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Between altruism and self-aggrandisement: Transparency, accountability and politics in Ghana's oil and gas sector

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Abstract:	Effective governance of oil resources has been identified as the thread that divides countries such as Norway and Nigeria. That means, to convert oil resources into sustainable development, good governance is necessary. In order to discuss the governance of the petroleum resources within a broader context, Ghana's performance on three global governance indexes was assessed. Namely, the Mo Ibrahim Governance Index, Corruption Index, published by the Transparency International and the Resource Governance Index, published by the Natural Resource Governance Institute. Out of the many governance indicators available, the emphasis is given to indicators that relate much to oil and gas governance. On this basis, the Resource Governance Index, Ibrahim Index of African Governance and the Corruption Perception Index were selected. These indicators are themselves a host of other independently constructed indices developed by other entities. For these governance indicators, scores and trends are analyzed to identify subtle governance issues. Attention is also given to major components of the index and their subcategories, especially those that are relevant to the oil and gas governance. The findings indicate that governance performance in the petroleum sector has been mixed.
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Dear Editor,

We wish to thank the reviewers for their comments

Comments	Response
1. The Abstract: The abstract could have been more informative about the central argument of the paper instead of simply saying: "The findings indicate that governance performance in the petroleum sector has been mixed".	The abstract has been re-written to reflect the purpose of the paper. *Effective governance of oil and gas resources has been identified as the thread that divides countries such as Norway and Nigeria when it comes to converting their petroleum resources to drive sustainable inclusive growth and development. This study assesses the governance framework that was in place before the oil and gas find in Ghana and those that have been put in place post-oil and gas. We then explore the performance of Ghana on key global governance indicators before and after the oil find, namely the Mo Ibrahim Governance Index, Corruption Index and the Resource Governance Index. The following reasons motivate the focus on Ghana in this study: firstly, the IMF predicts that Ghana will be one of the fastest-growing economies in the world in 2019 mainly due to the coming on stream of new oil and gas fields. Secondly, the country is relatively politically stable compared to other countries in the region. The findings indicate that emphasis is placed on the enactment of laws and policies and to some extent, evidence that these laws are implemented. The reality is that, the passage of laws does not guarantee good governance. Often, the missing link is how the laws are implemented. Since some of these laws have discretionary provisions, these indices need to consider how the laws are implemented and their potential impact on the governed*
2. The ''Good governance'' argument: The concept of ‘’good governance’’ remains a black box in the extractive sector/corruption debate. I suggest the authors do a thorough discussion of the concept of "good governance" because of the failure or inadequacy of the *Resource Curse Thesis* to explain fully the causes of the under-performance of natural resource-rich economies in Africa. Again, it is worth	We have introduced section on ‘Good Governance and its indicators. We have also discussed Ghana’s performance on the World Governance Indicators, and a sub-section on EITI. We have compared Ghana’s performance under the Governance Index to the global set (89 countries).

noting that, corruption is also a form of 'governance' in itself and thus not a consequence of aberrations from 'good governance'. Furthermore, positive outcomes of the oil/gas sector cannot be solely reduced to 'so-called good governance' indicators – e.g. transparency and accountability – because many countries that have performed poorly are paradoxically signatories to the Extractive Industries Transparency Initiative (EITI). Despite these, the authors seem to suggest that "good governance" (e.g. enactment of laws) automatically casts out 'demons' in the oil and gas sector, and guarantee better economic outcomes without indicating usual clandestine deals, vested interests and corruption syndicates which are an integral part of the governance process. The quote below is illustrative of this observation:	
The theoretical anchor of the paper is missing. How do you foreground theoretical contributions of the paper? The authors should consider raising theoretically refreshing questions	We have introduced a section 3 on Good Governance. We have attempted to provide a theoretical framework for this study.
Methodology: the authors should justify convincingly why they chose to use the three global governance indicators and the limitations for the validity of the conclusions reached in the paper.	We have provided justification- these rankings are relevant to both governance and the petroleum sector. We have added the World Governance Indicators
3. Poor conclusion: why did the author use the metaphors "Siamese twins" and "Awkward Couple" in the title? These metaphors give readers the impression that an attempt will be made to establish a certain connection/disconnect between good governance and the performance of oil & gas sectors but they missed the	The conclusion has been re written *The Petroleum Revenue Management Law has embedded in its good governance provisions on accountability and transparency. One of the unique features of the law is the active participation of an oversight body made up of nominated members of diverse non-governmental groups known as the Public Interest and Accountability Committee (PIAC). The law also*

opportunity to address a key message of the paper. What sets of factors or conditions are decisive of the outcomes of Ghana's oil and gas sector? No attempt was made to address this but instead, I read a recap or a repetition of issues already highlighted in the preceding sections of the manuscript. I think the conclusion section offers authors the opportunity to pull together the threads or connect different dots and give a series of messages that address central questions posed by the authors in the introduction section.	*mandates other institutions such as the Ministry of Finance and the Bank of Ghana to provide a detailed report within a specified period. Quite frankly, a lot of information has been made available on the receipts and utilisation of petroleum revenues. However, the implementation of the law over the past seven (7) have proven that the law is not without defects. Key among the limitations are timeliness of information, discrepancies in information made available to the public by various agencies, lack of detailed information on ABFA funded projects and spending choices by the national oil company.* *To discuss the governance of the petroleum resources within a broader context, Ghana's performance on three global governance indexes was assessed. Namely, the Mo Ibrahim Governance Index, Corruption Index, published by the Transparency International and the Resource Governance Index, published by the Natural Resource Governance Institute. Out of the many governance indicators available, the emphasis is given to indicators that relate much to oil and gas governance.* *On this basis, the Resource Governance Index, the Ibrahim Index of African Governance and the Corruption Perception Index were selected. These indicators are themselves a host of other independently constructed indices developed by other entities. For these governance indicators, scores and trends are analysed to identify subtle governance issues. Attention is also given to major components of the index and their subcategories, especially those that are relevant to the oil and gas governance.* *According to the findings, Ghana's performance on the Mo Ibrahim Governance Index deteriorated between 2012 and 2015 mainly due to transparency and accountability issues. The index started to improve from 2016, but transparency and accountability continued to decline. Transparency and Accountability are the weakest among these poor performing sub-categories of indicators under the four governance dimensions measured by IIAG. Transparency and Accountability is, therefore, a major factor behind the deteriorating governance in Ghana. Transparency was better in periods leading up to oil production (2008-2011) compared to the era of significant oil production, which has seen transparency and accountability*

	decline consistently. The year 2010, which marked the commencement of oil production in Ghana, recorded the highest CPI score ever under this old scale with a score of 4.1. However, this could not be sustained in the following year as the score fell to 3.9 in 2011. Under the old scale, the lowest score (3.3) was recorded in 2003 and 2006. *According to the Resource Governance Index, oil and gas governance in Ghana is the best resource governance in Sub Saharan Africa. However, when compared with global leaders like Norway, Ghana has a long way to go. But for revenue management, the main component of the governance index performed consistently well, with value realization (licensing, taxation, state enterprises, and environmental protection) and enabling environment (concerning issues of accountability, rule of law, stability, corruption, regulatory, among others.) scoring 61 and 70 respectively. The governance of revenue management performed poorly with a score of 37 out of 100. Again, there issues with the inadequate information on the reasons for capping the stabilization fund at a specified level.* *Are good governance and the petroleum sector awkward couple or Siamese twins? Evidence suggests that good governance practices are required to promote sustainable petroleum resource management. This implies that institutions need to be established, human capital developed, laws and regulations passed whilst transparency and accountability measures put in place. However, the presence of these systems and initiatives only partially guarantee good governance. The implementation, review and continual improvement in governance systems promote effective governance of the petroleum sector. In Ghana's case, laws and regulations have been passed, regulatory and other relevant institutions have been established, scholarships have been awarded to build capacity while the Public Interest and Accountability Committee has been established to promote good governance. These notwithstanding, implementation of these laws have not been smooth. The inclusion of discretionary provisions, the absence of guidelines to exercise these discretionary provisions and parliament's unwillingness to act on PIAC's recommendations mean there is a*

	general improvement in transparency but limited accountability. *In a nutshell, three key observations are made. First, the passage of laws and evidence of implementation, which are often measured by these indices measure, may not suitably tell the story of good governance. For instance, whilst a score will be awarded for the establishment of a regulator like the Petroleum Commission, effort should be made to analyse the extent to which the Commission has performed its core mandate. Therefore, how the laws are implemented should be of much interest. Second, the exercise of discretionary power by Ministers should be of much concern. Finally, the indices should also have a bottom-up assessment to ensure balance. For instance, how the implementation of laws and policies are affecting the livelihood of the individuals and entities who are governed.* *The study recommends that the government should implement holistically and immediately the governance provisions in the Petroleum Revenue Management Law. Also, though certain types of public disclosures may not be required by law, publishing such information can enhance public confidence in the petroleum governance system.*
	The paper has been substantially rewritten to correct other issues.

Abstract

Effective governance of oil and gas resources has been identified as the thread that divides altruistic and self-aggrandising behaviour when it comes to converting their petroleum resources to drive sustainable inclusive growth and development. This study assesses the governance framework that was in place before the oil and gas find in Ghana and those that have been put in place post-oil and gas. We then explore the performance of Ghana on key global governance indicators before and after the oil find, namely the Mo Ibrahim Governance Index, Corruption Index and the Resource Governance Index. The following reasons motivate the focus on Ghana in this study: firstly, the IMF predicts that Ghana will be one of the fastest-growing economies in the world in 2019 and beyond, mainly due to the coming on stream of new oil and gas fields. Secondly, the country is relatively politically stable compared to other countries in the region. The findings indicate that emphasis is placed on the enactment of laws and policies and to some extent, evidence that these laws are implemented. The passage of laws does not guarantee good governance. Often, the missing link is how the laws are implemented. Since some of these laws have discretionary provisions, there are chances that indivual and institutional actors can exhibit altruistic behaviour otherwise. Global governance indices therefore need to consider how these laws are implemented and their potential impact on the governed.

Keywords: Oil Resource Governance, Corruption Perception, Accountability, Transparency

Title Page (with Author Details)

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Between altruism and self-aggrandisement: Transparency, accountability and politics in Ghana's oil and gas sector

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Abstract

Effective governance of oil and gas resources has been identified as the thread that divides altruistic and self-aggrandising behaviour when it comes to converting their petroleum resources to drive sustainable inclusive growth and development~~Effective governance of oil and gas resources has been identified as the thread that divides countries such as Norway and Nigeria when it comes to converting their petroleum resources to drive sustainable inclusive growth and development~~. This study assesses the governance framework that was in place before the oil and gas find in Ghana and those that have been put in place post-oil and gas. We then explore the performance of Ghana on key global governance indicators before and after the oil find, namely the Mo Ibrahim Governance Index, Corruption Index and the Resource Governance Index. The following reasons motivate the focus on Ghana in this study: firstly, the IMF predicts that Ghana will be one of the fastest-growing economies in the world in 2019 and beyond, mainly due to the coming on stream of new oil and gas fields. Secondly, the country is relatively politically stable compared to other countries in the region. The findings indicate that emphasis is placed on the enactment of laws and policies and to some extent, evidence that these laws are implemented. The passage of laws does not guarantee good governance. Often, the missing link is how the laws are implemented. Since some of these laws have discretionary provisions, there are chances that indivual and institutional actors can exhibit altruistic behaviour otherwise. Global governance indices therefore need to consider how these laws are implemented and their potential impact on the governed.

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Keywords: Oil Resource Governance, Corruption Perception, Accountability, Transparency

1 Introduction

Countries that produce natural resources tend to experience lower growth and worse development outcomes compared to countries that do not – the so-called "natural resource curse" ~~(Auty, 1993)~~[1].[1] This phenomenon has been partially attributed to the absence of good governance (~~Mavrotas et al., 2011~~[2]; ~~Graham et al., 2016~~ [3]). Good governance has been considered as a significant factor that can reverse the resource curse, thereby translating oil rents into sustainable development (~~Mehlum et al., 2006~~ [4]; ~~Robinson et al. 2006~~[5]; ~~Mavrotas et al., 2011~~[2]; ~~Torvik, 2009~~ [6]; ~~Amiri et al., 2019~~ [7]; Tsani, 2013 [8], ~~Graham et al. 2016~~ [3]). For example, ~~Mehlum et al., (2006)~~ [4] found that the differences in quality of institutions are the main reason why natural resources tend to be beneficial to some countries. Likewise,

[1] See Badeeb et al., (2017) for a critical review of the evolution of the resource curse hypothesis.

~~Robinson et al. (2006)~~ [5] showed that a resource boom would raise national incomes in the presence of robust institutions while it distorts the economy further in the presence of weak institutions.

Oil and gas rents can constitute a significant budgetary instrument whose proper use is strongly dependent on government transparency and accountability. This money can foster long-term socio-economic development, but it can also be misused, for example, to extend the political and economic power of the ruling elite ~~(Kowalezyk-Hoyer, 2011)~~ [9].

In 2007, Ghana found crude oil in commercial quantities. Since then, there have been several discoveries[2] which are at various stages of development and production. The oil find was expected to have a positive effect on the economy and provide the necessary resources needed to pursue a sustainable development agenda (~~(Arthur, 2012~~ [10], ~~Obeng-Odoom, 2014~~ [11], ~~Siakwah, 2018~~, [12]). Cautioned by the possibility of the new oil find being a curse instead of a blessing, Ghana put in place various measures aimed at improving governance in the petroleum sector and the broader economy such as the Petroleum Revenue Management Act (PRMA). However, the critical policy-relevant questions remain: (1) has governance improved or deteriorated in Ghana since the onset of oil and gas production?; and (2) are there positive spillover effects from the improved governance in the petroleum sector to the broader economy?

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This study assesses the governance framework that was in place before the oil and gas find and those that have been put in place post-oil and gas. We then explore the performance of Ghana on key global governance indicators before and after the oil find. The following reasons motivate the focus on Ghana in this study; firstly, the IMF predicts that Ghana will be one of the fastest-growing economies in the world in 2019 mainly due to the coming on stream of new oil and gas fields. Secondly, the country is considered to be relatively politically stable compared to other countries in the region. The country has undergone seven (7) successive elections from 1992 to 2016 which resulted in a peaceful transition of power between the two (2) main political parties. This has made the country one of the preferred investment destinations in Africa[3].

The rest of the paper is structured as follows: Section 2 looks at the contribution of petroleum revenues to Ghana's economy from 2011 to 2017. In Section 3, we discuss governance in the petroleum sector while Section 4 discusses the methodology used in this paper and key findings. In Section 5, we discuss the findings in the context of Ghana's petroleum sector while the conclusions are presented in Section 6.

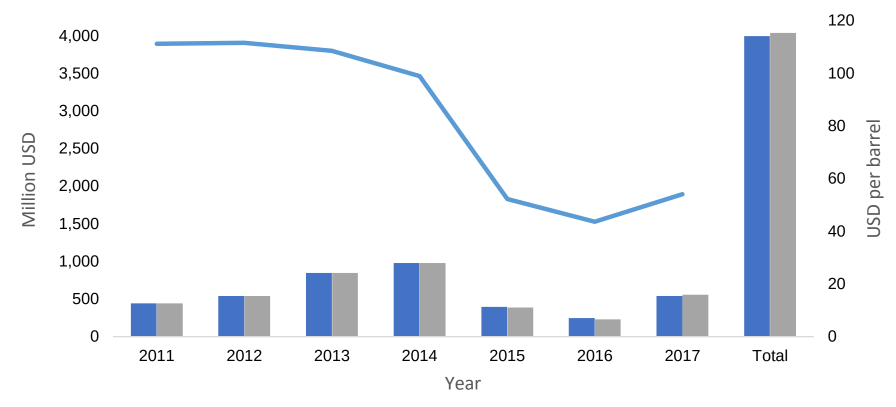
2 Oil and Gas and the Ghanaian Economy

A total amount of 3,993.7 million USD was accrued from the exploitation of petroleum from 2011 to 2017, as shown in Figure 1. The inflow of petroleum revenues have experienced a

[2] See https://www.tullowoil.com/operations/west-africa/ghana/ten-field and https://www.eni.com/en_IT/operations/upstream/exploration-model/octp-ghana.page
[3] Enst and Young Attractivenes Africa, 2018 https://jcs.com.gh/newsletter/2018/11/30/ghana-moves-up-in-fdi-investment-countries-in-africa/

steady increase from 2011 to 2014 but started to decline in 2015. As expected, the pattern of receipts tends to mimic the movement in oil prices.

Figure 1: Trends in Petroleum Receipts and Allocations

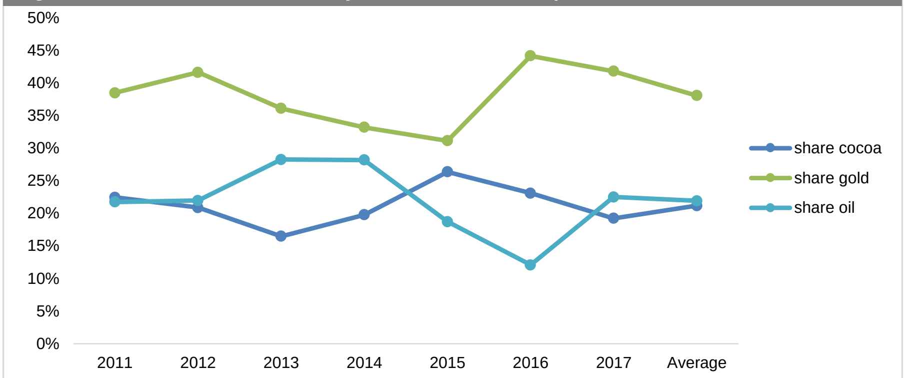


Source: Authors' construct from various PIAC Reports[4]

**Where the line is average Brent crude oil price*

On average, petroleum revenues contributed 4.2% and 0.9% to domestic revenues and GDP, respectively.[5] The highest contribution was in 2014. Not surprisingly, this is the year that the receipt of petroleum revenues was highest over the period under consideration. In terms of export, crude oil exports can be considered as the second-largest export commodity over the period under review after gold exports. On average the share of crude oil exports in total merchandise exports is 21.9% whiles that of cocoa is 21.2% although there is wide variability over time. Crude oil was the second largest export commodity between 2012 and 2014. However, cocoa took over as the second largest commodity in 2015 and 2016. This corresponds to the period of decline in crude oil prices on the international market. As can be seen in Figure *2,* crude oil had taken the second position in 2017.

Figure 2: Share of oil and other major commodities in export



Source: Authors' construct from various Bank of Ghana quarterly statistical bulletins[6]

[4] http://www.piacghana.org/portal/5/25/piac-reports

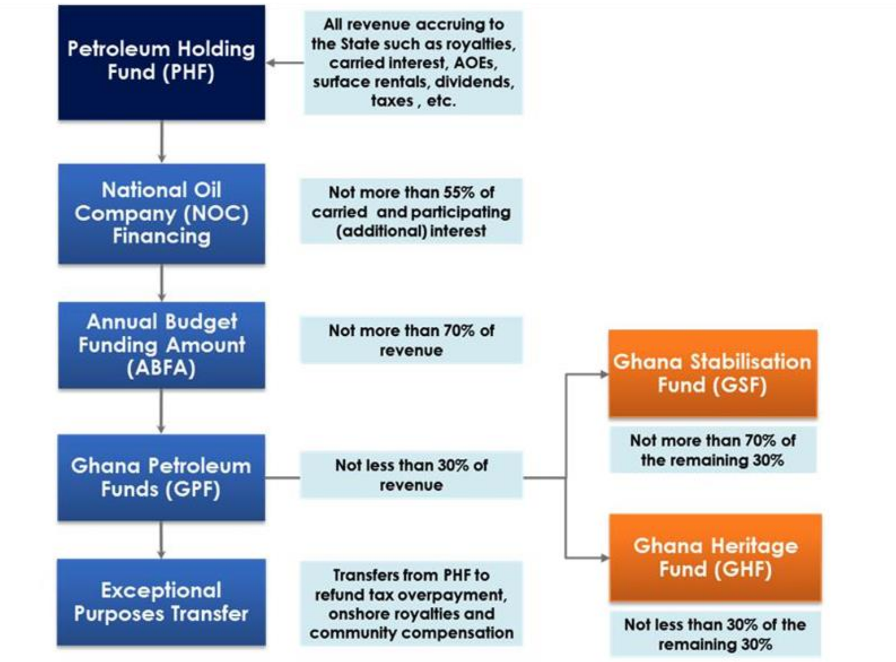
[5] MOFEP stands for Ministry of Finance and Economic Planning. The data can be accessed at http://mofep.gov.gh/fiscal-data

[6] https://www.bog.gov.gh/statistics/publication/quarterly-bulletin

Distribution of Petroleum Receipts

Ghana's Petroleum Revenue Management Act 2011 (PRMA) as amended Act 893 makes provision for spending and savings of the petroleum revenues that accrue to the government. The PRMA prescribes two (2) main spending paths; allocations to Ghana National Petroleum Corporation (GNPC) which is the National Oil Company (NOC) and funding to support the budget (Figure 3). The PRMA also makes provision for savings for stabilisation purposes and future generations. This section looks at how the revenues have been distributed for spending and saving purposes from 2011 to 2017.

Figure 3: Petroleum Revenue Management Framework



Source: PIAC (2018)

In terms of spending by GNPC, the law requires that at most 55% of Ghana's net equity and participating interest should be allocated to GNPC to cater for its financing needs. A total amount of 1,239.44 million dollars was allocated to GNPC over the period under consideration. This represents 31% of the total petroleum revenues that accrued to the government over the period. The highest allocation (left scale) was in 2012, which is about 43% of the petroleum receipts. In general, the allocation to GNPC has been declining since 2013 and only begun to pick up in 2017 (see Figure *4*).

Figure 4: Allocation to GNPC (2011 to 2017)

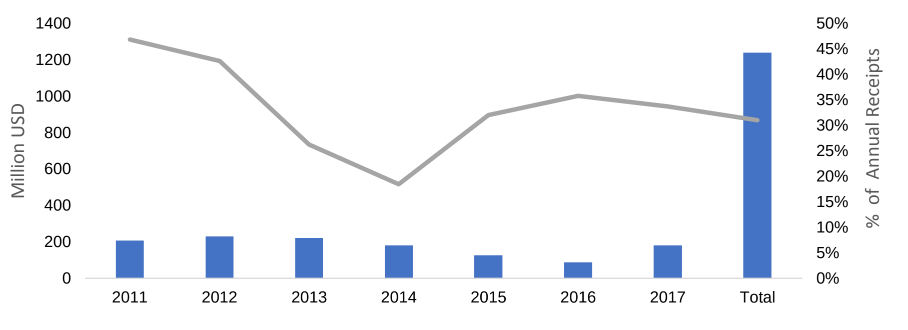
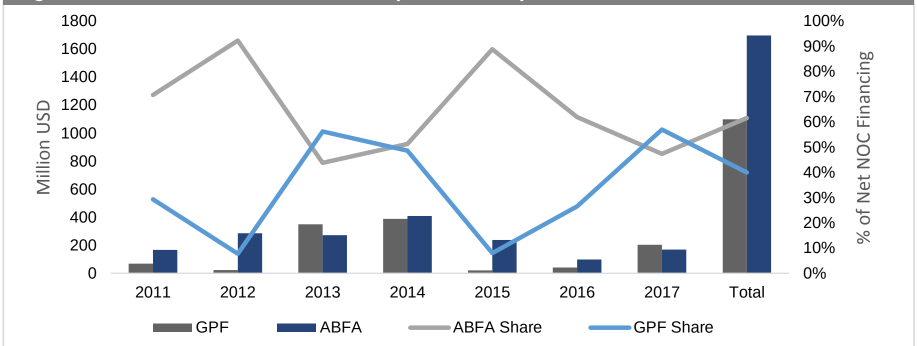


Figure 5: Allocations to ABFA and GPF (2011 to 2017)



Source: Authors' construct from various PIAC Reports

On the other hand, the law requires that at most 70% of benchmark revenue should be used to fund the budget, which is known as the Annual Budgeting Funding Amount (ABFA). A total amount of 1,696.6 million USD of petroleum receipts was used to support the budget (see Figure ***5***). This is approximately 62% of the total benchmark oil revenue received over the period. The highest allocation was done in 2014 when taken on year by year basis. As usual, the allocations to ABFA have been volatile over the years as can be seen in Figure *6*, increasing since the onset of oil production but started to decline in 2015.

