in Chapter 3, either in the shape of the centralising tendencies of the "petro-state," or the emergence of "enclaves" in mineral-led development trajectories (cf. Ferguson, 2005; 2006; Le Billon, 2005), natural resources are often associated with unique institutional paths that are de-linked from wider democratic scrutiny and institutional processes, while reinforcing discretionary power. We also recall Sawyer and Gomez's (2012) observation that the difficulty in delivering democratic arrangements for marginalised voices in resource-rich countries rests on the long-term realities of extractive economies, which lock states into an "extractivist logic" for economic growth. Consequently, by playing into elite instrumentalities and operating through instruments that are less integrated into mechanisms of state actions and platforms of broad-based citizens' action, it is less likely that "good governance" initiatives could curtail discretionary and non-bureaucratic behaviour, including those that distort

the smooth functioning of markets. This observation adds a layer of cynicism to the "market-enhancing" tag that critics often attach to these reforms. Indeed, to recollect some of the issues raised in Chapter 3, which I taken on later in this Chapter, many documented accounts of successful market transformation across the developing world rarely follow this "market-enhancing" logic embedded in the "good governance" narrative. Within the extractive sector, however, by circumventing the dynamic of politics and contestations around natural resources, "good governance" initiatives inadvertently reinforce different patterns that cumulate into "resource curse" outcomes. The historical accounts in Chapters 4 and 5 about the political economy trajectory of Ghana's rent-driven institutional landscape and its effects on the nascent oil industry shed further light on some of the inherent contradictions associated with "good governance" norms and institutions.

### 8.2. "Good Governance" and the Trajectory of Reform in the Ghana

*Who are the key actors and forces that are driving the "good governance" agenda in the oil industry?*

Within the Ghanaian context, the main lines of enquiry in this study sought to grapple with what are the key drivers of "good governance" reforms, and their impact on the institutional landscape of the oil industry. Further to the insights around norm diffusion as well as the dynamics of power and contestation, which I outlined in the previous section, explanations about drivers of institutional reform in Ghana conform generally to divisions between those who place enormous accent on external dynamics and others who focus on the domestic environment.

Analysts who underline the centrality of external constituents, including Whitfield & Jones (2009), Whitfield (2005), and Akonor (2006), borrow heavily from Libby's (1976) earlier formulation of the "co-optation of economic policy" under the Busia Government (1969-172) that was recounted in Chapter 4. They point to continuities in the strategic leverage of aid agencies in driving key policy instruments, such as the Highly Indebted and Poor Country Initiative and the Ghana Poverty Reduction Strategy Programmes. Similarly, in Chapters 4 and 5, I recounted how different conditions, such as the outward and export-driven nature of the Ghanaian economy, what Whitfield & Fraser (2009) conceived as weak "negotiating capital," and what I see as negative economic fall-outs of "big man" politics, facilitated the strategic importance of external donors in driving "good governance" reforms in Ghana.

However, I remain least convinced by narratives of external "co-optation" of "good governance" norms in Ghana. This position if informed by several reasons:

Firstly, I observed in Chapter 5 that the "good governance" turn in Ghana, as dramatically portrayed by the infamous U-turn of the PNDC regime on the issue of market-led reform, was part of a broader convergence between donor agencies and domestic elites around norms of economic and political liberalisation. This consensus, which was forged as part of the Economic Reform Programmes in the 1980s, found a more concrete expression in the market-oriented reforms that pre-dated various "good governance" initiatives. Consequently, in contrast to the culture of open interference in the past, donor engagements around "good governance" initiatives in the oil industry, as I demonstrated in Chapter 5, have been undertaken more in the spirit of "partnerships" and "capacity building" support for selected interlocutors such as civil society activists, business actors, and public officials.

Secondly, the historical accounts in Chapters 5 and 6 indicated that even in times of dire developmental crises and vulnerability, Ghanaian elites have often been imaginative in navigating different spaces of control within the policy processes. During my fieldwork in Ghana, I had several informal interactions with officials of many development agencies who expressed disquiet about how various Ghanaian officials often used racial innuendos and nationalistic claims as a tactic to evade various discussions about "good governance" reforms at meetings. We have also witnessed documented accounts in this study about a range of strategies that national elites have employed to either gain leverage or frustrate various "good governance" strategies. In the past, these strategies have included weak compliance and non-implementation, especially in the case of public financial management reforms, or manipulation of legislative processes, exclusion of "unfriendly" civil society actors, and withholding of financial and other logistical support, as demonstrated by the case of PIAC.