As indicated earlier, the law mandates the government to save for stabilisation and for future generations. At least 30% of the benchmark revenue should be distributed to the Ghana Petroleum Funds (GPFs). As can be seen from **Figure *5***, a total of 1100.26 million USD was distributed to the GPFs. This represents 39.9% of the benchmark oil revenue. The lowest allocations to the GPF was done in 2012 and 2015. However, the allocations to the GPF exceeded the minimum amount in 3 different years (2013, 2014 and 2017). This corresponds to the years that the allocations to the ABFA were lesser than the maximum amount.

Out of the total amount allocated the GPFs, an amount of 776.54 million USD and 323.72 million USD was distributed to the GSF and GHF respectively. This translates into 71% and 29% respectively of the total amount allocated the GPFs. Furthermore, an exception of 2011, the distribution to the two (2) saving funds have been done following the law, that is, 30% and 70% of GPF to the GHF and GSF respectively.

The foregoing suggests that exploitation of petroleum have contributed largely to Ghana's export and provided the Government with some fiscal space despite forming a small portion of total domestic revenues.

3 Governance in the Petroleum Sector

Altruistic and self-aggrandisement Behaviour in the Oil and Gas Sector: Theory and Practice

According to [13] a behavior is considered to be altruistic if it is motivated by a genuine desire to benefit another person,without any expectation of benefits to oneself. [14] however posit that both the reciprosity (**See** [15]) and the kingship (see [16]**)**theories explain that altruistic beahviour can be conditional. In the case of the reciprosity theory, individuals and firms work hard to induce a sense of gratitude for past "favors", whether real or imagined. In the context of Ghana, political appointments to the the Ministry of Energy are often guided by competence but also, the past contribution of the individual to the political part in power, the campaign of the presidential candidate and the region where the individual hails from. In the kingship theory, beneficiaries of an action should be very close relatives, while reciprocity theory implies that beneficent behavior should be directed towards those with a high probability of reciprocating [14]. Over the last two decades, the concept of 'family and friends' governance has become more pronounced in Ghana's governance systems. Often, the loopsholes and numerous discretionariy provisions are exploited to pursue these conditional altruistic behavior. The other form of behavior, which is the self-aggrandisement, manifests in corruption, rent seeking and other anti-development actions which enriches the individual a the expense of the state.

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The concept of good governance provides a plethora of long menu of institutional changes and capacity-building initiatives that are considered vital for development and shape individual and institutational behaviour [17].

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~~Good Governance in the Oil and Gas Industry: Theory and Practice~~

The concept of good governance provides a plethora of long menu of institutional changes and capacity-building initiatives that are considered vital for development ~~(Grindle, 2007)~~[17]. These factors include strong institutions, competent human capital, accountability and transparency mechanisms, laws and policies and their implementation. According to Kofi Annan[7], a former UN General Secretary, good governance is ensuring respect for human rights and the rule of law; strengthening democracy; promoting transparency and capacity in public administration. The World Bank[8], on the other hand, describes governance as the way power is exercised in the management of a country's economic and social resources and identifies three main strands. These are

(i) the type of political regime;

(ii) the process by which authority is exercised in the management of a country's economic and social resources for development; and

(iii) the capacity of governments to design, formulate, and implement policies and discharge functions."

In the absence of good governance, ~~McPherson and MacSearraigh (2007)~~[18] posit that several forms of corruption can exist. These include policy corruption, administrative corruption, commercial corruption, and diversification of massive amounts of money through the diversion of production, products, or revenues known as grand corruption. Indeed, the absence of good governance has been identified as a significant cause of the oil curse.

According to ~~Rahman (2016)~~ [19], the concept of governance started replacing 'government' in the policy literature for two reasons. First, sovereign government's control of service delivery, information and decisions were undermined by the flow of power away from traditional government institutions upwards to transnational bodies and downwards to regions and sub-regions the rise of global markets, the increasing importance of networks and social

[7] See p 2. See http://www.soc.titech.acjp/uem/governance.html.

[8] World Bank(1994), Governance: The World Bank's Experience, Washington, DC: The World Bank, p xiv.

partnerships, greater access to information, and growing social complexity are usually held accountable for this.

Also, citizens started making demands for accountability that challenged the state's~~-~~monopoly to expertise ~~(Newman, 2001)~~ [20]. ~~Singh (2003)~~ [21] recounts that the concept of good governance first appeared in a World Bank's report on *Sub-Saharan Africa: From Crisis to Sustainable Growth*, published in 1989. In the report, the World Bank described Africa's problem as a crisis of governance. ~~(Singh, 2003)~~ [21]. Governance in Ghana's Petroleum Sector.

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Indeed, Ghana has put in place several governance initiatives since the discovery of oil in 2007 in commercial quantities. Governance has become necessary, especially since oil resources are non-renewable. Some of these measures seek to either guard broadly all sectors of the economy or are specific to the extractive sector. This has improved governance issues in the extractive sector making citizens aware of the challenges and goodwill for Ghana. Some of these measures are highlighted below, categorised into laws and regulations, and other locally-adopted international conventions.

UN Convention on Anticorruption: The UN Convention on Anticorruption came into force on the 14th December 2005 to strengthen efforts to curb the rate of corruption across the world. Ghana signed onto the UN Convention against Corruption on December 9, 2004. Ghana is not just a signatory to this convention but rather a State Party. The Convention had three main purposes which include Promoting and strengthening measures aimed at preventing and combating corruption; Promote, facilitate and support international cooperation and technical assistance; and Promote integrity, accountability and proper management of public property.

International Aid Transparency Initiative: This was an initiative launched in Accra, Ghana, at a high-level forum on Aid Effectiveness on 4th September 2008. It was done for the enablement of the United Nations Millennium Development Goals to be achieved. It was organized to know the gaps between the Non-Governmental Organizations (CSO) and the Ministries of state making sure that funds that are supposed to be used for development are not channelled into other projects which have not yet been considered. This initiative allows aid donors to publish their reports on aids whiles the government does the same to make sure funds allocated are not misused. The International Aid Transparency Initiative focuses on four major objectives namely:

- Regular public disclosure of detailed and timely information on volume, allocation and when, available results of development expenditure to enable more accurate budget, accounting, and audit by developing countries.
- Support information systems for managing aid.
- Access to full and timely information on annual commitments and disbursements of aids.

Extractive Industries Transparency Initiative (EITI): The Extractive Industry Transparency Initiative (EITI) is a global standard that seeks to ensure openness, accountability and responsible financial management in the extractive industry (oil, gas and mining). EITI was instituted by Transparency international. Transparency international begun during the 1990s when there was little or no disclosure of information. Transparency international begun in May 1993 as an anti-corruption initiative. In 1995, the Corruption Perception Index was developed. In 1999, Bribe payers' index was developed to the country origin of multi-national companies and their susceptibility of offering bribes[9]

In 2003, Ghana joined the EITI by making a public pronouncement to commit to the EITI standards. In 2007, Ghana became a candidate country by producing and publishing its first

[9] See http://www.iaaca.org/AntiCorruptionAuthorities/ByInternationalOrganizations/NonGovernmentalOrganization/201202/t20120220_807871.shtml

EITI report covering the period 2004-2006. The country finally assumed the status of a compliant country after completing the validation process in 2010. The country has since been implementing the standard to the mining sector and later extended to cover the petroleum sector. On the 24th of February, 2016, Ghana was honoured at the 2016 Global EITI Conference in Lima, Peru for turning recommendations in its EITI reports into reforms.

Open Government Partnership: Ghana signed on to the OGP in September 2011. The OGP is a multilateral initiative that aims to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance. In the spirit of multi-stakeholder collaboration, OGP is overseen by a Steering Committee including representatives of governments and civil society organizations[10]. The four (4) thematic areas of OGP are Citizen Participation; Accountability and Technology and Innovation. The Public Sector Reform Secretariat (PSRS) under the Office of the President serves as the secretariat for OGP-Ghana.

Inter-Government Action Group against Money Laundering in West Africa (GIAPA): GIABA is a body under the sub-regional body, Economic Commission of West African States (ECOWAS) of which Ghana is a member-state. It was formally founded on 9 December 1999. The purpose behind the formation of GIABA was to adopt and implement Anti-Money Laundering (AML) and Counter-Financing of Terrorism (CFT) within the sub-region. This is to be achieved through the following objectives which involve Protecting banking and financial systems of member countries against penetration by criminal proceeds; Harmonize and implement measures to combat money laundering and terrorist financing; Aid member states to implement the provisions of the Financial Action Task Force (FATF) and other international conventions; Promote international cooperation; and Assessment of the effectiveness of existing AML and CFT measures. The Financial Intelligence Centre coordinates the activities of GIABA.

National Anti-Corruption Strategy: The National Anti-Corruption Strategy proposes an all-inclusive approach to addressing the problem of corruption. These include Government, Citizens, Political Parties, Parliament, Anti-Corruption agencies, Electoral Commission, Regulatory and Oversight Bodies, and the Central Vigilance Commission. The Strategy aims at reducing petty corruption, grand corruption (demand and supply-side corruption), political corruption, administrative corruption and private sector participation in corruption. Aside the National Anti-Corruption Strategy, there is also the National Anti-Corruption Action Plan (NACAP, 2012-2021) which centres around four main areas, Building public capacity to condemn and fight corruption; Institutionalizing efficiency, accountability and transparency within public, private and not-for-profit sectors; Create a platform for individuals, media and civil society organisations to advance discussions on the reportage and combat of corruption in the country; and Proper investigation and prosecution of corrupt acts. The National Anti-Corruption Strategy and NACAP both are interested in achieving all-inclusive participation in addressing the problematic concept of corruption.

Petroleum Commission Act, 2011 (Act 821): This Act establishes the Petroleum Commission as the upstream regulator. The Act mandates the Petroleum Commission to regulate and manage the deployment of petroleum resources as well as to coordinate the policies in the upstream petroleum. Section 10(2) of the Act clearly extricates the Commission from the influence of the Minister of Energy and Petroleum. A seven-member board governs the Commission made up of a chairperson, the chief executive of the commission, the chief executive of the Ghana National Petroleum Company and four other persons one of whom should at least be a woman.

Petroleum Revenue Management Act 2011 (Act 815) as amended (Act 893): The Petroleum Revenue Management Act sets out the framework to regulate the allocation and management of revenues realised from Petroleum production in Ghana. Some sections of the Act were however amended in 2015 which was given presidential assent on 31 July 2015. The PRMA basically deals with what percentage of petroleum revenues should be allocated to the various funds such as the Annual Budget Funding Amount (ABFA), Ghana National Petroleum Corporation, and the Ghana Petroleum Funds (Heritage Fund and Stabilization

[10] http://www.opengovpartnership.org/about#sthash.4S0KW9vf.dpuf

Fund). Aside from the allocation of revenues to these funds, the Act also stipulates what activities or projects these revenues going into these funds could be used to support or fund. Section 51 of the PRMA also establishes an independent oversight body known as the Public Interest and Accountability Committee (PIAC). PIAC is mandated to among others, monitor and evaluate compliance with the Act.

Petroleum Exploration and Production (E&P) Law, 2016: The E&P has been passed by parliament. The law replaces the Petroleum (Exploration and Production) Act, 1984. The law has provisions on reconnaissance licenses; improved fiscal terms; local content and management of the environment. Key transparency provisions also feature prominently in the law. This includes open and competitive bidding, open public tender process; public register of petroleum contracts. However, there is no provision on beneficial ownership disclosure. The current law also gives the Minister discretionary powers to set aside the outcome of an open and competitive process or even skip the tender process altogether.

Since 2017, a petroleum register has been established. Also, an open and competitive bidding process for the award of petroleum licenses has been initiated. For the 2018/2019 licensing round, six (6) acreages will be awarded. Three (3) of the blocks will be awarded through an opening and competitive bidding process which is in line with section 10(3) of the Exploration and Production (E&P law and two (2) will be awarded through direct negotiations in line with section 10 (9) of the E&P Law. Finally, one (1) of the blocks will be given to GNPC for GNPC to look for strategic partners in line with section 7(9) of the E&P law.

The foregoing suggests that Ghana's effort in ensuring transparency and good governance has improved generally over the years. We summarize in Table 1, the governance practices when oil production started in Ghana and 9 years after.

4 Assessment

To discuss the governance of the petroleum resources, we employ a mix of qualitative and quantitative methods. We undertake a qualitative analysis of the performance of three (3) global governance indexes namely, the Mo Ibrahim Governance Index, Corruption Index, published by the Transparency International and the Resource Governance Index, published by the Natural Resource Governance Institute. Out of the many governance indicators available, the emphasis is given to indicators that relate much to oil and gas governance. On this basis, the Resource Governance Index, the Ibrahim Index of African Governance and the Corruption Perception Index were selected. These indicators are themselves a host of other independently constructed indices developed by other entities. For these governance indicators, scores and trends are analysed to identify subtle governance issues. Attention is also given to major components of the index and their subcategories, especially those that are relevant to the oil and gas governance.

Ibrahim Index of African Governance

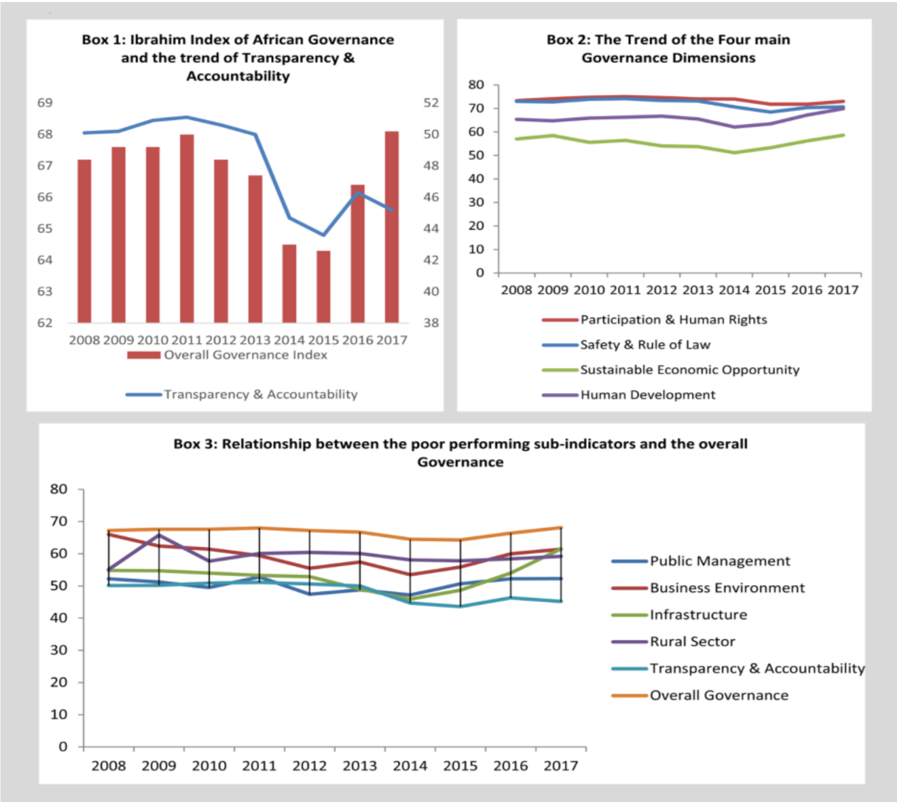
The Ibrahim Index of African Governance (IIAG) is a product of Mo Ibrahim Foundation that measures governance in the 54 African countries. First developed in 2007, the index currently consists of 191 variables from 35 sources that measure governance. The variables are combined to form 102 indicators, categorised into four governance dimensions – safety and the rule of law, participation and human rights, sustainable economic opportunity and human development. Ghana's governance performance as measured by the IIAG is reported in **Figure *7***6

From **Figure *6***, Ghana's governance performance improved from 2008 to 2011, deteriorated from 2012 to 2015, improved in 2016 and further in 2017. In the past decade governance in Ghana improved by 0.9, from 67.2 in 2008 to 68.1 in 2017, witnessing many years of deterioration therein. Relating to oil production, governance improved in the years leading up to the era of oil production (2008 -2010) but deteriorated sharply after 2011 in the era of oil production until 2016, which marked an unremarkable resurgence in good governance.

A careful examination of the components of the index over the years, as found in the report indicate that though the country enjoys and has the right to take pride in its rule of law and national security provisions, transparency and accountability is the deterring factor to the country's safety and rule of law as well as overall governance. As Object 1 and 3 in **Figure** 6 shows, transparency and accountability correlate well with the overall governance in Ghana than any other indicator. Objects 3, for instance, shows the trend of transparency and accountability and the other poor performing sub-indicators in relation to the overall governance score. Transparency and Accountability are the weakest among these poor performing sub-categories of indicators under the four governance dimensions measured by IIAG.

Transparency and Accountability is, therefore, a major factor negatively affecting governance in Ghana. Transparency was better in periods leading up to oil production (2008-2011) compared to the era of major oil production, which has seen transparency and accountability decline consistently. Transparency improved slightly in 2016 but hastened a fall in 2017.

Figure 6: The Ibrahim African Governance Index and its four governance dimensions and some relevant indicators



Source: Authors' construct from Ibrahim Index of African Governance

Out of the four governance dimensions measured by IIAG, the leading contributor to the good governance in Ghana is participation and human right, followed by safety and rule of law (see box 2 in **Figure *6***). Governance relating to sustainable economic opportunity is the worst performer of all the four. Not surprisingly, this indicator play host to the poor performing sub-categories of indicators exhibited in Object 3 in **Figure *6*,** except for Transparency and Accountability. Of these, Public Management, Business Environment and Infrastructure spell doom for oil and gas production.

From the 2017 IIAG report which ranked Ghana sixth in Africa, out of the other sub-indicators that are relevant to this study, access to justice and revenue mobilisation are increasingly improving; whilst budgetary and financial management, absence of corruption in the public sector and civil society participation are exhibiting warning signs. Finally, business regulatory environment, the effectiveness of the public service and access to public and legislative information are increasingly deteriorating.

The Corruption Perception Index

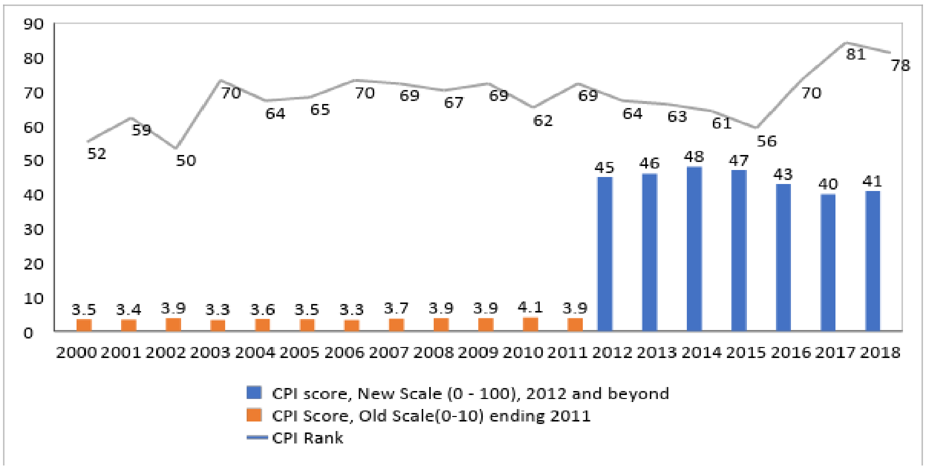
Corruption undermines countries and institutions; therefore, a globally accepted indicator of corruption is critical to the measure of good governance. Corruption Perception Index (CPI) is a composite index like the IIAG and the foremost measure of corruption perception in the public sector across countries in the world published by Transparency International. CPI is available from 1995 to 2018.

Until 2012 the scores were scaled from 0 to 10, highly corrupt to very clean (see Figure 7). In 2012 however, Transparency International changed the methodology of the index, which allowed for year-on-year comparison of the score. The current CPI scores and ranks countries on a scale from 0 to 100, highly corrupt to very clean based on surveys of other independent institutions informed by the views of business folks and country experts. Thus, in this analysis, comparisons of the period before and after 2012 are done with caution. The composite nature and breadth of the CPI make it more reliable than the individual surveys. The number of countries included has varied over the years. The 2018 CPI, the most recent CPI covered 180 and utilized 13 surveys.[11] For some countries, the number of surveys used was less than 13 due to data unavailability.

Ghana' CPI score is not getting any better. The ratings rose from 45 in 2012 to 48 in 2014, declined thereafter to 40 in 2017 with little improvement to 41 in 2018, showing clearly that the country has not been consistent and lacks commitment in dealing with corruption. This is not a phenomenon pertaining only to oil the production era, but also for the period before oil production. Before 2012, the CPI score, then on a scale of 0 to 10, averaged about 3.7 from 2000 to 2011. The year 2010, which marked the commencement of oil production in Ghana, recorded the highest CPI score ever under this old scale with a score of 4.1.

Figure 7: CPI Performance of Ghana (2008 to 2018)

[11] 1.African Development Bank Country Policy and Institutional Assessment 2016 2.Bertelsmann Stiftung Sustainable Governance Indicators 2018 3.Bertelsmann Stiftung Transformation Index 2017-2018 4.Economist Intelligence Unit Country Risk Service 2018 5.Freedom House Nations in Transit 2018 6.Global Insight Business Conditions and Risk Indicators 2017 7.IMD World Competitiveness Center World Competitiveness Yearbook Executive Opinion Survey 2018 8.Political and Economic Risk Consultancy Asian Intelligence 2018 9.The PRS Group International Country Risk Guide 2018 10.World Bank Country Policy and Institutional Assessment 2017 11. World Economic Forum Executive Opinion Survey 2018 12.World Justice Project Rule of Law Index Expert Survey 2017-2018 13.Varieties of Democracy (V-Dem) 2018



Source : Authors' construct from Transparency International, 2019

However, this could not be sustained in the following year as the score fell to 3.9 in 2011. Under the old scale, the lowest score (3.3) was recorded in 2003 and 2006. By means of scores alone, it is difficult to compare CPI throughout the eighteen years. Using the trend of CPI Rank, as presented in **Figure *7***, it is possible to make a good analysis. The change in methodology did not distort the pattern of Ghana's CPI performance. The trend of CPI Rank after 2012 is similar to the pattern in the years past. This comparison is strengthened by the fact that since 2008 the number of countries covered by the index has risen to 180.

Also, the country's CPI Rank relates much to its CPI scores, the rank mostly improves and when the scores improve. It is therefore just to conclude that corruption perception in Ghana is worsening dramatically. Ghana's performance was an all-time low (40) in 2017 ranking 81 and could not improve much in 2018. Political will and commitment are needed to incorporate anti-corruption mechanisms in every public sector activity. There is the need to "prioritize better rules on lobbying and political financing, make public spending and contracting more transparent, and make public bodies more accountable" (Transparency International, 2012). In the oil and gas sector, an open and competitive bidding process has been initiated to issue exploration. In addition, a petroleum contract database12 has been established since 2018. Hopefully, these interventions can help reduce corruption perception in Ghana in the future.

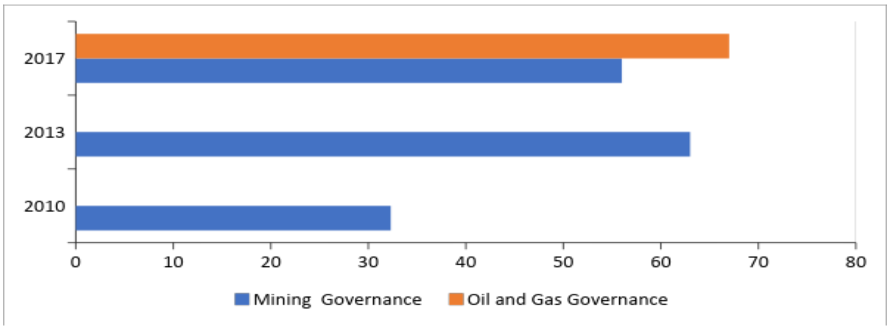
The Resource Governance Index

Unlike the IIAG and CPI, the Resource Governance Index (RGI) is sector-specific and proves to be the most relevant among the three governance indexes. The RGI began with the publication of Revenue Watch Index published in 2010 by Revenue Watch in collaboration with Transparency International as a measure of transparency and accountability in the Oil, Gas and Mining Sectors. Revenue Watch published the second Resource Governance Index in 2013. The third publication - the most recent index - is the 2017 RGI published by the Natural Resource Governance Institute, which came out of the merger of the Revenue Watch and the Natural Resource Chatter.