Thirdly, at a more abstract level, as demonstrated by prohibition of the IDA Articles of Agreement against "interfering in a country's internal political affairs," respect for sovereignty underlies the international order and the "good governance" discourse (see Landell-Mills & Serageldin, 1991307-310). In the context of Ghana, the importance of sovereignty over questions of reform in the extractive sector could be explored within the "winner-takes-all" political system, which entrusts absolute control over natural resources in the hands an Executive President.[153] Across developing countries, there is a common assumption that the reality of untrammelled sovereignty is merely nominal given well-documented limitations imposed by global commercial interests and

[153] Under Article 256(7) of the 1992 Constitution of Ghana, "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."

domestic challenges of order and control (cf. Harrison, 2004:23-26; Zartman, 1995). Consequently, as noted by Phillips et al (2015), within oil-rich countries sovereignty is often invoked either in "oppositional" terms - to designate competition between state and investors - or in terms of "partnerships" between elites and oil companies in the creation of "successful failed states" (cf. de Oliviera 2007 in ibid:11). Consequently, many "good governance" measures in the extractive sector, often spring from the logic that the "oppositional" and "colluding" dimensions of sovereignty could be negotiated in a mutually beneficial manner. In the past, this logic has been pursued either by circumventing sovereignty through a web of multinational or bilateral agreements, as starkly demonstrated by the World Bank-authored Chad-Cameroon Pipeline agreement, or by opening spaces for shared sovereignty with other non-state actors. Among their unspoken limitations, such viewpoints underrate Pogge's (2002) characterisation of the intricate "privileges of government," which are mostly conferred by territorial sovereignty over natural resources, particularly in the shape of ownership and proprietary rights, irrespective of normative orientations or distributional outcomes within the broader society.

As detailed in Chapter 5, there is a long-standing "national territorial frame of sovereignty" over natural resources in Ghana that has been sustained by colonial and post-colonial concession and extraction legislation in Ghana (see, Botchway, 1998; Phillips et al., 2015:12). For the most part, the inception of SAP-style reforms under the "good governance" regime and other political economy constraints have rendered the "privilege" associated with sovereignty less significant in the processes of resource extraction and capital accumulation. Nonetheless, as demonstrated by the stiff opposition to the creation of the PIAC, different mechanisms of elite capture as well as re-alignments of economic and political interests that often follow political transitions in Ghana, sovereignty remains an important asset for national elites in claiming leverage over policy processes associated with "good governance." Indeed, given the volatile space for material politics in Ghana due to alternation of political power between the NPP and the NDC, control over this "privilege" remains an integral part of the motivation for elite subversion of various reforms as a means of securing electoral advantage.

The claim to sovereignty over reform processes in the oil industry is further strengthened by the institutionalisation of democratic politics, especially since 1992. Indeed, as I noted at the onset of this study, the strengths and weaknesses of Ghana's democratisation is well known. Whereas the country has reaped the "low-hanging" fruits of competitive elections and respect for civic and political rights, there are still challenges in improving democratic quality especially in terms enhancing the accountability and responsiveness of governments, as well as broad-based citizens' participation (cf. Gyimah-Boadi, 2015:103). Among the well-cited limitations, democratisation in

Ghana is characterised by over-centralisation of political authority around a partisan Executive Presidency, poor legislative oversight, and patronage politics. The connections between these democratic institutions and domestic assertiveness over policy reforms could take different dimensions. On a positive note, they offer substantial openings for public inputs into policy processes, which is crucial in forging domestic legitimacy against external interference. However, in an environment where the quality of democratisation is low, political pluralism and liberal institutions could legitimise the politics of "extraversion."

The interplay between democratic politics and "good governance" reforms in Ghana's oil industry, as displayed in this study, points to the mixed outcomes, outlined above. Indeed, despite enormous challenges, different accounts of the participatory nature of processes that led to the adoption of key policy instruments in the oil sector, including the PIAC and the activities of various civil society organisations, attest to the importance of the openings offered by democratic institutions in Ghana. In the case of the extension of the EITI into the oil industry, for instance, these participatory roots provided significant leeway to legitimise the PIAC alternative, despite the expressed preference of powerful donors for the EITI. Additionally, the presence of the legislature and other supreme audit institutions, including the Auditor-General's department, have meant that different policy instruments negotiated with external donors must go through some democratic filtering to gain a measure of legitimacy. Nevertheless, instances such as non-implementation of public audits, public concerns about the weaknesses of legislative oversight that were expressed during the nation-wide survey for the PRMA, and the mechanisms by which members of parliament succeeded in undermining the PIAC, expose the charade of these democratic processes in Ghana. Hence, the paradoxical weaknesses of Ghana's democratic governance have legitimised extraversion of policy processes by state elites, who have often invoked external support and compliance with donor conditionalities, often along project requirements, to legitimise different policy positions, while employing flawed democratic processes of transparency and accountability to justify non-implementation, selective application, and policy exclusion.

The final factor against donor leverage over "good governance" reforms in Ghana could be interpreted within the confines of harmonisation of donor activities, which often appears more on paper, than in reality. In the past, concerted efforts at donor harmonisation, as demonstrated by Multi-Donor Budget Support (MDBS) in the early 2000s, led to an increase in aid inflow to Ghana. This increase was followed by an active engagement of donors in driving different policy processes, as expressed in different Compacts with the Government of Ghana (cf. Gyimah-Boadi & Yakah, 2012; Woll, 2008). However, donor harmonisation did not come with a commonality of programmes as different donor agencies sought to carve out diverse niche areas within "good

governance." Besides, the period of harmonisation, which was concentrated among selected donors within the OECD framework, also witnessed an increase in the activities of "non-traditional" donors, particularly China and India, who invested significant capital in various infrastructural projects in Ghana (see Gyimah-Boadi & Yakah, 2012; McCormick, 2008). I also observed, in Chapter 5, that commercial oil discovery has reinforced the polarisations within the donor front, largely due to increased commercial activity of companies linked to donor countries, such as the UK, Norway and USA. These developments, coupled with the added fiscal boost from oil revenues, would likely enable the country to wean itself of aid, and its attendant impact on reform (see Government of Ghana and Development Partners, 2012). We have already seen this development in the case of the local content legislation. As reported in Chapter 5, despite expressed recriminations from the donor community against the "uncompetitive" nature of local content, the Government went ahead with the legislation, opting to go for a Chinese loan to underwrite a gas processing plant.

In sum, while acknowledging the multiple layers of policy reform, it is more convincing to emphasise the leverage of domestic political elites in driving "good governance" norms in Ghana's oil industry. It also bears to mention that the success by which "good governance" norms and initiatives have been deployed as an instrument of political advantage is largely based on a broader appeal to, and compliance with, "international best practices," on one hand, and effective use of domestic democratic processes with its inherent weaknesses, on the other. Hence, to borrow from Ikenberry (1990), rather than different forms of "inducements" from external donors, the terms for the deployment of "good governance" norms in the oil industry reflect more of "emulation" by elites who have often positioned their implementation within the narrow purview of transparency and accountability initiatives.

### 8.3. Has "good governance" solutions transformed Ghana's oil industry?

The final issue of interest to this study concerns the impact of "good governance" solutions in transforming the institutional contours of the oil industry. Indeed, given that most corrective measures around "good governance" are often aimed at addressing sub-optimal outcomes occasioned by commercial oil, the impact of initiatives such as EITI and PIAC, are often assessed based on how they address these challenges. My overall methodological orientation, which was spelt out in Chapter 2, remains very cynical about this generally "cause" and "effect" approach. This orientation, as I argued extensively in Chapters 1 and 2, is because most often when it comes to reform objectives there is a huge gulf between stated goals and more subtle intensions that can

only be unveiled through critical discourse analyses and interpretive research. Moreover, there are different dimensions of the key explanatory factors that often cumulate into the "resource curse."

In line with the overall objectives and methodology of this study, I chose to track the outcomes of "good governance" solutions in Ghana's oil industry based on their interaction with the complex political economy dynamic of institutional reproduction and change. Here, I focussed on stated "intermediate ends," such as effectiveness of state institutions, governmental accountability to the legislature and citizens, removal of constraints that inhibit opportunities for effective management of public resources, and inclusion of varied voices that are linked with resource extraction and utilisation.

The empirical findings offered in this study have made me less convinced about the effects of "good governance" solutions in Ghana's oil industry. In the case of GHEITI and PIAC, I recorded some successes in terms of forging tripartite networks and platforms around issues of transparency and accountability in Ghana. Based on PIAC reports, some of which have made some critical information, and GHEITI's public dissemination events, I concede that these tripartite or citizens-led platforms have been useful at drawing public attention to transparency of revenues, and securing limited policy changes (see Dashwood & Puplampu, 2015 in the case of mining).