The RGI scores and ranks countries relying on responses of experts in the extractive industries to a detailed questionnaire. From 2010 to 2017 the index has varied in terms of the components, the number of countries covered, and the kind of resource measured. In 2010 and 2013, for Ghana, as shown in Figure 8, the index measured governance only in the mining sector. It did not cover governance in the oil and gas sector. The 2013 RGI involved 58 countries. Ghana scored 63 and ranked 15th, a remarkable improvement from 35th position on the 2010 RWI which scored Ghana 32.3 for the mining sector.

[12] See https://www.ghanapetroleumregister.com/

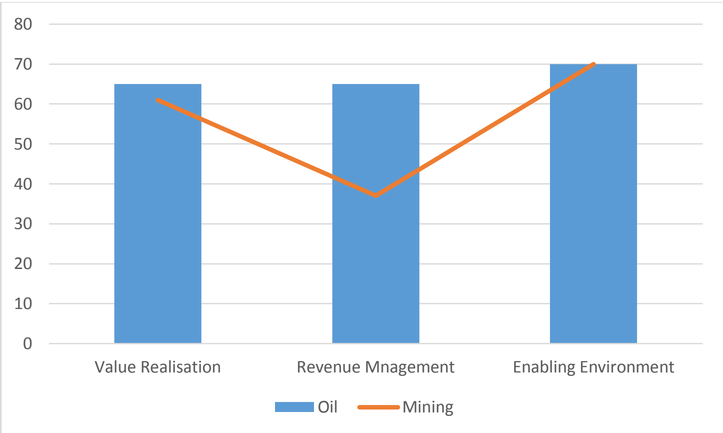
Figure 8: Resource Governance Index for Mining and Oil and Gas Governance in Ghana



Source: Authors' construct from Natural Resource Governance Institute, 2018

The 2017 RGI index is made up of data from 2014 to 2017. Ghana had a satisfactory score of 67 out of a maximum 100 points for the oil and gas governance which ranked 13th among 89 countries. Ghana's oil and gas governance performed far better than its mining governance which scored 56 and ranked 24th.

Figure 9: Details of the 2017 RGI for Ghana



Source: RGI 2017, Data and Source Document

Ghana performed relatively better in oil resource management than in the management of the mining sector. The aggregate score for oil was 67%. Ghana placed 13th out of 89 countries. In the mining sector, Ghana scored 56% ,placing 24 out of 89 countries. For this study, we concentrate on governance in the oil and gas sector in the rest of the analysis. Details of the 2017 RGI index for oil and gas governance in Ghana are reported in **Figure 9**. It assesses policies and practices governing the oil & gas industry in Ghana. According to the index, oil and gas governance in Ghana is the best resource governance in Sub Saharan Africa.

But for revenue management, the main component of the governance index performed consistently well, with value realisation (licensing, taxation, state enterprises, and environmental protection) and enabling environment (concerning issues of accountability, rule of law, stability, corruption, regulatory, among others) scoring 61 and 70 respectively. The governance of revenue management performed poorly with a score of 37 out of 100. The major setback to revenue management is the governance of national budgeting which scored

36 out of 100. The value realisation measure also composed a measure on state-owned enterprises of which the Ghana National Petroleum Corporation, the only state enterprise of the oil sector in Ghana scored 75. But for its non-commercial activities and the absence of rules of transparency around commodity sales, GNPCs governance score could have been better.

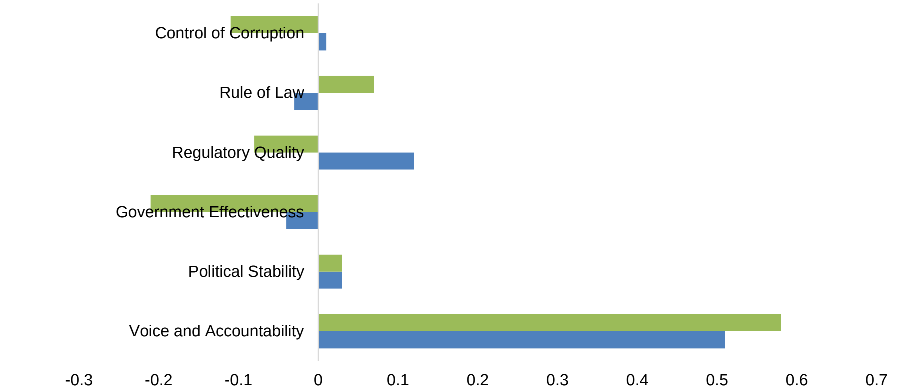
The governance of Ghana's stabilisation fund scored 93 and ranked 2nd among sovereign wealth funds in resource-rich countries. However, the index reveals the need to disclose the asset in which the fund can invest and provide justification for the cap on the stabilisation fund, which has unfortunately been lowered over the years.

4.4 World Governance Indicators

~~Kaufmann et al. (2005)~~ [23] identify the indicators of good governance as voice and accountability, political stability, government efficiency, regulatory quality, the rule of law and control of corruption.

Figure 10 shows Ghana's performance between 2010 and 2018 on the World Bank's good governance indicators[13]

Figure 10: Ghana's Performance on the World Bank's Good Governance Indicators



	Voice and Accountability	Political Stability	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
2018	0.58	0.03	-0.21	-0.08	0.07	-0.11
2010	0.51	0.03	-0.04	0.12	-0.03	0.01

Source: Authors' construct from World Bank's Governance Indicators, 2019

According to Figure 10, while Voice and Accountability, and Rule of Law has improved between 2010 and 2018, Government Effectiveness, Control of Corruption and Regulatory Quality has declined. Political Stability is at the same level as 2010.

From a political perspective, ~~Torvik (2002)~~ [23] argues that oil discovery and production generate incentives for rent-seeking behaviour among policymakers. According to ~~Lane and Tornell (1996)~~ [24], the oil curse is also caused by the 'voracity effect' in which oil revenue is wasted through corruption, weak governance and excessive rent-seeking among competing interest groups. Corruption, which is a key consequence of rent-seeking behaviour, has been proven to be an anti-growth factor (~~Bardhan, 1997)~~ [25]. One of the determinants of rent-seeking is governmental confusion between wealth creation and wealth extraction ~~(Gylfason, 2001)~~ [26]. Economic rent is the excess of revenue derived from a certain activity over the sum of its supply prices of capital, labour and any other related inputs required to undertake the activity ~~(Garnaut and Ross, 1983~~) [27]. Similarly, resource rent is the value-added of the

[13] See https://info.worldbank.org/governance/wgi/

natural resource, the difference between the revenues generated from the extraction of the resource and the extraction cost and the cost of factors of production and their opportunity cost ~~(Dickson, 1999)~~ [28].

This definition is affirmed by ~~Watkins (2001)~~ [29] who posits that economic rent is the value of the resource at the point of production less all prior costs incurred, including expected return on investment. These costs include wages, interest on capital, the profits of entrepreneurs and the reward for land. Although these present a high opportunity for job creation, ~~Torvik (2002)~~ [23] finds that oil production leads to rent-seeking entrepreneurship.

In Ghana's case, the emphasis has been placed on the passage of laws and the formulation of governance policies. In addition, several governance-related protocols have been signed onto. We argue that this approach has three limitations. First, the enactment of these laws and policies do not guarantee implementation. For instance, while section 48 of the Petroleum Revenue Management Act mandates the Minister for Finance to publish the status of oil-funded projects annually; this provision was not implemented until 2017[14] though the law was passed in 2011.

Second, although the country has its specific economic, cultural and political circumstances, the laws are sometimes adopted wholesale from Norway or other countries considered to have best practices. An example is the investment of the petroleum funds outside the country which earns a negative interest rate in some instance while the country borrows at higher interest rate differentials. Even though this satisfies the concept of intergenerational equity, efforts to debate alternative ways to invest the petroleum funds have proven futile, since the status quo satisfies the 'Norway Model'.

Finally, the laws grant discretionary powers to the Ministers of Finance and Energy without any regulations or guidelines on how such discretion should be exercised. Though open and competitive bidding process for the award of petroleum licenses, the Minister for Energy earmarked three out of six blocks for non-competitive process in Ghana's first licensing rounds[15]. Such unregulated discretion can be a source of rent-seeking.

5 Discussion

As diagnosed by the analysis above, one major challenge to good governance in Ghana is transparency and accountability, according to IIAG, which could provide the breeding ground for corruption as pointed out by the CPI. Measures of governance regarding sustainable economic opportunity makes the situation worse, as governance indicators such as public management, business environment, and infrastructure are poor. They revealed challenges in budgetary and financial management, corruption in the public sector, insufficient civil society participation, deteriorating business regulatory environment, ineffective public service and increased restriction in accessing public & legislative information.

In the absence of sustainable economic opportunity, corruption ripe, peace and stability are threatened. Those are the general outlook of governance in the country as indicated by the IIAG and CPI. They, however, cast a shadow on the oil and gas resource governance in the country. Lessons of the natural resource curse surrounding mineral exploitation in Ghana prompted measures to engender good governance in the wake of the oil find in Ghana. For this reason, and learning from global trends, several laws have been passed for the production of oil and gas and the efficient management of its revenues. These have promoted good governance in the oil and gas sector than there is in the mining sector, even to the extent that oil and gas governance in Ghana ranks first in Sub Saharan Africa.

That notwithstanding, the 2017 RGI makes known that the standards of practice of these laws are well below their enactments, scoring the legal framework 70 and the implementation or practice, 63. This suggests a challenge with the implementation of legal frameworks of oil and

[14] See https://www.peacefmonline.com/pages/business/economy/201805/351947.php

[15] See https://www.energymin.gov.gh/ghana-launch-first-exploration-licensing-round-q4-2018-amin-adam

gas in Ghana, and that the many laws as outlined in the section of this paper are in themselves not the end but a means to good governance.

Furthermore, in line with the worry of over budgeting and financial management issues indicated by IIAG, the RGI singled out national budgeting as a major challenge to the oil and gas sector, scoring it 36, well below the average of all resource governance indicators assessed. The governance of national budgeting is weak because of the challenge of linking petroleum revenues to general public financial management rules that could discourage acts like borrowing against projected revenues, overestimating revenues and changing rules ~~(NRGI, 2017)~~ [30]. This reflects in the volatile nature of allocation to the ABFA, even to the extent of exceeding the 70% benchmark in 2012, with the effect of starving the stabilisation and heritage funds. There is a call for transparency as regards asset selection and the use of funds for any purpose such as the Free Senior High School (Free SHS) program. Free SHS program may provide intergenerational equity as defined by~~y Beckner (2009),~~ [31] offering benefits between the present and future generations. It may also be a source of human capital development to generate sustainable development. However, the volatile, large and exhaustible nature of oil revenues requires that Free SHS is situated within a proper national development plan with the necessary transparency and accountability provisions. More so, planning regarding the use of oil revenue for any purpose is required since the economy is already exhibiting heavy reliance on the resource for development financing and economic growth.

Moreover, analysis of the 2017 RGI revealed a problem with the non-commercial activities of GNPC (see Table 1). This comes in addition to GNPC's transparency problems on rules regarding commodity sales. The national oil company sponsors non-commercial activities such as sports and entertainment, lends to the government, without any publicly known social investment strategy. In a recent report by ACEP[16] analysing the work program of GNPC, ~~ACEP (2019)~~ [32] revealed the intention of the Corporation to spend $43.05 million of its revenue on Corporate Social Responsibility in the 2019 financial year. Alarming as the situation is, this amount represents about 254% of the total Budget of the entire Ministry of Energy.

Issues regarding the publication of audited reports are also worrying. These practices create room for the perception of corruption and corrupt practices to thrive. GNPC, a corporation that receives 55% or less of the country's carried and participating interest, and received 31% of the total petroleum revenues that accrued to the government over the period 2011 - 2017, must be circumspect, transparent and accountable in all its activities.

Finally, examining of IIAG, it came to light that transparency in the years preceding oil production was better than the level of transparency in the era of oil production. This can be attributed to rent-seeking behaviour which thrives in secrecy as some public officials do their best to frustrate measures of transparency and accountability.

[16] See https://www.myjoyonline.com/business/2019/February-20th/acep-faults-gnpcs-plan-to-spend-43m-on-csr-but-20m-on-core-mandate.php

Table 1. Governance practices in the oil and gas sector – comparing 2011 and 2019

Variable	2011	2019	Comments
Oil Resource Ownership	The Constitution grants ownership of natural resources, including petroleum to the state	Both the constitution and the Petroleum and Exploration Law Session 3 of the Petroleum (Exploration and Production) Law (2016) stipulates that "Petroleum existing in its natural state in, under or upon any land Ghana, rivers, streams, watercourses 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 is vested in the President on behalf of and in trust for the people of Ghana"	In addition to the 1992 Constitution, the Exploration and Production Law places the ownership of the petroleum resources in the state. Session 3 of the Petroleum (Exploration and Production) Law (2016) stipulates that "Petroleum existing in its natural state in, under or upon any land Ghana, rivers, streams, watercourses 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 is vested in the President on behalf of and in trust for the people of Ghana"
Licensing Process	Direct negotiations had become a default system through which contracts were awarded.	Session 10 (3) of the Petroleum Exploration and Production Act (2016) states that a Petroleum agreement shall only be entered into after an open, transparent and competitive public tender process. However, sub-section (9) states: "Despite subsection (3) the Minister may, in consultation with the commission, that a petroleum agreement may be entered into by direct negotiations where direct negotiations represent the most efficient manner to achieve optimal exploration and production of petroleum resources in a given area"	In 2018, the government launched a licensing round for 6 blocks. For the first time, 3 of the blocks will be awarded through an open and competitive bidding process. However, 2 of the blocks will be awarded through direct negotiations whilst 1 will be reserved for the national oil company[17]. Whilst information on the three blocks earmarked for competitive bidding has been made available in accordance with the Petroleum Exploration and Production Law and expectation of Civil Society, there are still concerns on how the strategic partner of GNPC would be

[17] See http://www.ghana.gov.gh/index.php/news/5064-president-akufo-addo-launches-ghana-s-maiden-oil-gas-licensing-round-2

			selected and how the direct negotiations would be conducted.
Contract Disclosure	The government signed three contracts in 2015 according to Newspaper reports. These are i. The Ghana Government/GNPC and ENI and Vitol contract for the Offshore Cape Three Point integrated oil and gas project ii. A joint venture between Government, Ghana National Petroleum Corporation, Swiss African Oil Company Limited and PET Volta Investments for Exploration in the Keta Delta Block. iii. Petroleum Agreement by and among the Government of the Republic of Ghana, Ghana National Petroleum Corporation, GNPC Exploration, and Production Company Limited and Springfield Exploration and Production Limited in respect of the Conduct of Exploration and Production Operations in the West Cape Three Points Block 2 Offshore Ghana. A search on the Website of the Ministry of Petroleum[18], the Ghana Petroleum Commission and the contract database of the Africa Centre for Energy Policy[19], Open Oil website[20], and GNPC's open data portal[21], indicate that the government has not disclosed any signed contracts	A petroleum register has been established[22].	

[18] http://www.petromin.gov.gh/downloads.html
[19] http://www.acepghana.com/contract-database/
[20] http://repository.openoil.net/wiki/Ghana
[21] http://www.gnpcghana.com/open_data.html
[22] See https://www.ghanapetroleumregister.com/contract-areas

	in 2015 but were ratified by parliament on 11 March 2016 (Order Paper, Resolution 10, (2)). Before 2015, the government's disclosure of contracts was due to public pressure to do so and also as a result of TULLOW PLC having made its contract with the government public. The government has not shown any commitment to disclose contracts in the hydrocarbon sector. Even though the Minister of Petroleum had issued a moratorium on oil contracts in 2014, the Ministry went ahead to develop contracts, which were ratified Parliament in March 2016. None of these contracts has been made public. Tullow's Ghana agreements are now up on Tullow's website (2 June 2011).		
Environmental Management Practices	Though Section 28 of Legislative Instrument 1652 stipulates that the Agency (Environmental Protection Agency) shall cause to be published in the Gazette notification of any codes of practice, standards, and guidelines in connection a. with matters provided for under these Regulations for the purpose of giving guidance; and b. with matters relating to the protection, development and rehabilitation of the environment. Therefore, the environmental mitigation/management plan, which is provided under this Regulation should be published in the Gazette, only the Environmental mitigation plan of Sankofa has been public while the environmental management plan of Tullow was published. An Oil and Gas Unit has been established by the Ministry of Environment to check the		

	environmental practices of oil companies in line with the law.		
Management of the National Oil Company	GNPC board comprises of seven members. All these people do not hold a position in the current government. However, Abraham Amaliba contested the primaries of the National Democratic Congress, the ruling party. In addition, only one audited was published as of 2016. Since 2017, the chairman of the national oil company is also the chairman of the ruling party.	The current chairman of the board of directors is also the chairman of the ruling party. Other audited accounts have been published.	There has not been much change with regards to corporate governance. Most of the Board members (four out of seven) of the National Oil Company are politically exposed persons. This implies that their independence from the political establishment may not be guaranteed.
Petroleum Revenue Management and Disclosure	Requirements such as the publication of revenues received, and allocations to different funds were done. Though the law required publication of oil-funded projects, this was not done. Indeed, in 2015, civil society threatened to sue the Ministry of Finance to publish the list[23].	In keeping up with Section 48 of the Petroleum Revenue Management Act, 2011 (Act 815) as Amended Act (893), the Minister of Finance also submitted the 2015 Annual Report on the receipts utiliSation of the Petroleum Funds for 2015 fiscal year to Parliament as part of the budget statement. The total petroleum receipt for 2015 was also disclosed in the 2015 reconciliation report on the Petroleum Holding Fund	There has been an improvement in terms of petroleum revenue management. There are still concerns on the scanty nature of oil-funded projects, the thinly spread, the arbitrary capping of the stabilisation fund and no public input into the selection of priority areas. Factors such as the passage of the fiscal responsibility law, the practice of the law such as the constitution of the Fiscal Council and the alignment of the 2019 mid-year budget deficit to the law and the data portals established at the Petroleum Commission including the Ghana petroleum register have contributed to enhanced transparency in oil resource management.

Source: Authors' compilation, 2019

[23] http://www.ghananewsagency.org/economics/acep-to-sue-gov-t-over-failure-to-publish-projects-funded-with-petroleum-revenue--86054

6 Conclusion and Recommendations

The Petroleum Revenue Management Law has embedded in its good governance provisions on accountability and transparency. One of the unique features of the law is the active participation of an oversight body made up of nominated members of diverse non-governmental groups known as the Public Interest and Accountability Committee (PIAC). The law also mandates other institutions such as the Ministry of Finance and the Bank of Ghana to provide a detailed report within a specified period. Quite frankly, a lot of information has been made available on the receipts and utilisation of petroleum revenues. However, the implementation of the law over the past seven (7) have proven that the law is not without defects. Key among the limitations are timeliness of information, discrepancies in information made available to the public by various agencies, lack of detailed information on ABFA funded projects and spending choices by the national oil company. These weaknesses provide opportunities for altruistic and self-aggrandising behaviour.

To discuss the governance of the petroleum resources within a broader context, Ghana's performance on three global governance indexes was assessed. Namely, the Mo Ibrahim Governance Index, Corruption Index, published by the Transparency International and the Resource Governance Index, published by the Natural Resource Governance Institute. Out of the many governance indicators available, the emphasis is given to indicators that relate much to oil and gas governance.

On this basis, the Resource Governance Index, the Ibrahim Index of African Governance and the Corruption Perception Index were selected. These indicators are themselves a host of other independently constructed indices developed by other entities. For these governance indicators, scores and trends are analysed to identify subtle governance issues. Attention is also given to major components of the index and their subcategories, especially those that are relevant to the oil and gas governance.

According to the findings, Ghana's performance on the Mo Ibrahim Governance Index deteriorated between 2012 and 2015 mainly due to transparency and accountability issues. The index started to improve from 2016, but transparency and accountability continued to decline. Transparency and Accountability are the weakest among these poor performing sub-categories of indicators under the four governance dimensions measured by IIAG. Transparency and Accountability is, therefore, a major factor behind the deteriorating governance in Ghana. Transparency was better in periods leading up to oil production (2008-2011) compared to the era of significant oil production, which has seen transparency and accountability decline consistently. The year 2010, which marked the commencement of oil production in Ghana, recorded the highest CPI score ever under this old scale with a score of 4.1. However, this could not be sustained in the following year as the score fell to 3.9 in 2011. Under the old scale, the lowest score (3.3) was recorded in 2003 and 2006.

According to the Resource Governance Index, oil and gas governance in Ghana is the best resource governance in Sub Saharan Africa. However, when compared with global leaders like Norway, Ghana has a long way to go. But for revenue management, the main component of the governance index performed consistently well, with value realization (licensing, taxation, state enterprises, and environmental protection) and enabling environment (concerning issues of accountability, rule of law, stability, corruption, regulatory, among others.) scoring 61 and 70 respectively. The governance of revenue management performed poorly with a score of 37 out of 100. Again, there were issues with the inadequate information on the reasons for capping the stabilization fund at a specified level.

Are altruistic and self-seeking behaviour evident in Ghana's oil and gas sector~~good governance and the petroleum sector awkward couple or Siamese twins~~? Evidence suggests that good governance practices are required to promote sustainable petroleum resource management. This implies that institutions need to be established, human capital developed, laws and regulations passed whilst transparency and accountability measures put in place. However, the presence of these systems and initiatives only partially guarantee good governance. The implementation, review and continual improvement in governance systems promote effective governance of the petroleum sector. In Ghana's case, laws and regulations have been passed, regulatory and other relevant institutions have been established, scholarships have been awarded to build capacity while the Public Interest and Accountability Committee has been established to promote good governance. These notwithstanding, implementation of these laws have not been smooth. The inclusion of discretionary provisions, the absence of guidelines to exercise these discretionary provisions and parliament's unwillingness to act on PIAC's recommendations mean there is a general improvement in transparency but limited accountability. These had led to a number of cases where the laws that were passed, had not or partialy been followed. It has led to a situation where transparency has improved but accountability appears to be stagnant.

In a nutshell, three key observations are made. First, the passage of laws and evidence of implementation, which are often measured by these indices measure, may not suitably tell the story of good governance. For instance, whilst a score will be awarded for the establishment of a regulator like the Petroleum Commission, effort should be made to analyse the extent to which the Commission has performed its core mandate. Therefore, how the laws are implemented should be of much interest. Second, the exercise of discretionary power by Ministers should be of much concern since its an avenue for conditional altruistic behaviour or self seeking interventions. Finally, the indices should also have a bottom-up assessment to ensure balance. For instance, how the implementation of laws and policies are affecting the livelihood of the individuals and entities who are governed.

The study recommends that the government should implement holistically and immediately the governance provisions in the Petroleum Revenue Management Law. Also, though certain types of public disclosures may not be required by law, publishing such information can enhance public confidence in the petroleum governance system.0

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Between altruism and self-aggrandisement: Transparency, accountability and politics in Ghana's oil and gas sector

Abstract

Effective governance of oil and gas resources has been identified as the thread that divides altruistic and self-aggrandising behaviour when it comes to converting their petroleum resources to drive sustainable inclusive growth and development. This study assesses the governance framework that was in place before the oil and gas find in Ghana and those that have been put in place post-oil and gas. We then explore the performance of Ghana on key global governance indicators before and after the oil find, namely the Mo Ibrahim Governance Index, Corruption Index and the Resource Governance Index. The following reasons motivate the focus on Ghana in this study: firstly, the IMF predicts that Ghana will be one of the fastest-growing economies in the world in 2019 and beyond, mainly due to the coming on stream of new oil and gas fields. Secondly, the country is relatively politically stable compared to other countries in the region. The findings indicate that emphasis is placed on the enactment of laws and policies and to some extent, evidence that these laws are implemented. The passage of laws does not guarantee good governance. Often, the missing link is how the laws are implemented. Since some of these laws have discretionary provisions, there are chances that indivual and institutional actors can exhibit altruistic behaviour otherwise. Global governance indices therefore need to consider how these laws are implemented and their potential impact on the governed.