For all their merits, both GHEITI and PIAC have been less effective at delivering various aspects of the "intermediate ends" and are less inclusive and effective. This is largely because of their inability to resolve the dilemmas of elite instrumentalisation, which is reinforced by the extractivist logic of natural resources that I outlined earlier in this chapter. For the most part, they have been unable to mediate the multiple logics and political fragmentations that combine to undermine any prospect for inclusive and effective reform in the oil sector. I make this grim observation solely based on the failure to attain stated objectives, as contained in formal declarations in these reform efforts. However, I would be the first to admit that as instruments of political advantage and elite predation, they have proven more effective, particularly in securing access to the industry by various partisan entrepreneurs, external commercial interests, and traditional authorities to the oil industry. Hence, the failures outlined so far are largely because domestic political elites at various points of EITI and PIAC implementation managed to retain some residual controls, which they manipulated to win external legitimacy and local political support. In case of the EITI, this problem did not emanate from the fact that it is enforced through voluntary compliance and goodwill, as various critics have made us to believe. Rather, it is because the EITI suffers from weak complementariness from established platforms and institutions of democratic accountability of the state, such as the legislature and other public audit institutions. In many ways, PIAC largely

dealt with this problem by institutionally mapping out formal mechanisms of enforcement and linkages with the legislature. Nonetheless, these notable institutional mechanisms in the PIAC failed to interrogate and effectively stem the tide of non-bureaucratic and institutionalised patterns that have historically aided elite instrumentalisation of policy processes in Ghana. Rather than reform, "good governance" institutions in Ghana have rarely altered the power dynamics that accounted for adverse incentive environment around the oil industry.

### 8.5. Broader Analytical and Theoretical Implications.

This study has not generated new proxies or an alternative schematic model for evaluating "good governance" in resource-rich countries, as many researchers tend to indulge in. This could be taken as a limitation that must be addressed by those who believe in this analytical tradition. Nonetheless, the true value of the analyses and empirical findings presented here could be visualised in two main areas. Firstly, the study highlights the key shortcomings of the technocratic reasoning associated with the "governance-resource" nexus agenda, which often overlooks long-term historical trajectories that form around how different actors pursue various interests, and how they constitute the pre-conditions for building idealised institutions of "good governance," and for possibilities of improved governance in specific sectors, including oil (cf. Bourgouin & Haarstad, 2013:102). Secondly, like other analyses that question the de-politicisation of governance issues around resource extraction and utilisation (see Bebbington et al., 2008; Mkandawire, 2007; Solli, 2011; Watts, 2004), the contributions relate not so much with the potential of "good governance" solutions to succeed, but rather, their content and the power effects they generate. Consequently, the broader theoretical and analytical implications from this study could be gleaned from the interest in the general political economy of oil and institutional reform in Ghana, and key debates about the prospects of commodity-led growth based on "good governance" interventions.

Across the developing world, the deployment of "good governance" solutions has attracted debates between optimism and cynicism. I have noted throughout this study that the belief in "good governance" is often premised on a policy and academic discourse that strongly views the prospects of resource-led developmental transformation as possible, once certain pre-defined institutional transplants are available. However, cynics who have rallied around the "resource curse" and petro-state literature often point to various mechanisms by which commodity-led development gets truncated by elite predation, institutional fragility, rent-seeking, authoritarian tendencies, political instability and armed conflicts, less optimal policy processes, and the marginalisation of broad-based concerns to vested interests. Contrary to most of the studies

around the political economy of Ghana's oil, I do not dwell so much on this divide except to highlight the need for more nuance as explained below.

Within the context of Sub-Saharan Africa, the contention around "good governance" and oil industry is relatively new. Across the region, the scholarly terrain was dominated by analysts who underscored challenges of state building, democratic politics and elite capture of reforms in oil-rich countries such as Nigeria, Angola, Equatorial Guinea and Sudan. As I noted earlier in the introduction and Chapter 3, in such countries, the combined effects of corruption, mismanagement, economic stagnation, and armed conflicts led to serious questions about the very prospects of oil-led development, given the adverse nature of the "petro-state," and its interaction with the pathologies of state fragility and weaknesses in state-society relations. In Chapter 3, I observed that these largely grim conclusions about oil-rich states in Africa have come under intense scrutiny recently (notably, Heilbrunn, 2014). For such critics, the appreciable improvements in democratisation, "good governance," and stable economic growth in various African countries, including petroleum exporters, calls for a revision of the largely pessimistic accounts, especially those offered by the predominant petro-state literature. Within this flourishing scholarship, Ghana has been upheld as the poster child of the prospects of "petro-state developmentalism" in Africa (cf. Ovadia, 2015).