Keywords: Oil Resource Governance, Corruption Perception, Accountability, Transparency

1 Introduction

Countries that produce natural resources tend to experience lower growth and worse development outcomes compared to countries that do not – the so-called "natural resource curse" [1].[1] This phenomenon has been partially attributed to the absence of good governance [2]; [3]). Good governance has been considered as a significant factor that can reverse the resource curse, thereby translating oil rents into sustainable development (4]; [5]; [2]; [6]; [7]; Tsani, 2013 [8], [3]). For example, [4] found that the differences in quality of institutions are the main reason why natural resources tend to be beneficial to some countries. Likewise, [5] showed that a resource boom would raise national incomes in the presence of robust institutions while it distorts the economy further in the presence of weak institutions.

Oil and gas rents can constitute a significant budgetary instrument whose proper use is strongly dependent on government transparency and accountability. This money can foster long-term socio-economic development, but it can also be misused, for example, to extend the political and economic power of the ruling elite [9].

In 2007, Ghana found crude oil in commercial quantities. Since then, there have been several discoveries[2] which are at various stages of development and production. The oil find was expected to have a positive effect on the economy and provide the necessary resources needed to pursue a sustainable development agenda ([10], [11], [12]). Cautioned by the possibility of the new oil find being a curse instead of a blessing, Ghana put in place various measures aimed at improving governance in the petroleum sector and the broader economy such as the Petroleum Revenue Management Act (PRMA). However, the critical policy-relevant questions remain: (1) has governance improved or deteriorated in Ghana since the

[1] See Badeeb et al., (2017) for a critical review of the evolution of the resource curse hypothesis.

[2] See https://www.tullowoil.com/operations/west-africa/ghana/ten-field and https://www.eni.com/en_IT/operations/upstream/exploration-model/octp-ghana.page

onset of oil and gas production?; and (2) are there positive spillover effects from the improved governance in the petroleum sector to the broader economy?

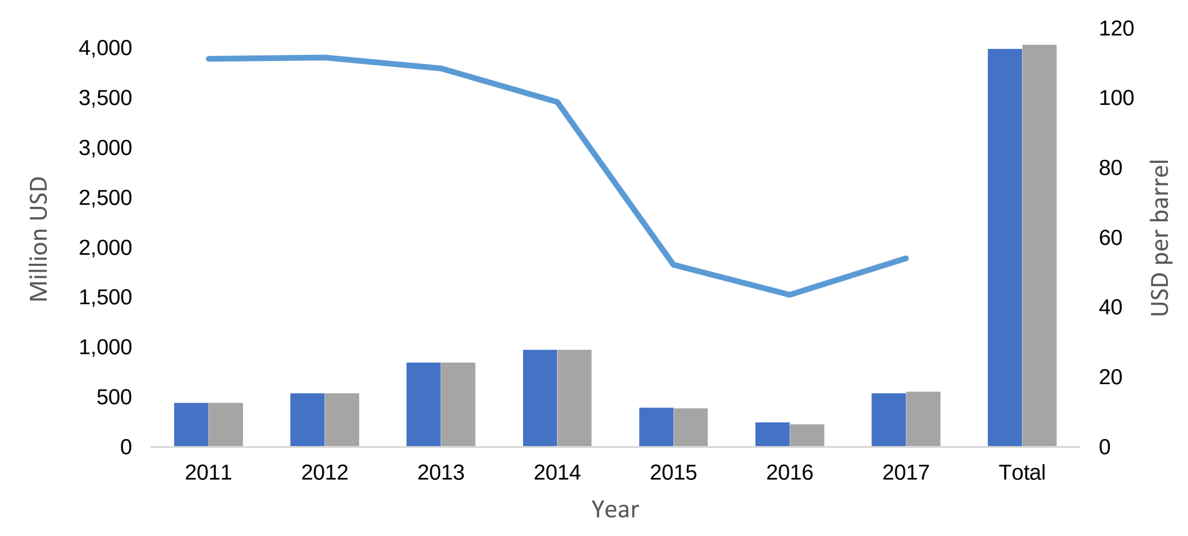
This study assesses the governance framework that was in place before the oil and gas find and those that have been put in place post-oil and gas. We then explore the performance of Ghana on key global governance indicators before and after the oil find. The following reasons motivate the focus on Ghana in this study; firstly, the IMF predicts that Ghana will be one of the fastest-growing economies in the world in 2019 mainly due to the coming on stream of new oil and gas fields. Secondly, the country is considered to be relatively politically stable compared to other countries in the region. The country has undergone seven (7) successive elections from 1992 to 2016 which resulted in a peaceful transition of power between the two (2) main political parties. This has made the country one of the preferred investment destinations in Africa[3].

The rest of the paper is structured as follows: Section 2 looks at the contribution of petroleum revenues to Ghana's economy from 2011 to 2017. In Section 3, we discuss governance in the petroleum sector while Section 4 discusses the methodology used in this paper and key findings. In Section 5, we discuss the findings in the context of Ghana's petroleum sector while the conclusions are presented in Section 6.

2 Oil and Gas and the Ghanaian Economy

A total amount of 3,993.7 million USD was accrued from the exploitation of petroleum from 2011 to 2017, as shown in Figure 1. The inflow of petroleum revenues have experienced a steady increase from 2011 to 2014 but started to decline in 2015. As expected, the pattern of receipts tends to mimic the movement in oil prices.

Figure 1: Trends in Petroleum Receipts and Allocations



Source: Authors' construct from various PIAC Reports[4]

**Where the line is average Brent crude oil price*

On average, petroleum revenues contributed 4.2% and 0.9% to domestic revenues and GDP, respectively.[5] The highest contribution was in 2014. Not surprisingly, this is the year that the receipt of petroleum revenues was highest over the period under consideration. In terms of export, crude oil exports can be considered as the second-largest export commodity over the period under review after gold exports. On average the share of crude oil exports in total merchandise exports is 21.9% whiles that of cocoa is 21.2% although there is wide variability over time. Crude oil was the second largest export commodity between 2012 and 2014.

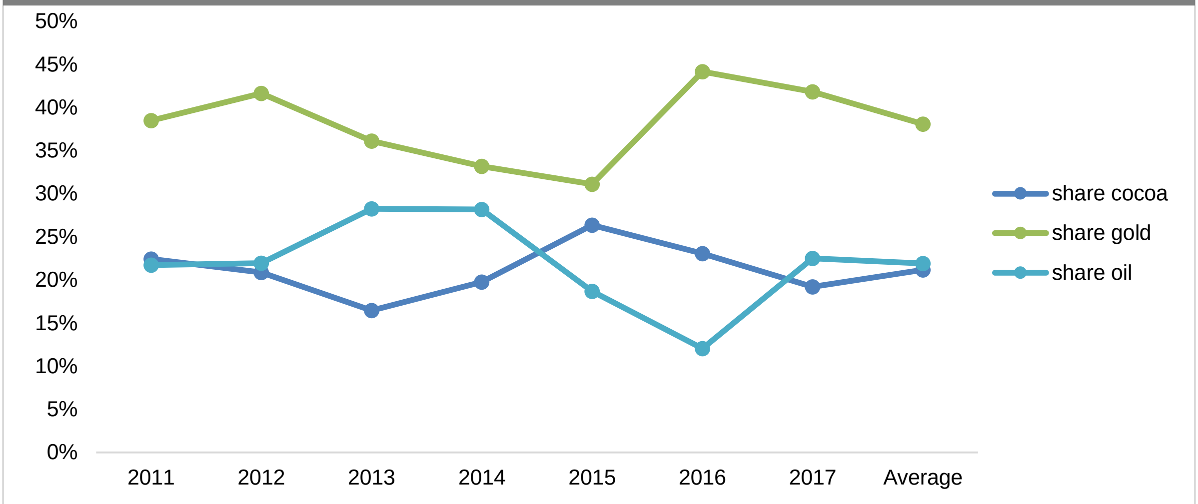
[3] Enst and Young Attractivenes Africa, 2018 https://jcs.com.gh/newsletter/2018/11/30/ghana-moves-up-in-fdi-investment-countries-in-africa/

[4] http://www.piacghana.org/portal/5/25/piac-reports

[5] MOFEP stands for Ministry of Finance and Economic Planning. The data can be accessed at http://mofep.gov.gh/fiscal-data

However, cocoa took over as the second largest commodity in 2015 and 2016. This corresponds to the period of decline in crude oil prices on the international market. As can be seen in Figure *2,* crude oil had taken the second position in 2017.

Figure 2: Share of oil and other major commodities in export



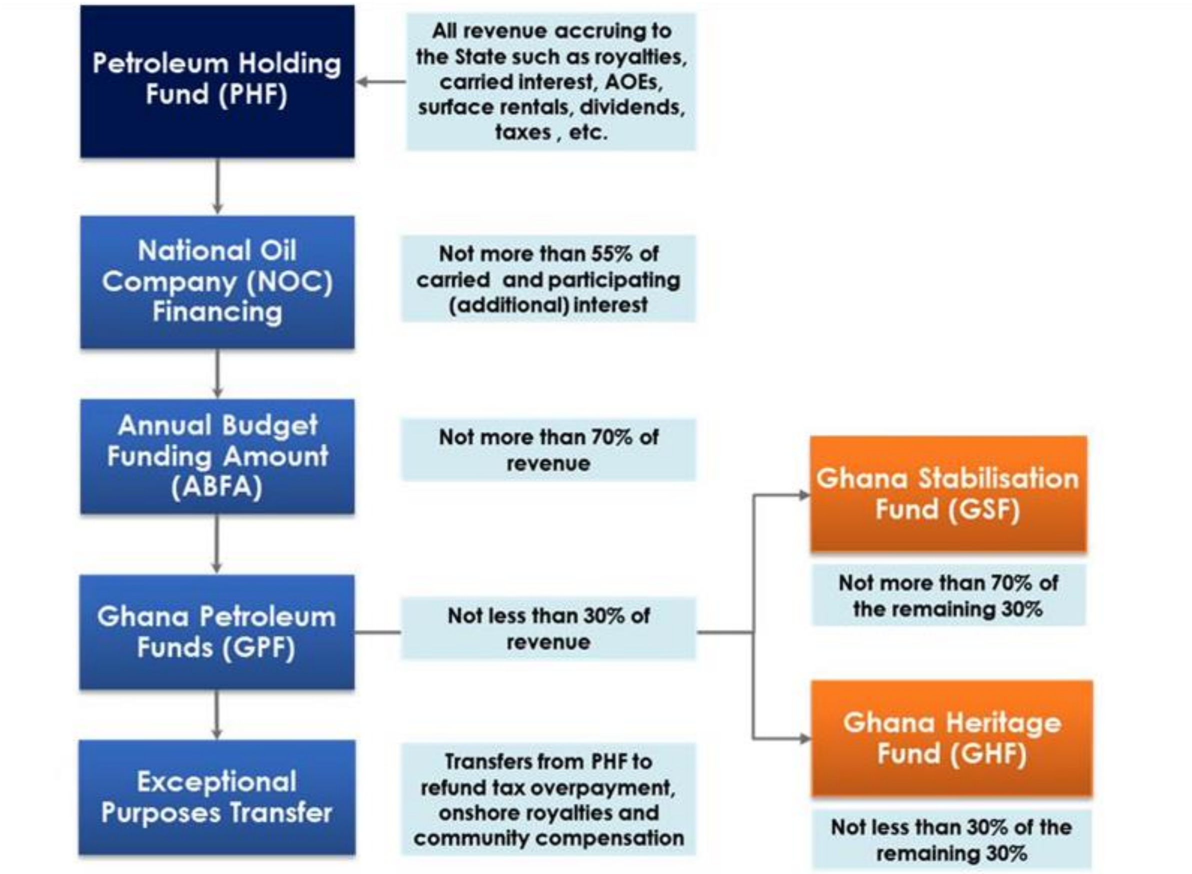
Source: Authors' construct from various Bank of Ghana quarterly statistical bulletins[6]

Distribution of Petroleum Receipts

Ghana's Petroleum Revenue Management Act 2011 (PRMA) as amended Act 893 makes provision for spending and savings of the petroleum revenues that accrue to the government. The PRMA prescribes two (2) main spending paths; allocations to Ghana National Petroleum Corporation (GNPC) which is the National Oil Company (NOC) and funding to support the budget (Figure 3). The PRMA also makes provision for savings for stabilisation purposes and future generations. This section looks at how the revenues have been distributed for spending and saving purposes from 2011 to 2017.

Figure 3: Petroleum Revenue Management Framework

[6] https://www.bog.gov.gh/statistics/publication/quarterly-bulletin



Source: PIAC (2018)

In terms of spending by GNPC, the law requires that at most 55% of Ghana's net equity and participating interest should be allocated to GNPC to cater for its financing needs. A total amount of 1,239.44 million dollars was allocated to GNPC over the period under consideration. This represents 31% of the total petroleum revenues that accrued to the government over the period. The highest allocation (left scale) was in 2012, which is about 43% of the petroleum receipts. In general, the allocation to GNPC has been declining since 2013 and only begun to pick up in 2017 (see Figure *4*).

Figure 4: Allocation to GNPC (2011 to 2017)

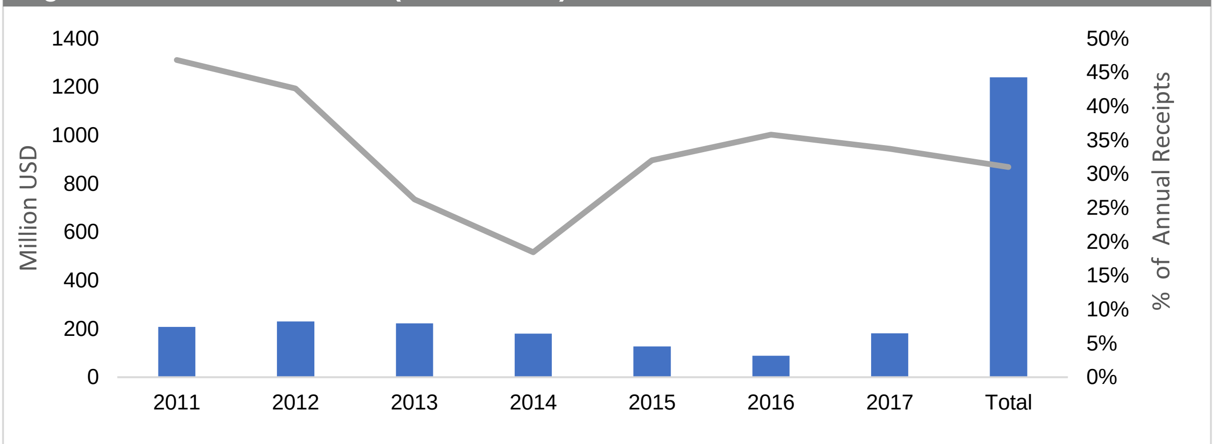
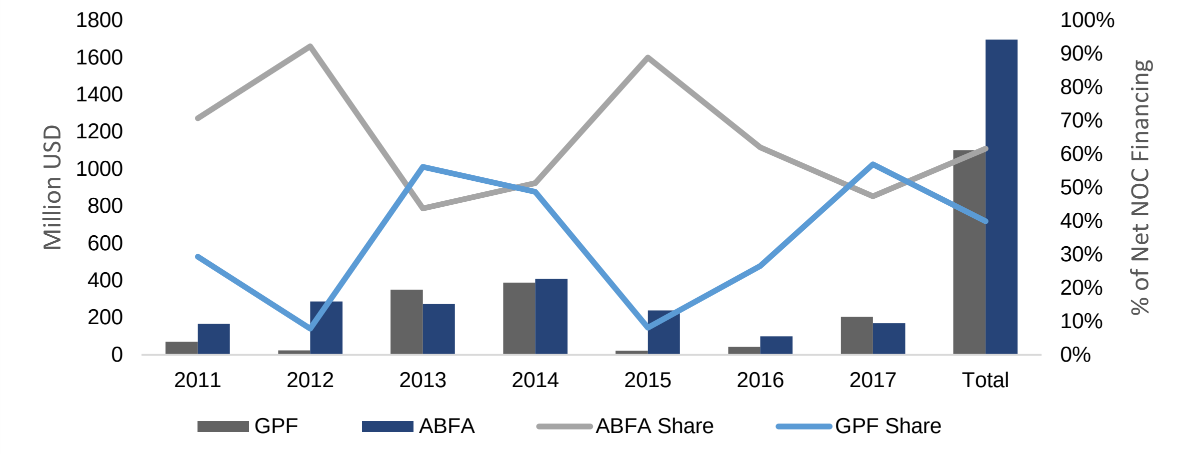


Figure 5: Allocations to ABFA and GPF (2011 to 2017)



Source: Authors' construct from various PIAC Reports

On the other hand, the law requires that at most 70% of benchmark revenue should be used to fund the budget, which is known as the Annual Budgeting Funding Amount (ABFA). A total amount of 1,696.6 million USD of petroleum receipts was used to support the budget (see Figure ***5***). This is approximately 62% of the total benchmark oil revenue received over the period. The highest allocation was done in 2014 when taken on year by year basis. As usual, the allocations to ABFA have been volatile over the years as can be seen in Figure *6*, increasing since the onset of oil production but started to decline in 2015.

As indicated earlier, the law mandates the government to save for stabilisation and for future generations. At least 30% of the benchmark revenue should be distributed to the Ghana Petroleum Funds (GPFs). As can be seen from **Figure *5***, a total of 1100.26 million USD was distributed to the GPFs. This represents 39.9% of the benchmark oil revenue. The lowest allocations to the GPF was done in 2012 and 2015. However, the allocations to the GPF exceeded the minimum amount in 3 different years (2013, 2014 and 2017). This corresponds to the years that the allocations to the ABFA were lesser than the maximum amount.

Out of the total amount allocated the GPFs, an amount of 776.54 million USD and 323.72 million USD was distributed to the GSF and GHF respectively. This translates into 71% and 29% respectively of the total amount allocated the GPFs. Furthermore, an exception of 2011, the distribution to the two (2) saving funds have been done following the law, that is, 30% and 70% of GPF to the GHF and GSF respectively.

The foregoing suggests that exploitation of petroleum have contributed largely to Ghana's export and provided the Government with some fiscal space despite forming a small portion of total domestic revenues.

3 Governance in the Petroleum Sector

Altruistic and self-aggrandisement Behaviour in the Oil and Gas Sector: Theory and Practice

According to **[1**3**]** a behavior is considered to be altruistic if it is motivated by a genuine desire to benefit another person,without any expectation of benefits to oneself. **[14]** however posit that both the reciprosity (**See [15]**) and the kingship (see **[16])**theories explain that altruistic beahviour can be conditional. In the case of the reciprosity theory, individuals and firms work hard to induce a sense of gratitude for past “favors”, whether real or imagined. In the context of Ghana, political appointments to the the Ministry of Energy are often guided by competence but also, the past contribution of the individual to the political part in power, the campaign of the presidential candidate and the region where the individual hails from. In the kingship theory, beneficiaries of an action should be very close relatives, while reciprocity theory implies that beneficent behavior should be directed towards those with a high probability of reciprocating [**14]**. Over the last two decades, the concept of ‘family and friends’ governance has become more pronounced in Ghana’s governance systems. Often, the loopsholes and numerous discretionariy provisions are exploited to pursue these conditional altruistic behavior. The other form of behavior, which is the self-aggrandisement, manifests in corruption, rent seeking and other anti-development actions which enriches the individual a the expense of the state.

The concept of good governance provides a plethora of long menu of institutional changes and capacity-building initiatives that are considered vital for development and shape individual and institutational behaviour **[17]**.

The concept of good governance provides a plethora of long menu of institutional changes and capacity-building initiatives that are considered vital for development [17]. These factors include strong institutions, competent human capital, accountability and transparency mechanisms, laws and policies and their implementation. According to Kofi Annan[7], a former UN General Secretary, good governance is ensuring respect for human rights and the rule of law; strengthening democracy; promoting transparency and capacity in public administration. The World Bank[8], on the other hand, describes governance as the way power is exercised in the management of a country's economic and social resources and identifies three main strands. These are

(i) the type of political regime;
(ii) the process by which authority is exercised in the management of a country's economic and social resources for development; and
(iii) the capacity of governments to design, formulate, and implement policies and discharge functions."

In the absence of good governance, [18] posit that several forms of corruption can exist. These include policy corruption, administrative corruption, commercial corruption, and diversification of massive amounts of money through the diversion of production, products, or revenues known as grand corruption. Indeed, the absence of good governance has been identified as a significant cause of the oil curse.

According to [19], the concept of governance started replacing ‘government’ in the policy literature for two reasons. First, sovereign government’s control of service delivery, information and decisions were undermined by the flow of power away from traditional government institutions upwards to transnational bodies and downwards to regions and sub-regions the rise of global markets, the increasing importance of networks and social partnerships, greater access to information, and growing social complexity are usually held accountable for this.

[7] See p 2. See http://www.soc.titech.acjp/uem/governance.html.

[8] World Bank(1994), Governance: The World Bank's Experience, Washington, DC: The World Bank, p xiv.

Also, citizens started making demands for accountability that challenged the state'smonopoly to expertise [20]. [21] recounts that the concept of good governance first appeared in a World Bank's report on *Sub-Saharan Africa: From Crisis to Sustainable Growt*h, published in 1989. In the report, the World Bank described Africa's problem as a crisis of governance. [21]. Governance in Ghana's Petroleum Sector.

Indeed, Ghana has put in place several governance initiatives since the discovery of oil in 2007 in commercial quantities. Governance has become necessary, especially since oil resources are non-renewable. Some of these measures seek to either guard broadly all sectors of the economy or are specific to the extractive sector. This has improved governance issues in the extractive sector making citizens aware of the challenges and goodwill for Ghana. Some of these measures are highlighted below, categorised into laws and regulations, and other locally-adopted international conventions.

UN Convention on Anticorruption: The UN Convention on Anticorruption came into force on the 14th December 2005 to strengthen efforts to curb the rate of corruption across the world. Ghana signed onto the UN Convention against Corruption on December 9, 2004. Ghana is not just a signatory to this convention but rather a State Party. The Convention had three main purposes which include Promoting and strengthening measures aimed at preventing and combating corruption; Promote, facilitate and support international cooperation and technical assistance; and Promote integrity, accountability and proper management of public property.

International Aid Transparency Initiative: This was an initiative launched in Accra, Ghana, at a high-level forum on Aid Effectiveness on 4th September 2008. It was done for the enablement of the United Nations Millennium Development Goals to be achieved. It was organized to know the gaps between the Non-Governmental Organizations (CSO) and the Ministries of state making sure that funds that are supposed to be used for development are not channelled into other projects which have not yet been considered. This initiative allows aid donors to publish their reports on aids whiles the government does the same to make sure funds allocated are not misused. The International Aid Transparency Initiative focuses on four major objectives namely:

- Regular public disclosure of detailed and timely information on volume, allocation and when, available results of development expenditure to enable more accurate budget, accounting, and audit by developing countries.
- Support information systems for managing aid.
- Access to full and timely information on annual commitments and disbursements of aids.

Extractive Industries Transparency Initiative (EITI): The Extractive Industry Transparency Initiative (EITI) is a global standard that seeks to ensure openness, accountability and responsible financial management in the extractive industry (oil, gas and mining). EITI was instituted by Transparency international. Transparency international begun during the 1990s when there was little or no disclosure of information. Transparency international begun in May 1993 as an anti-corruption initiative. In 1995, the Corruption Perception Index was developed. In 1999, Bribe payers' index was developed to the country origin of multi-national companies and their susceptibility of offering bribes[9]

In 2003, Ghana joined the EITI by making a public pronouncement to commit to the EITI standards. In 2007, Ghana became a candidate country by producing and publishing its first EITI report covering the period 2004-2006. The country finally assumed the status of a compliant country after completing the validation process in 2010. The country has since been implementing the standard to the mining sector and later extended to cover the petroleum

[9] See http://www.iaaca.org/AntiCorruptionAuthorities/ByInternationalOrganizations/NonGovernmentalOrganization/201202/t20120220_807871.shtml

sector. On the 24th of February, 2016, Ghana was honoured at the 2016 Global EITI Conference in Lima, Peru for turning recommendations in its EITI reports into reforms.