I do hold much sympathy for optimistic views about oil-led development in Africa, especially given my own status as a Ghanaian and the unique variations outside the doom and gloom of the petro-state literature that I have presented throughout this study. Nonetheless, the empirical insights from Ghana's experience offered in the study point to the need to balance these hasty conclusions with a well-grounded interrogation of the deep politics of reform within states, including those that have shown significant promise in liberal political and economic norms. This caution is premised on two main reasons:

First, throughout this study I have questioned, at length, presumptions about the "virtuous cycle" of democratisation, "good governance," and economic development. Specifically, I have argued that "good governance" norms and institutions are de-linked, and mostly less complementary, to democratic processes and actors. I am not alone in making this observation. Similar to calls to save economic reforms in Ghana from "deficit-inducing" democratisation processes, which I documented in Chapter 4, different suggestions to forge "pro-reform coalitions" across other African states have become the justification for the exclusion of different groups and activists from the policy processes associated with the "good governance" agenda (see Hearn, 2001; Mustapha, 2013; O'Kane, 2001). In another vein, some scholars have expressed some scepticism about the

prospects of democratisation processes to generate economic growth. This viewpoint is advanced more forcefully by Van de Walle's (2001) comparative study of a selected group of African states, where he found no links between democratic transitions and economic performance. Moreover, in the shape of 'illiberal peacebuilding" in Angola (De Oliveira, 2011), "developmental patrimonialism" in Rwanda (Booth & Golooba-Mutebi, 2012), and "developmental authoritarianism" in Ethiopia (Matfess, 2015), there is growing account of impressive stories of developmental transformations across Africa that have not followed the strict path of liberal democratic values. Without going into the merit of these claims, which falls outside the remit of this study, they point to the fact that any analytical outlook about the prospect of "petro-led" transformation, especially in Africa, based on complementarity between performances along, "good governance," democratisation, and stable economic growth needs more convincing than what has been offered so far.

Another reason to remain suspect about alternative accounts that rest on Africa's impressive democratic transitions, especially since the early 1990s, can be found in a sizable number of authors from the comparative literature who have documented new forms of recession in democratisation across different developing countries (see Adejumobi, 2000; Diamond, 1999; Lynch & Crawford, 2011; Van de Walle, 2001). Sometimes, these setbacks have come in the form of outright reversals through military takeovers and armed conflicts, as demonstrated by countries like Mauritania, Mali, Madagascar, Guinea and Chad. The most pronounced aspect of the drawbacks in democratisation, especially in Asia, Latin America, and some former Soviet Union countries, relates to the emergence of hybrid regimes where democratic institutions, often in terms of elections, exist alongside authoritarian practices (see Collier & Levitsky, 1997; De Walle & Butler, 1999; Joseph, 1997; Levitsky & Way, 2010; Smith & Ziegler, 2008). This phenomenon, which has been designated "virtual democracy" by Richard Joseph (1997) or "competitive authoritarianism" by Levitsky and Way (2010), is typified by various "illiberal" practices, such as repression and exclusion of opposition groups, human rights violations, abuse of state power, as well as manipulation of electoral processes in favour of incumbents. In many instances, hybrid regime dynamics are more subtle than overt subversion of democratic institutions. For observers like O'Donnell (1999), in many democratic states, weaknesses in "vertical accountability," such as inchoate party systems, volatility of voters and parties, poorly defined policy issues, and lack of information, coalesce with flaws in "horizontal accountability," viewed in terms weaknesses in various state institutions to oversee and sanction other agents or agencies of the state. Like Ghana, there is compelling evidence which suggests that in most successful democratic states in Africa, whereas hard-core authoritarian rule has been replaced by multi-party rule, the mechanisms for

effective vertical and horizontal accountability remain generally weak (more recently, Cheeseman, 2015; Gyimah-Boadi, 2015).

It may take a while to fully grasp the theoretical and empirical undertones of the full synthesis between "good governance," democratisation and economic growth across Africa. More critically, how they interact to shape the deep politics of institutions, economic incentives, state-society interactions, and distributional outcomes of natural resource extraction and utilisation, needs to be affirmed by further research and painstaking analyses. Reminding ourselves of Pogge's (2002:64) assertion that capitalist institutions operate on conceptions of justice "that support rights to unilateral appropriation of shares of resources while accepting that all inhabitants of the earth have equal claims to its resources," distributional contentions around natural resources can hardly be subdued by so-called market-oriented institutions of "good governance." Indeed, the picture of Ghana's experience, as detailed in this study, when paired with many other accounts of natural resources in Africa, shows that the sharing of dividends from resource extraction remains generally lop-sided and less inclusive than is often portrayed by development practitioners and academics who have chosen the path of optimism. By choosing to focus on the weaknesses and challenges of "good governance" solutions, my goal is not necessarily to question the prospects of commodity-led development. Instead, I seek to problematise the dominant viewpoint that consigns the complex array of contestations, politics, and power imbalances to quick-fix technocratic transplants, which have been animated by the mirage of "good governance" interventions.

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