Open Government Partnership: Ghana signed on to the OGP in September 2011. The OGP is a multilateral initiative that aims to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance. In the spirit of multi-stakeholder collaboration, OGP is overseen by a Steering Committee including representatives of governments and civil society organizations[10]. The four (4) thematic areas of OGP are Citizen Participation; Accountability and Technology and Innovation. The Public Sector Reform Secretariat (PSRS) under the Office of the President serves as the secretariat for OGP-Ghana.

Inter-Government Action Group against Money Laundering in West Africa (GIAPA): GIABA is a body under the sub-regional body, Economic Commission of West African States (ECOWAS) of which Ghana is a member-state. It was formally founded on 9 December 1999. The purpose behind the formation of GIABA was to adopt and implement Anti-Money Laundering (AML) and Counter-Financing of Terrorism (CFT) within the sub-region. This is to be achieved through the following objectives which involve Protecting banking and financial systems of member countries against penetration by criminal proceeds; Harmonize and implement measures to combat money laundering and terrorist financing; Aid member states to implement the provisions of the Financial Action Task Force (FATF) and other international conventions; Promote international cooperation; and Assessment of the effectiveness of existing AML and CFT measures. The Financial Intelligence Centre coordinates the activities of GIABA.

National Anti-Corruption Strategy: The National Anti-Corruption Strategy proposes an all-inclusive approach to addressing the problem of corruption. These include Government, Citizens, Political Parties, Parliament, Anti-Corruption agencies, Electoral Commission, Regulatory and Oversight Bodies, and the Central Vigilance Commission. The Strategy aims at reducing petty corruption, grand corruption (demand and supply-side corruption), political corruption, administrative corruption and private sector participation in corruption. Aside the National Anti-Corruption Strategy, there is also the National Anti-Corruption Action Plan (NACAP, 2012-2021) which centres around four main areas, Building public capacity to condemn and fight corruption; Institutionalizing efficiency, accountability and transparency within public, private and not-for-profit sectors; Create a platform for individuals, media and civil society organisations to advance discussions on the reportage and combat of corruption in the country; and Proper investigation and prosecution of corrupt acts. The National Anti-Corruption Strategy and NACAP both are interested in achieving all-inclusive participation in addressing the problematic concept of corruption.

Petroleum Commission Act, 2011 (Act 821): This Act establishes the Petroleum Commission as the upstream regulator. The Act mandates the Petroleum Commission to regulate and manage the deployment of petroleum resources as well as to coordinate the policies in the upstream petroleum. Section 10(2) of the Act clearly extricates the Commission from the influence of the Minister of Energy and Petroleum. A seven-member board governs the Commission made up of a chairperson, the chief executive of the commission, the chief executive of the Ghana National Petroleum Company and four other persons one of whom should at least be a woman.

Petroleum Revenue Management Act 2011 (Act 815) as amended (Act 893): The Petroleum Revenue Management Act sets out the framework to regulate the allocation and management of revenues realised from Petroleum production in Ghana. Some sections of the Act were however amended in 2015 which was given presidential assent on 31 July 2015. The PRMA basically deals with what percentage of petroleum revenues should be allocated to the various funds such as the Annual Budget Funding Amount (ABFA), Ghana National Petroleum Corporation, and the Ghana Petroleum Funds (Heritage Fund and Stabilization Fund). Aside from the allocation of revenues to these funds, the Act also stipulates what activities or projects these revenues going into these funds could be used to support or fund. Section 51 of the PRMA also establishes an independent oversight body known as the Public

[10] http://www.opengovpartnership.org/about#sthash.4S0KW9vf.dpuf

Interest and Accountability Committee (PIAC). PIAC is mandated to among others, monitor and evaluate compliance with the Act.

Petroleum Exploration and Production (E&P) Law, 2016: The E&P has been passed by parliament. The law replaces the Petroleum (Exploration and Production) Act, 1984. The law has provisions on reconnaissance licenses; improved fiscal terms; local content and management of the environment. Key transparency provisions also feature prominently in the law. This includes open and competitive bidding, open public tender process; public register of petroleum contracts. However, there is no provision on beneficial ownership disclosure. The current law also gives the Minister discretionary powers to set aside the outcome of an open and competitive process or even skip the tender process altogether.

Since 2017, a petroleum register has been established. Also, an open and competitive bidding process for the award of petroleum licenses has been initiated. For the 2018/2019 licensing round, six (6) acreages will be awarded. Three (3) of the blocks will be awarded through an opening and competitive bidding process which is in line with section 10(3) of the Exploration and Production (E&P law and two (2) will be awarded through direct negotiations in line with section 10 (9) of the E&P Law. Finally, one (1) of the blocks will be given to GNPC for GNPC to look for strategic partners in line with section 7(9) of the E&P law.

The foregoing suggests that Ghana's effort in ensuring transparency and good governance has improved generally over the years. We summarize in Table 1, the governance practices when oil production started in Ghana and 9 years after.

4 Assessment

To discuss the governance of the petroleum resources, we employ a mix of qualitative and quantitative methods. We undertake a qualitative analysis of the performance of three (3) global governance indexes namely, the Mo Ibrahim Governance Index, Corruption Index, published by the Transparency International and the Resource Governance Index, published by the Natural Resource Governance Institute. Out of the many governance indicators available, the emphasis is given to indicators that relate much to oil and gas governance. On this basis, the Resource Governance Index, the Ibrahim Index of African Governance and the Corruption Perception Index were selected. These indicators are themselves a host of other independently constructed indices developed by other entities. For these governance indicators, scores and trends are analysed to identify subtle governance issues. Attention is also given to major components of the index and their subcategories, especially those that are relevant to the oil and gas governance.

Ibrahim Index of African Governance

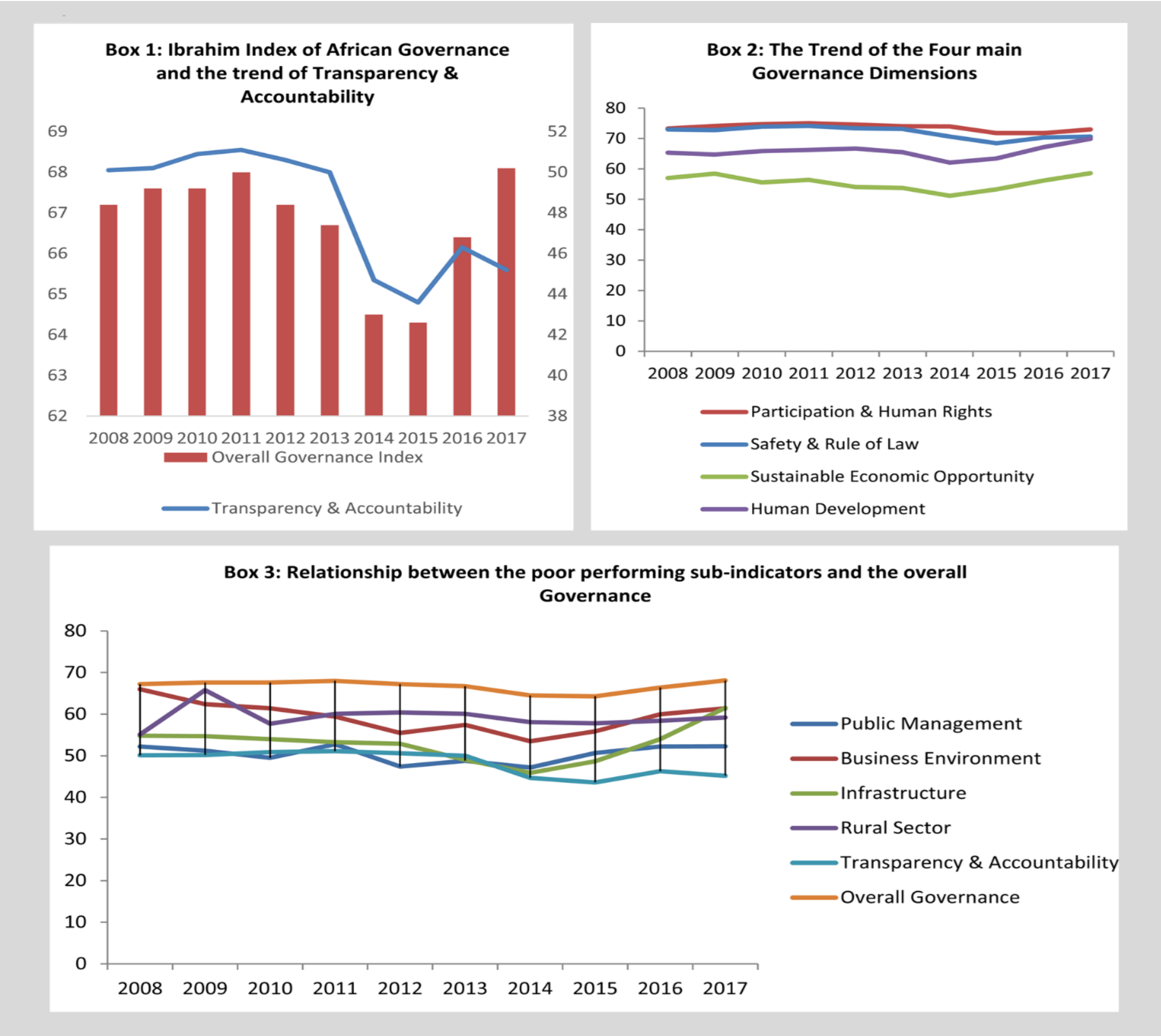
The Ibrahim Index of African Governance (IIAG) is a product of Mo Ibrahim Foundation that measures governance in the 54 African countries. First developed in 2007, the index currently consists of 191 variables from 35 sources that measure governance. The variables are combined to form 102 indicators, categorised into four governance dimensions – safety and the rule of law, participation and human rights, sustainable economic opportunity and human development. Ghana's governance performance as measured by the IIAG is reported in **Figure *7***6

From **Figure *6***, Ghana's governance performance improved from 2008 to 2011, deteriorated from 2012 to 2015, improved in 2016 and further in 2017. In the past decade governance in Ghana improved by 0.9, from 67.2 in 2008 to 68.1 in 2017, witnessing many years of deterioration therein. Relating to oil production, governance improved in the years leading up to the era of oil production (2008 -2010) but deteriorated sharply after 2011 in the era of oil production until 2016, which marked an unremarkable resurgence in good governance.

A careful examination of the components of the index over the years, as found in the report indicate that though the country enjoys and has the right to take pride in its rule of law and national security provisions, transparency and accountability is the deterring factor to the country's safety and rule of law as well as overall governance. As Object 1 and 3 in **Figure** 6 shows, transparency and accountability correlate well with the overall governance in Ghana than any other indicator. Objects 3, for instance, shows the trend of transparency and accountability and the other poor performing sub-indicators in relation to the overall governance score. Transparency and Accountability are the weakest among these poor performing sub-categories of indicators under the four governance dimensions measured by IIAG.

Transparency and Accountability is, therefore, a major factor negatively affecting governance in Ghana. Transparency was better in periods leading up to oil production (2008-2011) compared to the era of major oil production, which has seen transparency and accountability decline consistently. Transparency improved slightly in 2016 but hastened a fall in 2017.

Figure 6: The Ibrahim African Governance Index and its four governance dimensions and some relevant indicators



Source: Authors' construct from Ibrahim Index of African Governance

Out of the four governance dimensions measured by IIAG, the leading contributor to the good governance in Ghana is participation and human right, followed by safety and rule of law (see box 2 in **Figure *6***). Governance relating to sustainable economic opportunity is the worst performer of all the four. Not surprisingly, this indicator play host to the poor performing sub-categories of indicators exhibited in Object 3 in **Figure *6*,** except for Transparency and Accountability. Of these, Public Management, Business Environment and Infrastructure spell doom for oil and gas production.

From the 2017 IIAG report which ranked Ghana sixth in Africa, out of the other sub-indicators that are relevant to this study, access to justice and revenue mobilisation are increasingly improving; whilst budgetary and financial management, absence of corruption in the public sector and civil society participation are exhibiting warning signs. Finally, business regulatory environment, the effectiveness of the public service and access to public and legislative information are increasingly deteriorating.

The Corruption Perception Index

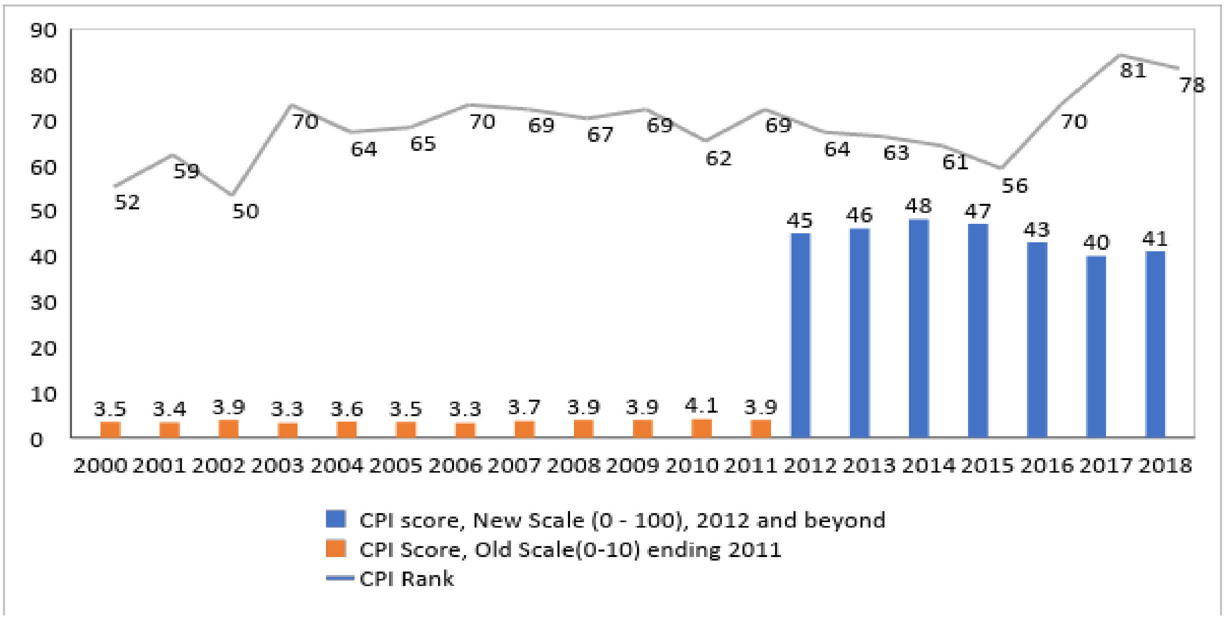
Corruption undermines countries and institutions; therefore, a globally accepted indicator of corruption is critical to the measure of good governance. Corruption Perception Index (CPI) is a composite index like the IIAG and the foremost measure of corruption perception in the public sector across countries in the world published by Transparency International. CPI is available from 1995 to 2018.

Until 2012 the scores were scaled from 0 to 10, highly corrupt to very clean (see Figure 7). In 2012 however, Transparency International changed the methodology of the index, which allowed for year-on-year comparison of the score. The current CPI scores and ranks countries on a scale from 0 to 100, highly corrupt to very clean based on surveys of other independent institutions informed by the views of business folks and country experts. Thus, in this analysis, comparisons of the period before and after 2012 are done with caution. The composite nature and breadth of the CPI make it more reliable than the individual surveys. The number of countries included has varied over the years. The 2018 CPI, the most recent CPI covered 180 and utilized 13 surveys.[11] For some countries, the number of surveys used was less than 13 due to data unavailability.

Ghana' CPI score is not getting any better. The ratings rose from 45 in 2012 to 48 in 2014, declined thereafter to 40 in 2017 with little improvement to 41 in 2018, showing clearly that the country has not been consistent and lacks commitment in dealing with corruption. This is not a phenomenon pertaining only to oil the production era, but also for the period before oil production. Before 2012, the CPI score, then on a scale of 0 to 10, averaged about 3.7 from 2000 to 2011. The year 2010, which marked the commencement of oil production in Ghana, recorded the highest CPI score ever under this old scale with a score of 4.1.

Figure 7: CPI Performance of Ghana (2008 to 2018)

[11] 1.African Development Bank Country Policy and Institutional Assessment 2016 2.Bertelsmann Stiftung Sustainable Governance Indicators 2018 3.Bertelsmann Stiftung Transformation Index 2017-2018 4.Economist Intelligence Unit Country Risk Service 2018 5.Freedom House Nations in Transit 2018 6.Global Insight Business Conditions and Risk Indicators 2017 7.IMD World Competitiveness Center World Competitiveness Yearbook Executive Opinion Survey 2018 8.Political and Economic Risk Consultancy Asian Intelligence 2018 9.The PRS Group International Country Risk Guide 2018 10.World Bank Country Policy and Institutional Assessment 2017 11. World Economic Forum Executive Opinion Survey 2018 12.World Justice Project Rule of Law Index Expert Survey 2017-2018 13.Varieties of Democracy (V-Dem) 2018



Source : Authors' construct from Transparency International, 2019

However, this could not be sustained in the following year as the score fell to 3.9 in 2011. Under the old scale, the lowest score (3.3) was recorded in 2003 and 2006. By means of scores alone, it is difficult to compare CPI throughout the eighteen years. Using the trend of CPI Rank, as presented in **Figure *7***, it is possible to make a good analysis. The change in methodology did not distort the pattern of Ghana's CPI performance. The trend of CPI Rank after 2012 is similar to the pattern in the years past. This comparison is strengthened by the fact that since 2008 the number of countries covered by the index has risen to 180.

Also, the country's CPI Rank relates much to its CPI scores, the rank mostly improves and when the scores improve. It is therefore just to conclude that corruption perception in Ghana is worsening dramatically. Ghana's performance was an all-time low (40) in 2017 ranking 81 and could not improve much in 2018. Political will and commitment are needed to incorporate anti-corruption mechanisms in every public sector activity. There is the need to "prioritize better rules on lobbying and political financing, make public spending and contracting more transparent, and make public bodies more accountable" (Transparency International, 2012). In the oil and gas sector, an open and competitive bidding process has been initiated to issue exploration. In addition, a petroleum contract database[12] has been established since 2018. Hopefully, these interventions can help reduce corruption perception in Ghana in the future.

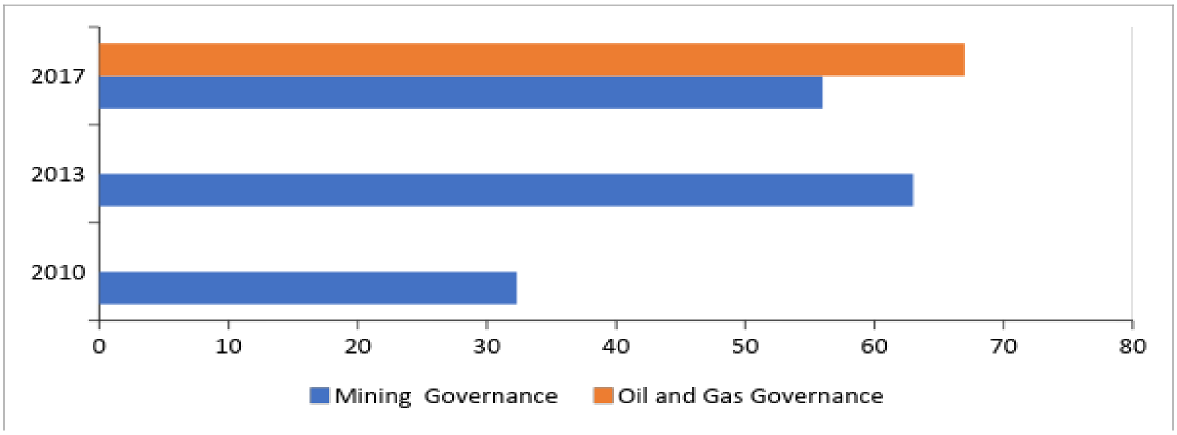
The Resource Governance Index

Unlike the IIAG and CPI, the Resource Governance Index (RGI) is sector-specific and proves to be the most relevant among the three governance indexes. The RGI began with the publication of Revenue Watch Index published in 2010 by Revenue Watch in collaboration with Transparency International as a measure of transparency and accountability in the Oil, Gas and Mining Sectors. Revenue Watch published the second Resource Governance Index in 2013. The third publication - the most recent index - is the 2017 RGI published by the Natural Resource Governance Institute, which came out of the merger of the Revenue Watch and the Natural Resource Chatter.

The RGI scores and ranks countries relying on responses of experts in the extractive industries to a detailed questionnaire. From 2010 to 2017 the index has varied in terms of the components, the number of countries covered, and the kind of resource measured. In 2010 and 2013, for Ghana, as shown in Figure 8, the index measured governance only in the mining sector. It did not cover governance in the oil and gas sector. The 2013 RGI involved 58 countries. Ghana scored 63 and ranked 15th, a remarkable improvement from 35th position on the 2010 RWI which scored Ghana 32.3 for the mining sector.

[12] See https://www.ghanapetroleumregister.com/

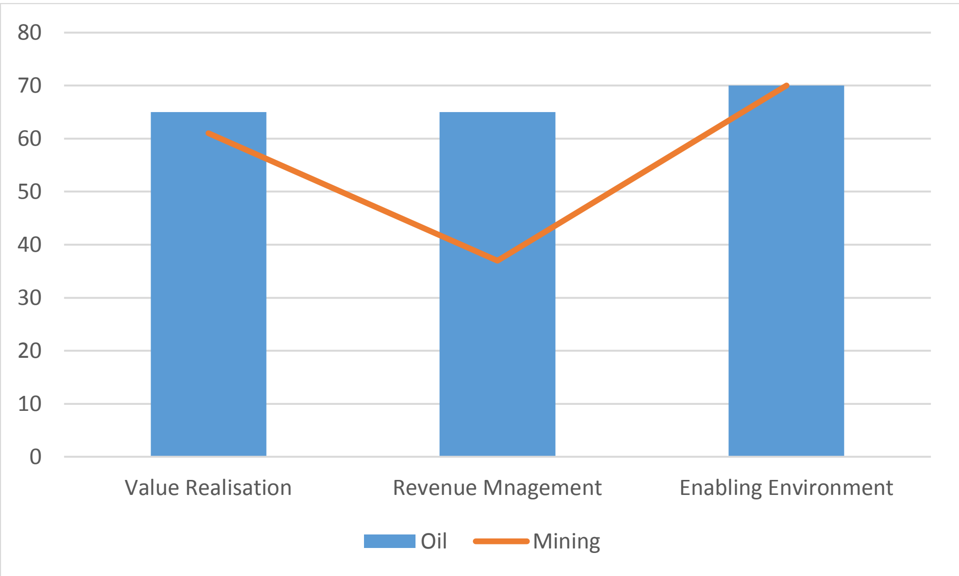
Figure 8: Resource Governance Index for Mining and Oil and Gas Governance in Ghana



Source: Authors' construct from Natural Resource Governance Institute, 2018

The 2017 RGI index is made up of data from 2014 to 2017. Ghana had a satisfactory score of 67 out of a maximum 100 points for the oil and gas governance which ranked 13th among 89 countries. Ghana's oil and gas governance performed far better than its mining governance which scored 56 and ranked 24th.

Figure 9: Details of the 2017 RGI for Ghana



Source: RGI 2017, Data and Source Document

Ghana performed relatively better in oil resource management than in the management of the mining sector. The aggregate score for oil was 67%. Ghana placed 13th out of 89 countries. In the mining sector, Ghana scored 56% ,placing 24 out of 89 countries. For this study, we concentrate on governance in the oil and gas sector in the rest of the analysis. Details of the 2017 RGI index for oil and gas governance in Ghana are reported in **Figure 9**. It assesses policies and practices governing the oil & gas industry in Ghana. According to the index, oil and gas governance in Ghana is the best resource governance in Sub Saharan Africa.

But for revenue management, the main component of the governance index performed consistently well, with value realisation (licensing, taxation, state enterprises, and environmental protection) and enabling environment (concerning issues of accountability, rule of law, stability, corruption, regulatory, among others) scoring 61 and 70 respectively. The governance of revenue management performed poorly with a score of 37 out of 100. The major setback to revenue management is the governance of national budgeting which scored

36 out of 100. The value realisation measure also composed a measure on state-owned enterprises of which the Ghana National Petroleum Corporation, the only state enterprise of the oil sector in Ghana scored 75. But for its non-commercial activities and the absence of rules of transparency around commodity sales, GNPCs governance score could have been better.

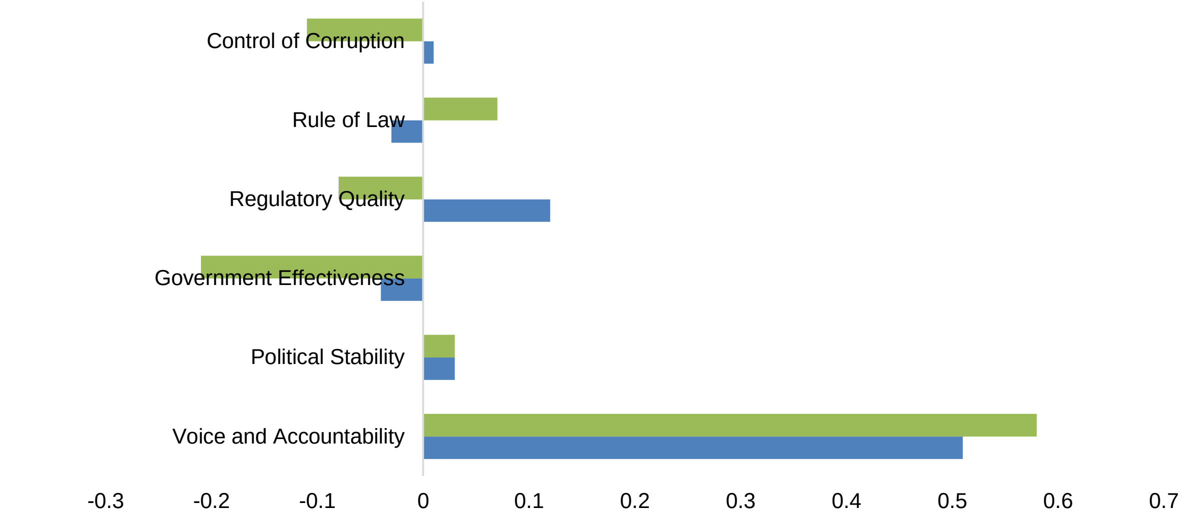
The governance of Ghana's stabilisation fund scored 93 and ranked 2nd among sovereign wealth funds in resource-rich countries. However, the index reveals the need to disclose the asset in which the fund can invest and provide justification for the cap on the stabilisation fund, which has unfortunately been lowered over the years.

4.4 World Governance Indicators

[23] identify the indicators of good governance as voice and accountability, political stability, government efficiency, regulatory quality, the rule of law and control of corruption.

Figure 10 shows Ghana's performance between 2010 and 2018 on the World Bank's good governance indicators[13]

Figure 10: Ghana's Performance on the World Bank's Good Governance Indicators



	Voice and Accountability	Political Stability	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
2018	0.58	0.03	-0.21	-0.08	0.07	-0.11
2010	0.51	0.03	-0.04	0.12	-0.03	0.01

Source: Authors' construct from World Bank's Governance Indicators, 2019

According to Figure 10, while Voice and Accountability, and Rule of Law has improved between 2010 and 2018, Government Effectiveness, Control of Corruption and Regulatory Quality has declined. Political Stability is at the same level as 2010.

From a political perspective, [23] argues that oil discovery and production generate incentives for rent-seeking behaviour among policymakers. According to [24], the oil curse is also caused by the 'voracity effect' in which oil revenue is wasted through corruption, weak governance and excessive rent-seeking among competing interest groups. Corruption, which is a key consequence of rent-seeking behaviour, has been proven to be an anti-growth factor ([25]. One of the determinants of rent-seeking is governmental confusion between wealth creation and wealth extraction [26]. Economic rent is the excess of revenue derived from a certain activity over the sum of its supply prices of capital, labour and any other related inputs required to undertake the activity) [27]. Similarly, resource rent is the value-added of the natural resource, the difference between the revenues generated from the extraction of the resource and the extraction cost and the cost of factors of production and their opportunity cost [28].

[13] See https://info.worldbank.org/governance/wgi/

This definition is affirmed by [29] who posits that economic rent is the value of the resource at the point of production less all prior costs incurred, including expected return on investment. These costs include wages, interest on capital, the profits of entrepreneurs and the reward for land. Although these present a high opportunity for job creation, [23] finds that oil production leads to rent-seeking entrepreneurship.

In Ghana's case, the emphasis has been placed on the passage of laws and the formulation of governance policies. In addition, several governance-related protocols have been signed onto. We argue that this approach has three limitations. First, the enactment of these laws and policies do not guarantee implementation. For instance, while section 48 of the Petroleum Revenue Management Act mandates the Minister for Finance to publish the status of oil-funded projects annually; this provision was not implemented until 2017[14] though the law was passed in 2011.

Second, although the country has its specific economic, cultural and political circumstances, the laws are sometimes adopted wholesale from Norway or other countries considered to have best practices. An example is the investment of the petroleum funds outside the country which earns a negative interest rate in some instance while the country borrows at higher interest rate differentials. Even though this satisfies the concept of intergenerational equity, efforts to debate alternative ways to invest the petroleum funds have proven futile, since the status quo satisfies the 'Norway Model'.

Finally, the laws grant discretionary powers to the Ministers of Finance and Energy without any regulations or guidelines on how such discretion should be exercised. Though open and competitive bidding process for the award of petroleum licenses, the Minister for Energy earmarked three out of six blocks for non-competitive process in Ghana's first licensing rounds[15]. Such unregulated discretion can be a source of rent-seeking.

5 Discussion

As diagnosed by the analysis above, one major challenge to good governance in Ghana is transparency and accountability, according to IIAG, which could provide the breeding ground for corruption as pointed out by the CPI. Measures of governance regarding sustainable economic opportunity makes the situation worse, as governance indicators such as public management, business environment, and infrastructure are poor. They revealed challenges in budgetary and financial management, corruption in the public sector, insufficient civil society participation, deteriorating business regulatory environment, ineffective public service and increased restriction in accessing public & legislative information.

In the absence of sustainable economic opportunity, corruption ripe, peace and stability are threatened. Those are the general outlook of governance in the country as indicated by the IIAG and CPI. They, however, cast a shadow on the oil and gas resource governance in the country. Lessons of the natural resource curse surrounding mineral exploitation in Ghana prompted measures to engender good governance in the wake of the oil find in Ghana. For this reason, and learning from global trends, several laws have been passed for the production of oil and gas and the efficient management of its revenues. These have promoted good governance in the oil and gas sector than there is in the mining sector, even to the extent that oil and gas governance in Ghana ranks first in Sub Saharan Africa.

That notwithstanding, the 2017 RGI makes known that the standards of practice of these laws are well below their enactments, scoring the legal framework 70 and the implementation or practice, 63. This suggests a challenge with the implementation of legal frameworks of oil and gas in Ghana, and that the many laws as outlined in the section of this paper are in themselves not the end but a means to good governance.

Furthermore, in line with the worry of over budgeting and financial management issues indicated by IIAG, the RGI singled out national budgeting as a major challenge to the oil and gas sector, scoring it 36, well below the average of all resource governance indicators

[14] See https://www.peacefmonline.com/pages/business/economy/201805/351947.php

[15] See https://www.energymin.gov.gh/ghana-launch-first-exploration-licensing-round-q4-2018-amin-adam

assessed. The governance of national budgeting is weak because of the challenge of linking petroleum revenues to general public financial management rules that could discourage acts like borrowing against projected revenues, overestimating revenues and changing rules [30]. This reflects in the volatile nature of allocation to the ABFA, even to the extent of exceeding the 70% benchmark in 2012, with the effect of starving the stabilisation and heritage funds. There is a call for transparency as regards asset selection and the use of funds for any purpose such as the Free Senior High School (Free SHS) program. Free SHS program may provide intergenerational equity as defined by [31] offering benefits between the present and future generations. It may also be a source of human capital development to generate sustainable development. However, the volatile, large and exhaustible nature of oil revenues requires that Free SHS is situated within a proper national development plan with the necessary transparency and accountability provisions. More so, planning regarding the use of oil revenue for any purpose is required since the economy is already exhibiting heavy reliance on the resource for development financing and economic growth.

Moreover, analysis of the 2017 RGI revealed a problem with the non-commercial activities of GNPC (see Table 1). This comes in addition to GNPC's transparency problems on rules regarding commodity sales. The national oil company sponsors non-commercial activities such as sports and entertainment, lends to the government, without any publicly known social investment strategy. In a recent report by ACEP[16] analysing the work program of GNPC, [32] revealed the intention of the Corporation to spend $43.05 million of its revenue on Corporate Social Responsibility in the 2019 financial year. Alarming as the situation is, this amount represents about 254% of the total Budget of the entire Ministry of Energy.

Issues regarding the publication of audited reports are also worrying. These practices create room for the perception of corruption and corrupt practices to thrive. GNPC, a corporation that receives 55% or less of the country's carried and participating interest, and received 31% of the total petroleum revenues that accrued to the government over the period 2011 - 2017, must be circumspect, transparent and accountable in all its activities.

Finally, examining of IIAG, it came to light that transparency in the years preceding oil production was better than the level of transparency in the era of oil production. This can be attributed to rent-seeking behaviour which thrives in secrecy as some public officials do their best to frustrate measures of transparency and accountability.

[16] See https://www.myjoyonline.com/business/2019/February-20th/acep-faults-gnpcs-plan-to-spend-43m-on-csr-but-20m-on-core-mandate.php

Table 1. Governance practices in the oil and gas sector – comparing 2011 and 2019

Variable	2011	2019	Comments
Oil Resource Ownership	The Constitution grants ownership of natural resources, including petroleum to the state	Both the constitution and the Petroleum and Exploration Law Session 3 of the Petroleum (Exploration and Production) Law (2016) stipulates that "Petroleum existing in its natural state in, under or upon any land Ghana, rivers, streams, watercourses 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 is vested in the President on behalf of and in trust for the people of Ghana"	In addition to the 1992 Constitution, the Exploration and Production Law places the ownership of the petroleum resources in the state. Session 3 of the Petroleum (Exploration and Production) Law (2016) stipulates that "Petroleum existing in its natural state in, under or upon any land Ghana, rivers, streams, watercourses 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 is vested in the President on behalf of and in trust for the people of Ghana"
Licensing Process	Direct negotiations had become a default system through which contracts were awarded.	Session 10 (3) of the Petroleum Exploration and Production Act (2016) states that a Petroleum agreement shall only be entered into after an open, transparent and competitive public tender process. However, sub-section (9) states: "Despite subsection (3) the Minister may, in consultation with the commission, that a petroleum agreement may be entered into by direct negotiations where direct negotiations represent the most efficient manner to achieve optimal exploration and production of petroleum resources in a given area"	In 2018, the government launched a licensing round for 6 blocks. For the first time, 3 of the blocks will be awarded through an open and competitive bidding process. However, 2 of the blocks will be awarded through direct negotiations whilst 1 will be reserved for the national oil company[17]. Whilst information on the three blocks earmarked for competitive bidding has been made available in accordance with the Petroleum Exploration and Production Law and expectation of Civil Society, there are still concerns on how the strategic partner of GNPC would be

[17] See http://www.ghana.gov.gh/index.php/news/5064-president-akufo-addo-launches-ghana-s-maiden-oil-gas-licensing-round-2

			selected and how the direct negotiations would be conducted.
Contract Disclosure	The government signed three contracts in 2015 according to Newspaper reports. These are i. The Ghana Government/GNPC and ENI and Vitol contract for the Offshore Cape Three Point integrated oil and gas project ii. A joint venture between Government, Ghana National Petroleum Corporation, Swiss African Oil Company Limited and PET Volta Investments for Exploration in the Keta Delta Block. iii. Petroleum Agreement by and among the Government of the Republic of Ghana, Ghana National Petroleum Corporation, GNPC Exploration, and Production Company Limited and Springfield Exploration and Production Limited in respect of the Conduct of Exploration and Production Operations in the West Cape Three Points Block 2 Offshore Ghana. A search on the Website of the Ministry of Petroleum[18], the Ghana Petroleum Commission and the contract database of the Africa Centre for Energy Policy[19], Open Oil website[20], and GNPC's open data portal[21], indicate that the government has not disclosed any signed contracts	A petroleum register has been established[22].	

[18] http://www.petromin.gov.gh/downloads.html
[19] http://www.acepghana.com/contract-database/
[20] http://repository.openoil.net/wiki/Ghana
[21] http://www.gnpcghana.com/open_data.html
[22] See https://www.ghanapetroleumregister.com/contract-areas

	in 2015 but were ratified by parliament on 11 March 2016 (Order Paper, Resolution 10, (2)). Before 2015, the government's disclosure of contracts was due to public pressure to do so and also as a result of TULLOW PLC having made its contract with the government public. The government has not shown any commitment to disclose contracts in the hydrocarbon sector. Even though the Minister of Petroleum had issued a moratorium on oil contracts in 2014, the Ministry went ahead to develop contracts, which were ratified Parliament in March 2016. None of these contracts has been made public. Tullow's Ghana agreements are now up on Tullow's website (2 June 2011).		
Environmental Management Practices	Though Section 28 of Legislative Instrument 1652 stipulates that the Agency (Environmental Protection Agency) shall cause to be published in the Gazette notification of any codes of practice, standards, and guidelines in connection a. with matters provided for under these Regulations for the purpose of giving guidance; and b. with matters relating to the protection, development and rehabilitation of the environment. Therefore, the environmental mitigation/management plan, which is provided under this Regulation should be published in the Gazette, only the Environmental mitigation plan of Sankofa has been public while the environmental management plan of Tullow was published. An Oil and Gas Unit has been established by the Ministry of Environment to check the		

	environmental practices of oil companies in line with the law.		
Management of the National Oil Company	GNPC board comprises of seven members. All these people do not hold a position in the current government. However, Abraham Amaliba contested the primaries of the National Democratic Congress, the ruling party. In addition, only one audited was published as of 2016. Since 2017, the chairman of the national oil company is also the chairman of the ruling party.	The current chairman of the board of directors is also the chairman of the ruling party. Other audited accounts have been published.	There has not been much change with regards to corporate governance. Most of the Board members (four out of seven) of the National Oil Company are politically exposed persons. This implies that their independence from the political establishment may not be guaranteed.
Petroleum Revenue Management and Disclosure	Requirements such as the publication of revenues received, and allocations to different funds were done. Though the law required publication of oil-funded projects, this was not done. Indeed, in 2015, civil society threatened to sue the Ministry of Finance to publish the list[23].	In keeping up with Section 48 of the Petroleum Revenue Management Act, 2011 (Act 815) as Amended Act (893), the Minister of Finance also submitted the 2015 Annual Report on the receipts utiliSation of the Petroleum Funds for 2015 fiscal year to Parliament as part of the budget statement. The total petroleum receipt for 2015 was also disclosed in the 2015 reconciliation report on the Petroleum Holding Fund	There has been an improvement in terms of petroleum revenue management. There are still concerns on the scanty nature of oil-funded projects, the thinly spread, the arbitrary capping of the stabilisation fund and no public input into the selection of priority areas. Factors such as the passage of the fiscal responsibility law, the practice of the law such as the constitution of the Fiscal Council and the alignment of the 2019 mid-year budget deficit to the law and the data portals established at the Petroleum Commission including the Ghana petroleum register have contributed to enhanced transparency in oil resource management.

Source: Authors' compilation, 2019

[23] http://www.ghananewsagency.org/economics/acep-to-sue-gov-t-over-failure-to-publish-projects-funded-with-petroleum-revenue--86054

6 Conclusion and Recommendations

The Petroleum Revenue Management Law has embedded in its good governance provisions on accountability and transparency. One of the unique features of the law is the active participation of an oversight body made up of nominated members of diverse non-governmental groups known as the Public Interest and Accountability Committee (PIAC). The law also mandates other institutions such as the Ministry of Finance and the Bank of Ghana to provide a detailed report within a specified period. Quite frankly, a lot of information has been made available on the receipts and utilisation of petroleum revenues. However, the implementation of the law over the past seven (7) have proven that the law is not without defects. Key among the limitations are timeliness of information, discrepancies in information made available to the public by various agencies, lack of detailed information on ABFA funded projects and spending choices by the national oil company. These weaknesses provide opportunities for altruistic and self-aggrandising behaviour.

To discuss the governance of the petroleum resources within a broader context, Ghana's performance on three global governance indexes was assessed. Namely, the Mo Ibrahim Governance Index, Corruption Index, published by the Transparency International and the Resource Governance Index, published by the Natural Resource Governance Institute. Out of the many governance indicators available, the emphasis is given to indicators that relate much to oil and gas governance.

On this basis, the Resource Governance Index, the Ibrahim Index of African Governance and the Corruption Perception Index were selected. These indicators are themselves a host of other independently constructed indices developed by other entities. For these governance indicators, scores and trends are analysed to identify subtle governance issues. Attention is also given to major components of the index and their subcategories, especially those that are relevant to the oil and gas governance.

According to the findings, Ghana's performance on the Mo Ibrahim Governance Index deteriorated between 2012 and 2015 mainly due to transparency and accountability issues. The index started to improve from 2016, but transparency and accountability continued to decline. Transparency and Accountability are the weakest among these poor performing sub-categories of indicators under the four governance dimensions measured by IIAG. Transparency and Accountability is, therefore, a major factor behind the deteriorating governance in Ghana. Transparency was better in periods leading up to oil production (2008-2011) compared to the era of significant oil production, which has seen transparency and accountability decline consistently. The year 2010, which marked the commencement of oil production in Ghana, recorded the highest CPI score ever under this old scale with a score of 4.1. However, this could not be sustained in the following year as the score fell to 3.9 in 2011. Under the old scale, the lowest score (3.3) was recorded in 2003 and 2006.

According to the Resource Governance Index, oil and gas governance in Ghana is the best resource governance in Sub Saharan Africa. However, when compared with global leaders like Norway, Ghana has a long way to go. But for revenue management, the main component of the governance index performed consistently well, with value realization (licensing, taxation, state enterprises, and environmental protection) and enabling environment (concerning issues of accountability, rule of law, stability, corruption, regulatory, among others.) scoring 61 and 70 respectively. The governance of revenue management performed poorly with a score of 37 out of 100. Again, there were issues with the inadequate information on the reasons for capping the stabilization fund at a specified level.

Are altruistic and self-seeking behaviour evident in Ghana's oil and gas sector? Evidence suggests that good governance practices are required to promote sustainable petroleum resource management. This implies that institutions need to be established, human capital developed, laws and regulations passed whilst transparency and accountability measures put in place. However, the presence of these systems and initiatives only partially guarantee good governance. The implementation, review and continual improvement in governance systems promote effective governance of the petroleum sector. In Ghana's case, laws and regulations have been passed, regulatory and other relevant institutions have been established, scholarships have been awarded to build capacity while the Public Interest and Accountability Committee has been established to promote good governance. These notwithstanding, implementation of these laws have not been smooth. The inclusion of discretionary provisions, the absence of guidelines to exercise these discretionary provisions and parliament's unwillingness to act on PIAC's recommendations mean there is a general improvement in transparency but limited accountability. These had led to a number of cases where the laws that were passed, had not or partialy been followed. It has led to a situation where transparency has improved but accountability appears to be stagnant.

In a nutshell, three key observations are made. First, the passage of laws and evidence of implementation, which are often measured by these indices measure, may not suitably tell the story of good governance. For instance, whilst a score will be awarded for the establishment of a regulator like the Petroleum Commission, effort should be made to analyse the extent to which the Commission has performed its core mandate. Therefore, how the laws are implemented should be of much interest. Second, the exercise of discretionary power by Ministers should be of much concern since its an avenue for conditional altruistic behaviour or self seeking interventions. Finally, the indices should also have a bottom-up assessment to ensure balance. For instance, how the implementation of laws and policies are affecting the livelihood of the individuals and entities who are governed.

The study recommends that the government should implement holistically and immediately the governance provisions in the Petroleum Revenue Management Law. Also, though certain types of public disclosures may not be required by law, publishing such information can enhance public confidence in the petroleum governance system.0

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Dear Editor,

I wish to confirm that this paper is the original work of the authors. We have no conflict of interest. Thank you

Ishmael Ackah

Between altruism and self-aggrandisement: Transparency, accountability and politics in Ghana's oil and gas sector

Style Definition: Heading 2: Font: Not Bold, English (United States), Indent: Left: 0", Hanging: 0.4", Line spacing: single, No bullets or numbering

Abstract

Effective governance of oil and gas resources has been identified as the thread that divides altruistic and self-aggrandising behaviour when it comes to converting their petroleum resources to drive sustainable inclusive growth and development~~Effective governance of oil and gas resources has been identified as the thread that divides countries such as Norway and Nigeria when it comes to converting their petroleum resources to drive sustainable inclusive growth and development~~. This study assesses the governance framework that was in place before the oil and gas find in Ghana and those that have been put in place post-oil and gas. We then explore the performance of Ghana on key global governance indicators before and after the oil find, namely the Mo Ibrahim Governance Index, Corruption Index and the Resource Governance Index. The following reasons motivate the focus on Ghana in this study: firstly, the IMF predicts that Ghana will be one of the fastest-growing economies in the world in 2019 and beyond, mainly due to the coming on stream of new oil and gas fields. Secondly, the country is relatively politically stable compared to other countries in the region. The findings indicate that emphasis is placed on the enactment of laws and policies and to some extent, evidence that these laws are implemented. The passage of laws does not guarantee good governance. Often, the missing link is how the laws are implemented. Since some of these laws have discretionary provisions, there are chances that indivual and institutional actors can exhibit altruistic behaviour otherwise. Global governance indices therefore need to consider how these laws are implemented and their potential impact on the governed.

~~This study assesses the governance framework that was in place before the oil and gas find in Ghana and those that have been put in place post-oil and gas. We then explore the performance of Ghana on key global governance indicators before and after the oil find, namely the Mo Ibrahim Governance Index, Corruption Index and the Resource Governance Index. The following reasons motivate the focus on Ghana in this study: firstly, the IMF predicts that Ghana will be one of the fastest-growing economies in the world in 2019 mainly due to~~

~~the coming on stream of new oil and gas fields. Secondly, the country is relatively politically stable compared to other countries in the region. The findings indicate that emphasis is placed on the enactment of laws and policies and to some extent, evidence that these laws are implemented. The reality is that, the passage of laws does not guarantee good governance. Often, the missing link is how the laws are implemented. Since some of these laws have discretionary provisions, these indices need to consider how the laws are implemented and their potential impact on the governed.~~

Keywords: Oil Resource Governance, Corruption Perception, Accountability, Transparency

1 Introduction

Countries that produce natural resources tend to experience lower growth and worse development outcomes compared to countries that do not – the so-called "natural resource curse" ~~(Auty, 1993)~~[1].[1] This phenomenon has been partially attributed to the absence of good governance ~~(Mavrotas et al., 2011~~[2]; ~~Graham et al., 2016~~ [3]). Good governance has been considered as a significant factor that can reverse the resource curse, thereby translating oil rents into sustainable development (~~Mehlum et al., 2006~~ [4]; ~~Robinson et al. 2006~~[5]; ~~Mavrotas et al., 2011~~[2]; ~~Torvik, 2009~~ [6]; ~~Amiri et al., 2019~~ [7]; Tsani, 2013 [8], ~~Graham et al. 2016~~ [3]). For example, ~~Mehlum et al., (2006)~~ [4] found that the differences in quality of institutions are the main reason why natural resources tend to be beneficial to some countries. Likewise,

[1] See Badeeb et al., (2017) for a critical review of the evolution of the resource curse hypothesis.

~~Robinson et al. (2006)~~ [5] showed that a resource boom would raise national incomes in the presence of robust institutions while it distorts the economy further in the presence of weak institutions.

Oil and gas rents can constitute a significant budgetary instrument whose proper use is strongly dependent on government transparency and accountability. This money can foster long-term socio-economic development, but it can also be misused, for example, to extend the political and economic power of the ruling elite ~~(Kowalczyk-Hoyer, 2011)~~ [9].

In 2007, Ghana found crude oil in commercial quantities. Since then, there have been several discoveries[2] which are at various stages of development and production. The oil find was expected to have a positive effect on the economy and provide the necessary resources needed to pursue a sustainable development agenda (~~(Arthur, 2012~~ [10], ~~Obeng-Odoom, 2014~~ [11], ~~Siakwah, 2018~~, [12]). Cautioned by the possibility of the new oil find being a curse instead of a blessing, Ghana put in place various measures aimed at improving governance in the petroleum sector and the broader economy such as the Petroleum Revenue Management Act (PRMA). However, the critical policy-relevant questions remain: (1) has governance improved or deteriorated in Ghana since the onset of oil and gas production?; and (2) are there positive spillover effects from the improved governance in the petroleum sector to the broader economy?

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This study assesses the governance framework that was in place before the oil and gas find and those that have been put in place post-oil and gas. We then explore the performance of Ghana on key global governance indicators before and after the oil find. The following reasons motivate the focus on Ghana in this study; firstly, the IMF predicts that Ghana will be one of the fastest-growing economies in the world in 2019 mainly due to the coming on stream of new oil and gas fields. Secondly, the country is considered to be relatively politically stable compared to other countries in the region. The country has undergone seven (7) successive elections from 1992 to 2016 which resulted in a peaceful transition of power between the two (2) main political parties. This has made the country one of the preferred investment destinations in Africa[3].

The rest of the paper is structured as follows: Section 2 looks at the contribution of petroleum revenues to Ghana's economy from 2011 to 2017. In Section 3, we discuss governance in the petroleum sector while Section 4 discusses the methodology used in this paper and key findings. In Section 5, we discuss the findings in the context of Ghana's petroleum sector while the conclusions are presented in Section 6.

2 Oil and Gas and the Ghanaian Economy

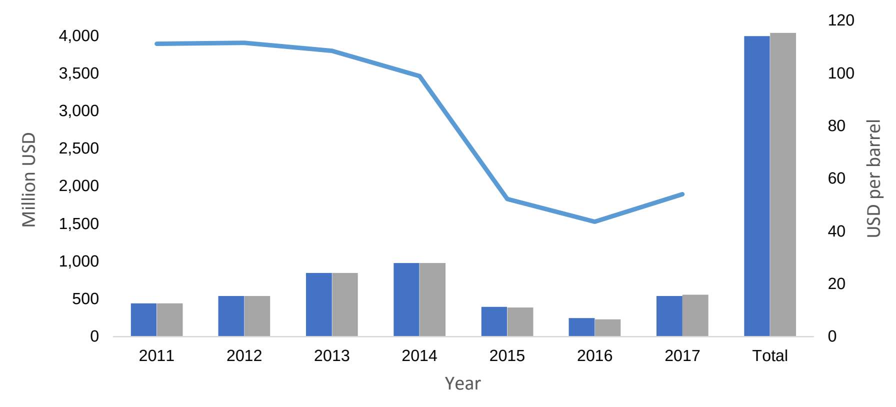
A total amount of 3,993.7 million USD was accrued from the exploitation of petroleum from 2011 to 2017, as shown in Figure 1. The inflow of petroleum revenues have experienced a

[2] See https://www.tullowoil.com/operations/west-africa/ghana/ten-field and https://www.eni.com/en_IT/operations/upstream/exploration-model/octp-ghana.page

[3] Enst and Young Attractivenes Africa, 2018 https://jcs.com.gh/newsletter/2018/11/30/ghana-moves-up-in-fdi-investment-countries-in-africa/

steady increase from 2011 to 2014 but started to decline in 2015. As expected, the pattern of receipts tends to mimic the movement in oil prices.

Figure 1: Trends in Petroleum Receipts and Allocations

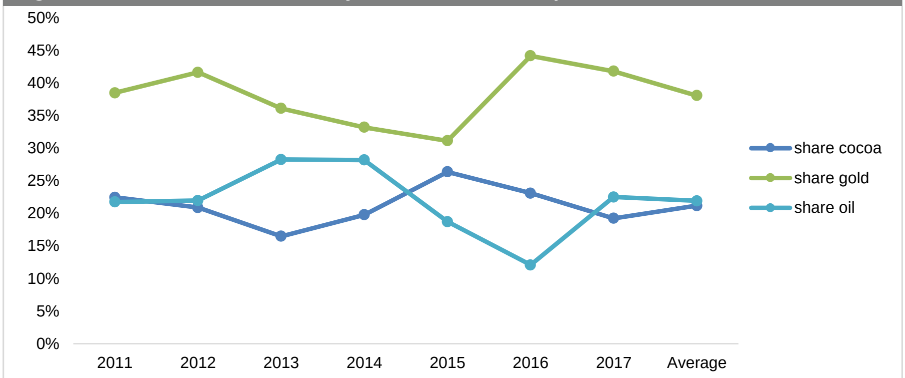


Source: Authors' construct from various PIAC Reports[4]

***Where the line is average Brent crude oil price*

On average, petroleum revenues contributed 4.2% and 0.9% to domestic revenues and GDP, respectively.[5] The highest contribution was in 2014. Not surprisingly, this is the year that the receipt of petroleum revenues was highest over the period under consideration. In terms of export, crude oil exports can be considered as the second-largest export commodity over the period under review after gold exports. On average the share of crude oil exports in total merchandise exports is 21.9% whiles that of cocoa is 21.2% although there is wide variability over time. Crude oil was the second largest export commodity between 2012 and 2014. However, cocoa took over as the second largest commodity in 2015 and 2016. This corresponds to the period of decline in crude oil prices on the international market. As can be seen in Figure *2,* crude oil had taken the second position in 2017.

Figure 2: Share of oil and other major commodities in export



Source: Authors' construct from various Bank of Ghana quarterly statistical bulletins[6]

[4] http://www.piacghana.org/portal/5/25/piac-reports

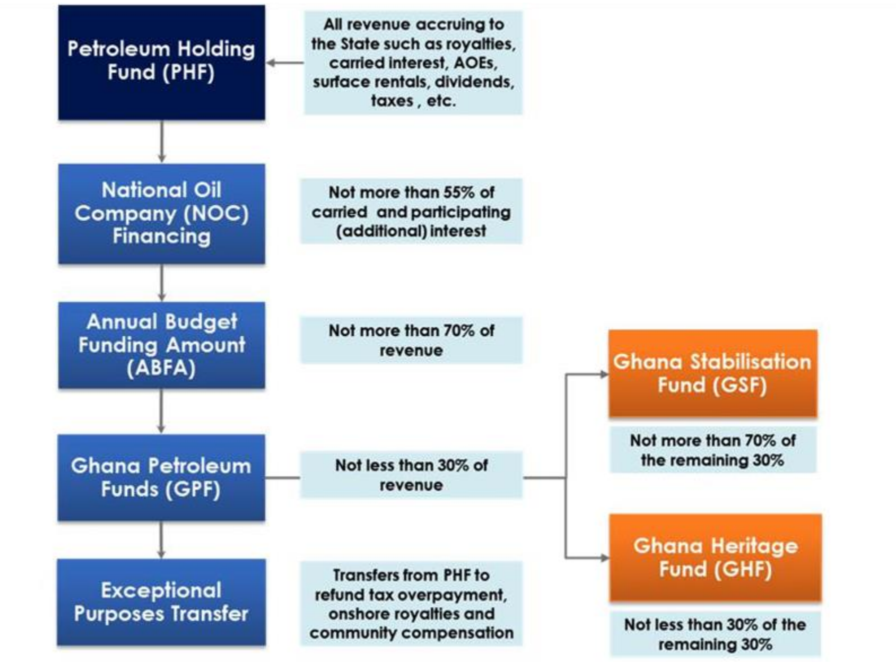
[5] MOFEP stands for Ministry of Finance and Economic Planning. The data can be accessed at http://mofep.gov.gh/fiscal-data

[6] https://www.bog.gov.gh/statistics/publication/quarterly-bulletin

Distribution of Petroleum Receipts

Ghana's Petroleum Revenue Management Act 2011 (PRMA) as amended Act 893 makes provision for spending and savings of the petroleum revenues that accrue to the government. The PRMA prescribes two (2) main spending paths; allocations to Ghana National Petroleum Corporation (GNPC) which is the National Oil Company (NOC) and funding to support the budget (Figure 3). The PRMA also makes provision for savings for stabilisation purposes and future generations. This section looks at how the revenues have been distributed for spending and saving purposes from 2011 to 2017.

Figure 3: Petroleum Revenue Management Framework



Source: PIAC (2018)

In terms of spending by GNPC, the law requires that at most 55% of Ghana's net equity and participating interest should be allocated to GNPC to cater for its financing needs. A total amount of 1,239.44 million dollars was allocated to GNPC over the period under consideration. This represents 31% of the total petroleum revenues that accrued to the government over the period. The highest allocation (left scale) was in 2012, which is about 43% of the petroleum receipts. In general, the allocation to GNPC has been declining since 2013 and only begun to pick up in 2017 (see Figure *4*).

Figure 4: Allocation to GNPC (2011 to 2017)

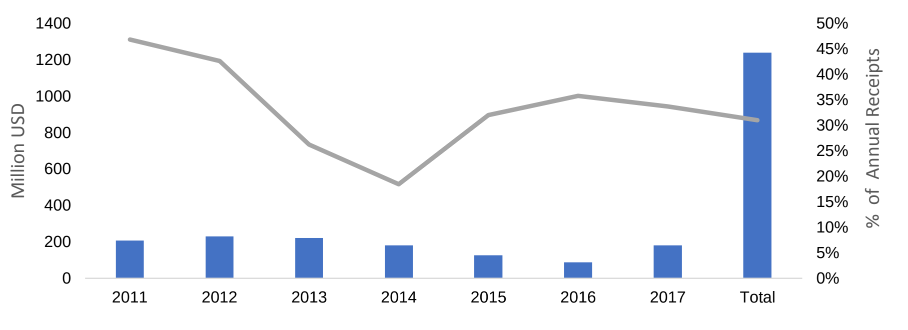
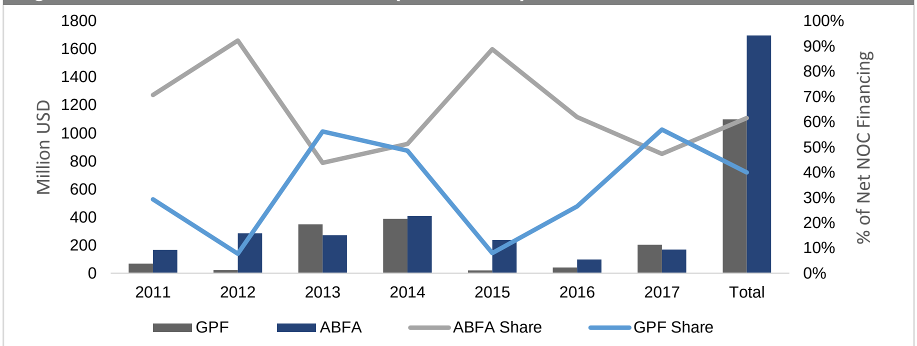


Figure 5: Allocations to ABFA and GPF (2011 to 2017)



Source: Authors' construct from various PIAC Reports

On the other hand, the law requires that at most 70% of benchmark revenue should be used to fund the budget, which is known as the Annual Budgeting Funding Amount (ABFA). A total amount of 1,696.6 million USD of petroleum receipts was used to support the budget (see Figure ***5***). This is approximately 62% of the total benchmark oil revenue received over the period. The highest allocation was done in 2014 when taken on year by year basis. As usual, the allocations to ABFA have been volatile over the years as can be seen in Figure *6*, increasing since the onset of oil production but started to decline in 2015.

As indicated earlier, the law mandates the government to save for stabilisation and for future generations. At least 30% of the benchmark revenue should be distributed to the Ghana Petroleum Funds (GPFs). As can be seen from **Figure *5***, a total of 1100.26 million USD was distributed to the GPFs. This represents 39.9% of the benchmark oil revenue. The lowest allocations to the GPF was done in 2012 and 2015. However, the allocations to the GPF exceeded the minimum amount in 3 different years (2013, 2014 and 2017). This corresponds to the years that the allocations to the ABFA were lesser than the maximum amount.

Out of the total amount allocated the GPFs, an amount of 776.54 million USD and 323.72 million USD was distributed to the GSF and GHF respectively. This translates into 71% and 29% respectively of the total amount allocated the GPFs. Furthermore, an exception of 2011, the distribution to the two (2) saving funds have been done following the law, that is, 30% and 70% of GPF to the GHF and GSF respectively.

The foregoing suggests that exploitation of petroleum have contributed largely to Ghana's export and provided the Government with some fiscal space despite forming a small portion of total domestic revenues.

3 Governance in the Petroleum Sector

Altruistic and self-aggrandisement Behaviour in the Oil and Gas Sector: Theory and Practice

According to [13] a behavior is considered to be altruistic if it is motivated by a genuine desire to benefit another person,without any expectation of benefits to oneself. [14] however posit that both the reciprosity (**See [15]**) and the kingship (see [16])theories explain that altruistic beahviour can be conditional. In the case of the reciprosity theory, individuals and firms work hard to induce a sense of gratitude for past "favors", whether real or imagined. In the context of Ghana, political appointments to the the Ministry of Energy are often guided by competence but also, the past contribution of the individual to the political part in power, the campaign of the presidential candidate and the region where the individual hails from. In the kingship theory, beneficiaries of an action should be very close relatives, while reciprocity theory implies that beneficent behavior should be directed towards those with a high probability of reciprocating [14]. Over the last two decades, the concept of 'family and friends' governance has become more pronounced in Ghana's governance systems. Often, the loopsholes and numerous discretionariy provisions are exploited to pursue these conditional altruistic behavior. The other form of behavior, which is the self-aggrandisement, manifests in corruption, rent seeking and other anti-development actions which enriches the individual a the expense of the state.

The concept of good governance provides a plethora of long menu of institutional changes and capacity-building initiatives that are considered vital for development and shape individual and institutational behaviour [17].

~~Good Governance in the Oil and Gas Industry: Theory and Practice~~

The concept of good governance provides a plethora of long menu of institutional changes and capacity-building initiatives that are considered vital for development ~~(Grindle, 2007)~~[17]. These factors include strong institutions, competent human capital, accountability and transparency mechanisms, laws and policies and their implementation. According to Kofi Annan[7], a former UN General Secretary, good governance is ensuring respect for human rights and the rule of law; strengthening democracy; promoting transparency and capacity in public administration. The World Bank[8], on the other hand, describes governance as the way power is exercised in the management of a country's economic and social resources and identifies three main strands. These are

(i) the type of political regime;
(ii) the process by which authority is exercised in the management of a country's economic and social resources for development; and
(iii) the capacity of governments to design, formulate, and implement policies and discharge functions."

In the absence of good governance, ~~McPherson and MacSearraigh (2007)~~[18] posit that several forms of corruption can exist. These include policy corruption, administrative corruption, commercial corruption, and diversification of massive amounts of money through the diversion of production, products, or revenues known as grand corruption. Indeed, the absence of good governance has been identified as a significant cause of the oil curse.

According to ~~Rahman (2016)~~ [19], the concept of governance started replacing 'government' in the policy literature for two reasons. First, sovereign government's control of service delivery, information and decisions were undermined by the flow of power away from traditional government institutions upwards to transnational bodies and downwards to regions and sub-regions the rise of global markets, the increasing importance of networks and social

[7] See p 2. See http://www.soc.titech.acjp/uem/governance.html.
[8] World Bank(1994), Governance: The World Bank's Experience, Washington, DC: The World Bank, p xiv.

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partnerships, greater access to information, and growing social complexity are usually held accountable for this.

Also, citizens started making demands for accountability that challenged the state's~~-~~monopoly to expertise ~~(Newman, 2001)~~ [20]. ~~Singh (2003)~~ [21] recounts that the concept of good governance first appeared in a World Bank's report on *Sub-Saharan Africa: From Crisis to Sustainable Growth*, published in 1989. In the report, the World Bank described Africa's problem as a crisis of governance. ~~(Singh, 2003)~~ [21]. Governance in Ghana's Petroleum Sector.

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Indeed, Ghana has put in place several governance initiatives since the discovery of oil in 2007 in commercial quantities. Governance has become necessary, especially since oil resources are non-renewable. Some of these measures seek to either guard broadly all sectors of the economy or are specific to the extractive sector. This has improved governance issues in the extractive sector making citizens aware of the challenges and goodwill for Ghana. Some of these measures are highlighted below, categorised into laws and regulations, and other locally-adopted international conventions.

UN Convention on Anticorruption: The UN Convention on Anticorruption came into force on the 14th December 2005 to strengthen efforts to curb the rate of corruption across the world. Ghana signed onto the UN Convention against Corruption on December 9, 2004. Ghana is not just a signatory to this convention but rather a State Party. The Convention had three main purposes which include Promoting and strengthening measures aimed at preventing and combating corruption; Promote, facilitate and support international cooperation and technical assistance; and Promote integrity, accountability and proper management of public property.

International Aid Transparency Initiative: This was an initiative launched in Accra, Ghana, at a high-level forum on Aid Effectiveness on 4th September 2008. It was done for the enablement of the United Nations Millennium Development Goals to be achieved. It was organized to know the gaps between the Non-Governmental Organizations (CSO) and the Ministries of state making sure that funds that are supposed to be used for development are not channelled into other projects which have not yet been considered. This initiative allows aid donors to publish their reports on aids whiles the government does the same to make sure funds allocated are not misused. The International Aid Transparency Initiative focuses on four major objectives namely:

- Regular public disclosure of detailed and timely information on volume, allocation and when, available results of development expenditure to enable more accurate budget, accounting, and audit by developing countries.
- Support information systems for managing aid.
- Access to full and timely information on annual commitments and disbursements of aids.

Extractive Industries Transparency Initiative (EITI): The Extractive Industry Transparency Initiative (EITI) is a global standard that seeks to ensure openness, accountability and responsible financial management in the extractive industry (oil, gas and mining). EITI was instituted by Transparency international. Transparency international begun during the 1990s when there was little or no disclosure of information. Transparency international begun in May 1993 as an anti-corruption initiative. In 1995, the Corruption Perception Index was developed. In 1999, Bribe payers' index was developed to the country origin of multi-national companies and their susceptibility of offering bribes[9]

In 2003, Ghana joined the EITI by making a public pronouncement to commit to the EITI standards. In 2007, Ghana became a candidate country by producing and publishing its first

[9] See http://www.iaaca.org/AntiCorruptionAuthorities/ByInternationalOrganizations/NonGovernmentalOrganization/201202/t20120220_807871.shtml

EITI report covering the period 2004-2006. The country finally assumed the status of a compliant country after completing the validation process in 2010. The country has since been implementing the standard to the mining sector and later extended to cover the petroleum sector. On the 24th of February, 2016, Ghana was honoured at the 2016 Global EITI Conference in Lima, Peru for turning recommendations in its EITI reports into reforms.

Open Government Partnership: Ghana signed on to the OGP in September 2011. The OGP is a multilateral initiative that aims to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance. In the spirit of multi-stakeholder collaboration, OGP is overseen by a Steering Committee including representatives of governments and civil society organizations[10]. The four (4) thematic areas of OGP are Citizen Participation; Accountability and Technology and Innovation. The Public Sector Reform Secretariat (PSRS) under the Office of the President serves as the secretariat for OGP-Ghana.

Inter-Government Action Group against Money Laundering in West Africa (GIAPA): GIABA is a body under the sub-regional body, Economic Commission of West African States (ECOWAS) of which Ghana is a member-state. It was formally founded on 9 December 1999. The purpose behind the formation of GIABA was to adopt and implement Anti-Money Laundering (AML) and Counter-Financing of Terrorism (CFT) within the sub-region. This is to be achieved through the following objectives which involve Protecting banking and financial systems of member countries against penetration by criminal proceeds; Harmonize and implement measures to combat money laundering and terrorist financing; Aid member states to implement the provisions of the Financial Action Task Force (FATF) and other international conventions; Promote international cooperation; and Assessment of the effectiveness of existing AML and CFT measures. The Financial Intelligence Centre coordinates the activities of GIABA.

National Anti-Corruption Strategy: The National Anti-Corruption Strategy proposes an all-inclusive approach to addressing the problem of corruption. These include Government, Citizens, Political Parties, Parliament, Anti-Corruption agencies, Electoral Commission, Regulatory and Oversight Bodies, and the Central Vigilance Commission. The Strategy aims at reducing petty corruption, grand corruption (demand and supply-side corruption), political corruption, administrative corruption and private sector participation in corruption. Aside the National Anti-Corruption Strategy, there is also the National Anti-Corruption Action Plan (NACAP, 2012-2021) which centres around four main areas, Building public capacity to condemn and fight corruption; Institutionalizing efficiency, accountability and transparency within public, private and not-for-profit sectors; Create a platform for individuals, media and civil society organisations to advance discussions on the reportage and combat of corruption in the country; and Proper investigation and prosecution of corrupt acts. The National Anti-Corruption Strategy and NACAP both are interested in achieving all-inclusive participation in addressing the problematic concept of corruption.

Petroleum Commission Act, 2011 (Act 821): This Act establishes the Petroleum Commission as the upstream regulator. The Act mandates the Petroleum Commission to regulate and manage the deployment of petroleum resources as well as to coordinate the policies in the upstream petroleum. Section 10(2) of the Act clearly extricates the Commission from the influence of the Minister of Energy and Petroleum. A seven-member board governs the Commission made up of a chairperson, the chief executive of the commission, the chief executive of the Ghana National Petroleum Company and four other persons one of whom should at least be a woman.

Petroleum Revenue Management Act 2011 (Act 815) as amended (Act 893): The Petroleum Revenue Management Act sets out the framework to regulate the allocation and management of revenues realised from Petroleum production in Ghana. Some sections of the Act were however amended in 2015 which was given presidential assent on 31 July 2015. The PRMA basically deals with what percentage of petroleum revenues should be allocated to the various funds such as the Annual Budget Funding Amount (ABFA), Ghana National Petroleum Corporation, and the Ghana Petroleum Funds (Heritage Fund and Stabilization

[10] http://www.opengovpartnership.org/about#sthash.4S0KW9vf.dpuf

Fund). Aside from the allocation of revenues to these funds, the Act also stipulates what activities or projects these revenues going into these funds could be used to support or fund. Section 51 of the PRMA also establishes an independent oversight body known as the Public Interest and Accountability Committee (PIAC). PIAC is mandated to among others, monitor and evaluate compliance with the Act.

Petroleum Exploration and Production (E&P) Law, 2016: The E&P has been passed by parliament. The law replaces the Petroleum (Exploration and Production) Act, 1984. The law has provisions on reconnaissance licenses; improved fiscal terms; local content and management of the environment. Key transparency provisions also feature prominently in the law. This includes open and competitive bidding, open public tender process; public register of petroleum contracts. However, there is no provision on beneficial ownership disclosure. The current law also gives the Minister discretionary powers to set aside the outcome of an open and competitive process or even skip the tender process altogether.

Since 2017, a petroleum register has been established. Also, an open and competitive bidding process for the award of petroleum licenses has been initiated. For the 2018/2019 licensing round, six (6) acreages will be awarded. Three (3) of the blocks will be awarded through an opening and competitive bidding process which is in line with section 10(3) of the Exploration and Production (E&P law and two (2) will be awarded through direct negotiations in line with section 10 (9) of the E&P Law. Finally, one (1) of the blocks will be given to GNPC for GNPC to look for strategic partners in line with section 7(9) of the E&P law.

The foregoing suggests that Ghana's effort in ensuring transparency and good governance has improved generally over the years. We summarize in Table 1, the governance practices when oil production started in Ghana and 9 years after.

4 Assessment

To discuss the governance of the petroleum resources, we employ a mix of qualitative and quantitative methods. We undertake a qualitative analysis of the performance of three (3) global governance indexes namely, the Mo Ibrahim Governance Index, Corruption Index, published by the Transparency International and the Resource Governance Index, published by the Natural Resource Governance Institute. Out of the many governance indicators available, the emphasis is given to indicators that relate much to oil and gas governance. On this basis, the Resource Governance Index, the Ibrahim Index of African Governance and the Corruption Perception Index were selected. These indicators are themselves a host of other independently constructed indices developed by other entities. For these governance indicators, scores and trends are analysed to identify subtle governance issues. Attention is also given to major components of the index and their subcategories, especially those that are relevant to the oil and gas governance.

Ibrahim Index of African Governance

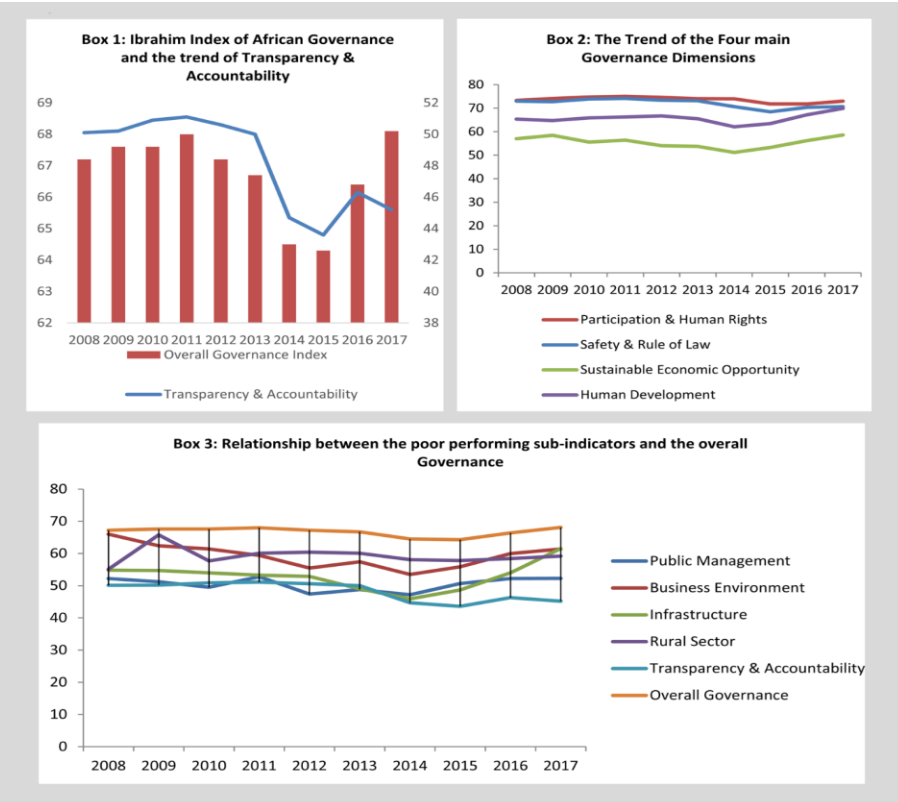
The Ibrahim Index of African Governance (IIAG) is a product of Mo Ibrahim Foundation that measures governance in the 54 African countries. First developed in 2007, the index currently consists of 191 variables from 35 sources that measure governance. The variables are combined to form 102 indicators, categorised into four governance dimensions – safety and the rule of law, participation and human rights, sustainable economic opportunity and human development. Ghana's governance performance as measured by the IIAG is reported in **Figure *7***6

From **Figure *6***, Ghana's governance performance improved from 2008 to 2011, deteriorated from 2012 to 2015, improved in 2016 and further in 2017. In the past decade governance in Ghana improved by 0.9, from 67.2 in 2008 to 68.1 in 2017, witnessing many years of deterioration therein. Relating to oil production, governance improved in the years leading up to the era of oil production (2008 -2010) but deteriorated sharply after 2011 in the era of oil production until 2016, which marked an unremarkable resurgence in good governance.

A careful examination of the components of the index over the years, as found in the report indicate that though the country enjoys and has the right to take pride in its rule of law and national security provisions, transparency and accountability is the deterring factor to the country's safety and rule of law as well as overall governance. As Object 1 and 3 in **Figure** 6 shows, transparency and accountability correlate well with the overall governance in Ghana than any other indicator. Objects 3, for instance, shows the trend of transparency and accountability and the other poor performing sub-indicators in relation to the overall governance score. Transparency and Accountability are the weakest among these poor performing sub-categories of indicators under the four governance dimensions measured by IIAG.

Transparency and Accountability is, therefore, a major factor negatively affecting governance in Ghana. Transparency was better in periods leading up to oil production (2008-2011) compared to the era of major oil production, which has seen transparency and accountability decline consistently. Transparency improved slightly in 2016 but hastened a fall in 2017.

Figure 6: The Ibrahim African Governance Index and its four governance dimensions and some relevant indicators



Source: Authors' construct from Ibrahim Index of African Governance

Out of the four governance dimensions measured by IIAG, the leading contributor to the good governance in Ghana is participation and human right, followed by safety and rule of law (see box 2 in **Figure *6***). Governance relating to sustainable economic opportunity is the worst performer of all the four. Not surprisingly, this indicator play host to the poor performing sub-categories of indicators exhibited in Object 3 in **Figure *6*,** except for Transparency and Accountability. Of these, Public Management, Business Environment and Infrastructure spell doom for oil and gas production.

From the 2017 IIAG report which ranked Ghana sixth in Africa, out of the other sub-indicators that are relevant to this study, access to justice and revenue mobilisation are increasingly improving; whilst budgetary and financial management, absence of corruption in the public sector and civil society participation are exhibiting warning signs. Finally, business regulatory environment, the effectiveness of the public service and access to public and legislative information are increasingly deteriorating.

The Corruption Perception Index

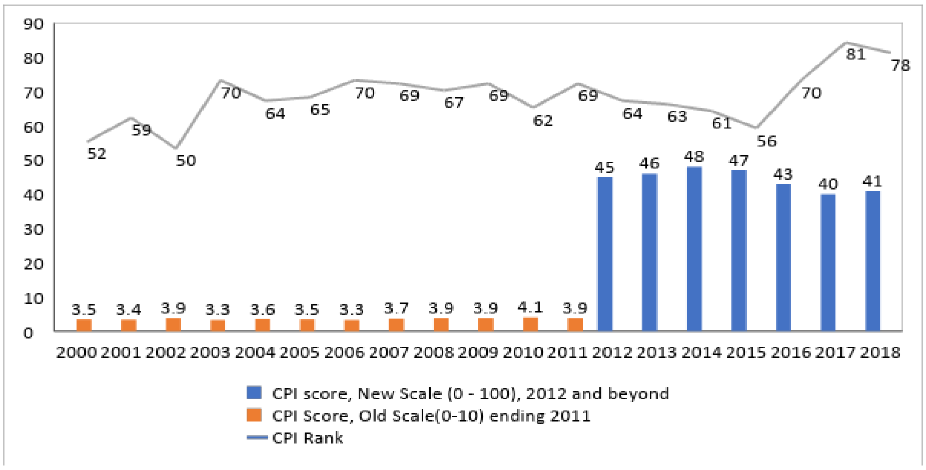
Corruption undermines countries and institutions; therefore, a globally accepted indicator of corruption is critical to the measure of good governance. Corruption Perception Index (CPI) is a composite index like the IIAG and the foremost measure of corruption perception in the public sector across countries in the world published by Transparency International. CPI is available from 1995 to 2018.

Until 2012 the scores were scaled from 0 to 10, highly corrupt to very clean (see Figure 7). In 2012 however, Transparency International changed the methodology of the index, which allowed for year-on-year comparison of the score. The current CPI scores and ranks countries on a scale from 0 to 100, highly corrupt to very clean based on surveys of other independent institutions informed by the views of business folks and country experts. Thus, in this analysis, comparisons of the period before and after 2012 are done with caution. The composite nature and breadth of the CPI make it more reliable than the individual surveys. The number of countries included has varied over the years. The 2018 CPI, the most recent CPI covered 180 and utilized 13 surveys.[11] For some countries, the number of surveys used was less than 13 due to data unavailability.

Ghana' CPI score is not getting any better. The ratings rose from 45 in 2012 to 48 in 2014, declined thereafter to 40 in 2017 with little improvement to 41 in 2018, showing clearly that the country has not been consistent and lacks commitment in dealing with corruption. This is not a phenomenon pertaining only to oil the production era, but also for the period before oil production. Before 2012, the CPI score, then on a scale of 0 to 10, averaged about 3.7 from 2000 to 2011. The year 2010, which marked the commencement of oil production in Ghana, recorded the highest CPI score ever under this old scale with a score of 4.1.

Figure 7: CPI Performance of Ghana (2008 to 2018)

[11] 1.African Development Bank Country Policy and Institutional Assessment 2016 2.Bertelsmann Stiftung Sustainable Governance Indicators 2018 3.Bertelsmann Stiftung Transformation Index 2017-2018 4.Economist Intelligence Unit Country Risk Service 2018 5.Freedom House Nations in Transit 2018 6.Global Insight Business Conditions and Risk Indicators 2017 7.IMD World Competitiveness Center World Competitiveness Yearbook Executive Opinion Survey 2018 8.Political and Economic Risk Consultancy Asian Intelligence 2018 9.The PRS Group International Country Risk Guide 2018 10.World Bank Country Policy and Institutional Assessment 2017 11. World Economic Forum Executive Opinion Survey 2018 12.World Justice Project Rule of Law Index Expert Survey 2017-2018 13.Varieties of Democracy (V-Dem) 2018



Source : Authors' construct from Transparency International, 2019

However, this could not be sustained in the following year as the score fell to 3.9 in 2011. Under the old scale, the lowest score (3.3) was recorded in 2003 and 2006. By means of scores alone, it is difficult to compare CPI throughout the eighteen years. Using the trend of CPI Rank, as presented in **Figure *7***, it is possible to make a good analysis. The change in methodology did not distort the pattern of Ghana's CPI performance. The trend of CPI Rank after 2012 is similar to the pattern in the years past. This comparison is strengthened by the fact that since 2008 the number of countries covered by the index has risen to 180.

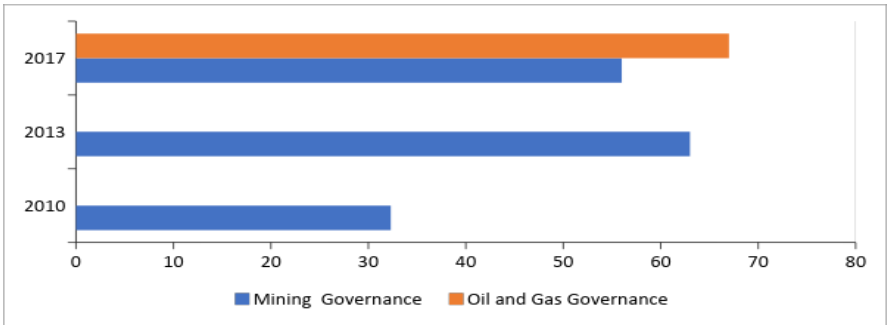
Also, the country's CPI Rank relates much to its CPI scores, the rank mostly improves and when the scores improve. It is therefore just to conclude that corruption perception in Ghana is worsening dramatically. Ghana's performance was an all-time low (40) in 2017 ranking 81 and could not improve much in 2018. Political will and commitment are needed to incorporate anti-corruption mechanisms in every public sector activity. There is the need to "prioritize better rules on lobbying and political financing, make public spending and contracting more transparent, and make public bodies more accountable" (Transparency International, 2012). In the oil and gas sector, an open and competitive bidding process has been initiated to issue exploration. In addition, a petroleum contract database12 has been established since 2018. Hopefully, these interventions can help reduce corruption perception in Ghana in the future.

The Resource Governance Index
Unlike the IIAG and CPI, the Resource Governance Index (RGI) is sector-specific and proves to be the most relevant among the three governance indexes. The RGI began with the publication of Revenue Watch Index published in 2010 by Revenue Watch in collaboration with Transparency International as a measure of transparency and accountability in the Oil, Gas and Mining Sectors. Revenue Watch published the second Resource Governance Index in 2013. The third publication - the most recent index - is the 2017 RGI published by the Natural Resource Governance Institute, which came out of the merger of the Revenue Watch and the Natural Resource Chatter.

The RGI scores and ranks countries relying on responses of experts in the extractive industries to a detailed questionnaire. From 2010 to 2017 the index has varied in terms of the components, the number of countries covered, and the kind of resource measured. In 2010 and 2013, for Ghana, as shown in Figure 8, the index measured governance only in the mining sector. It did not cover governance in the oil and gas sector. The 2013 RGI involved 58 countries. Ghana scored 63 and ranked 15th, a remarkable improvement from 35th position on the 2010 RWI which scored Ghana 32.3 for the mining sector.

[12] See https://www.ghanapetroleumregister.com/

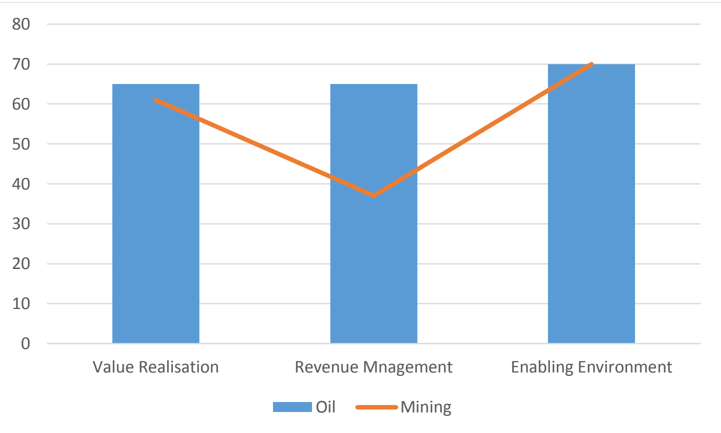
Figure 8: Resource Governance Index for Mining and Oil and Gas Governance in Ghana



Source: Authors' construct from Natural Resource Governance Institute, 2018

The 2017 RGI index is made up of data from 2014 to 2017. Ghana had a satisfactory score of 67 out of a maximum 100 points for the oil and gas governance which ranked 13th among 89 countries. Ghana's oil and gas governance performed far better than its mining governance which scored 56 and ranked 24th.

Figure 9: Details of the 2017 RGI for Ghana



Source: RGI 2017, Data and Source Document

Ghana performed relatively better in oil resource management than in the management of the mining sector. The aggregate score for oil was 67%. Ghana placed 13th out of 89 countries. In the mining sector, Ghana scored 56% ,placing 24 out of 89 countries. For this study, we concentrate on governance in the oil and gas sector in the rest of the analysis. Details of the 2017 RGI index for oil and gas governance in Ghana are reported in **Figure 9**. It assesses policies and practices governing the oil & gas industry in Ghana. According to the index, oil and gas governance in Ghana is the best resource governance in Sub Saharan Africa.

But for revenue management, the main component of the governance index performed consistently well, with value realisation (licensing, taxation, state enterprises, and environmental protection) and enabling environment (concerning issues of accountability, rule of law, stability, corruption, regulatory, among others) scoring 61 and 70 respectively. The governance of revenue management performed poorly with a score of 37 out of 100. The major setback to revenue management is the governance of national budgeting which scored

36 out of 100. The value realisation measure also composed a measure on state-owned enterprises of which the Ghana National Petroleum Corporation, the only state enterprise of the oil sector in Ghana scored 75. But for its non-commercial activities and the absence of rules of transparency around commodity sales, GNPCs governance score could have been better.

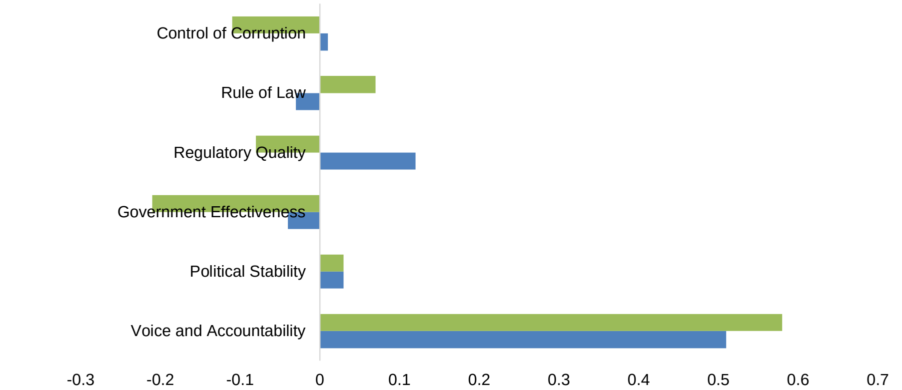
The governance of Ghana's stabilisation fund scored 93 and ranked 2nd among sovereign wealth funds in resource-rich countries. However, the index reveals the need to disclose the asset in which the fund can invest and provide justification for the cap on the stabilisation fund, which has unfortunately been lowered over the years.

4.4 World Governance Indicators

~~Kaufmann et al. (2005)~~ [23] identify the indicators of good governance as voice and accountability, political stability, government efficiency, regulatory quality, the rule of law and control of corruption.

Figure 10 shows Ghana's performance between 2010 and 2018 on the World Bank's good governance indicators[13]

Figure 10: Ghana's Performance on the World Bank's Good Governance Indicators



	Voice and Accountability	Political Stability	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
2018	0.58	0.03	-0.21	-0.08	0.07	-0.11
2010	0.51	0.03	-0.04	0.12	-0.03	0.01

Source: Authors' construct from World Bank's Governance Indicators, 2019

According to Figure 10, while Voice and Accountability, and Rule of Law has improved between 2010 and 2018, Government Effectiveness, Control of Corruption and Regulatory Quality has declined. Political Stability is at the same level as 2010.

From a political perspective, ~~Torvik (2002)~~ [23] argues that oil discovery and production generate incentives for rent-seeking behaviour among policymakers. According to ~~Lane and Tornell (1996)~~ [24], the oil curse is also caused by the 'voracity effect' in which oil revenue is wasted through corruption, weak governance and excessive rent-seeking among competing interest groups. Corruption, which is a key consequence of rent-seeking behaviour, has been proven to be an anti-growth factor (~~Bardhan, 1997)~~ [25]. One of the determinants of rent-seeking is governmental confusion between wealth creation and wealth extraction ~~(Gylfason, 2001)~~ [26]. Economic rent is the excess of revenue derived from a certain activity over the sum of its supply prices of capital, labour and any other related inputs required to undertake the activity ~~(Garnaut and Ross, 1983~~) [27]. Similarly, resource rent is the value-added of the

[13] See https://info.worldbank.org/governance/wgi/

natural resource, the difference between the revenues generated from the extraction of the resource and the extraction cost and the cost of factors of production and their opportunity cost~~ (Dickson, 1999) ~~[28].

This definition is affirmed by ~~Watkins (2001) ~~[29] who posits that economic rent is the value of the resource at the point of production less all prior costs incurred, including expected return on investment. These costs include wages, interest on capital, the profits of entrepreneurs and the reward for land. Although these present a high opportunity for job creation, ~~Torvik (2002)~~ [23] finds that oil production leads to rent-seeking entrepreneurship.

In Ghana's case, the emphasis has been placed on the passage of laws and the formulation of governance policies. In addition, several governance-related protocols have been signed onto. We argue that this approach has three limitations. First, the enactment of these laws and policies do not guarantee implementation. For instance, while section 48 of the Petroleum Revenue Management Act mandates the Minister for Finance to publish the status of oil-funded projects annually; this provision was not implemented until 2017[14] though the law was passed in 2011.

Second, although the country has its specific economic, cultural and political circumstances, the laws are sometimes adopted wholesale from Norway or other countries considered to have best practices. An example is the investment of the petroleum funds outside the country which earns a negative interest rate in some instance while the country borrows at higher interest rate differentials. Even though this satisfies the concept of intergenerational equity, efforts to debate alternative ways to invest the petroleum funds have proven futile, since the status quo satisfies the 'Norway Model'.

Finally, the laws grant discretionary powers to the Ministers of Finance and Energy without any regulations or guidelines on how such discretion should be exercised. Though open and competitive bidding process for the award of petroleum licenses, the Minister for Energy earmarked three out of six blocks for non-competitive process in Ghana's first licensing rounds[15]. Such unregulated discretion can be a source of rent-seeking.

5 Discussion

As diagnosed by the analysis above, one major challenge to good governance in Ghana is transparency and accountability, according to IIAG, which could provide the breeding ground for corruption as pointed out by the CPI. Measures of governance regarding sustainable economic opportunity makes the situation worse, as governance indicators such as public management, business environment, and infrastructure are poor. They revealed challenges in budgetary and financial management, corruption in the public sector, insufficient civil society participation, deteriorating business regulatory environment, ineffective public service and increased restriction in accessing public & legislative information.

In the absence of sustainable economic opportunity, corruption ripe, peace and stability are threatened. Those are the general outlook of governance in the country as indicated by the IIAG and CPI. They, however, cast a shadow on the oil and gas resource governance in the country. Lessons of the natural resource curse surrounding mineral exploitation in Ghana prompted measures to engender good governance in the wake of the oil find in Ghana. For this reason, and learning from global trends, several laws have been passed for the production of oil and gas and the efficient management of its revenues. These have promoted good governance in the oil and gas sector than there is in the mining sector, even to the extent that oil and gas governance in Ghana ranks first in Sub Saharan Africa.

That notwithstanding, the 2017 RGI makes known that the standards of practice of these laws are well below their enactments, scoring the legal framework 70 and the implementation or practice, 63. This suggests a challenge with the implementation of legal frameworks of oil and

[14] See https://www.peacefmonline.com/pages/business/economy/201805/351947.php

[15] See https://www.energymin.gov.gh/ghana-launch-first-exploration-licensing-round-q4-2018-amin-adam

gas in Ghana, and that the many laws as outlined in the section of this paper are in themselves not the end but a means to good governance.

Furthermore, in line with the worry of over budgeting and financial management issues indicated by IIAG, the RGI singled out national budgeting as a major challenge to the oil and gas sector, scoring it 36, well below the average of all resource governance indicators assessed. The governance of national budgeting is weak because of the challenge of linking petroleum revenues to general public financial management rules that could discourage acts like borrowing against projected revenues, overestimating revenues and changing rules ~~(NRGI, 2017)~~ [30]. This reflects in the volatile nature of allocation to the ABFA, even to the extent of exceeding the 70% benchmark in 2012, with the effect of starving the stabilisation and heritage funds. There is a call for transparency as regards asset selection and the use of funds for any purpose such as the Free Senior High School (Free SHS) program. Free SHS program may provide intergenerational equity as defined by~~y Beckner (2009),~~ [31] offering benefits between the present and future generations. It may also be a source of human capital development to generate sustainable development. However, the volatile, large and exhaustible nature of oil revenues requires that Free SHS is situated within a proper national development plan with the necessary transparency and accountability provisions. More so, planning regarding the use of oil revenue for any purpose is required since the economy is already exhibiting heavy reliance on the resource for development financing and economic growth.

Moreover, analysis of the 2017 RGI revealed a problem with the non-commercial activities of GNPC (see Table 1). This comes in addition to GNPC's transparency problems on rules regarding commodity sales. The national oil company sponsors non-commercial activities such as sports and entertainment, lends to the government, without any publicly known social investment strategy. In a recent report by ACEP[16] analysing the work program of GNPC, ~~ACEP (2019)~~ [32] revealed the intention of the Corporation to spend $43.05 million of its revenue on Corporate Social Responsibility in the 2019 financial year. Alarming as the situation is, this amount represents about 254% of the total Budget of the entire Ministry of Energy.

Issues regarding the publication of audited reports are also worrying. These practices create room for the perception of corruption and corrupt practices to thrive. GNPC, a corporation that receives 55% or less of the country's carried and participating interest, and received 31% of the total petroleum revenues that accrued to the government over the period 2011 - 2017, must be circumspect, transparent and accountable in all its activities.

Finally, examining of IIAG, it came to light that transparency in the years preceding oil production was better than the level of transparency in the era of oil production. This can be attributed to rent-seeking behaviour which thrives in secrecy as some public officials do their best to frustrate measures of transparency and accountability.

[16] See https://www.myjoyonline.com/business/2019/February-20th/acep-faults-gnpcs-plan-to-spend-43m-on-csr-but-20m-on-core-mandate.php

Table 1. Governance practices in the oil and gas sector – comparing 2011 and 2019

Variable	2011	2019	Comments
Oil Resource Ownership	The Constitution grants ownership of natural resources, including petroleum to the state	Both the constitution and the Petroleum and Exploration Law Session 3 of the Petroleum (Exploration and Production) Law (2016) stipulates that "Petroleum existing in its natural state in, under or upon any land Ghana, rivers, streams, watercourses 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 is vested in the President on behalf of and in trust for the people of Ghana"	In addition to the 1992 Constitution, the Exploration and Production Law places the ownership of the petroleum resources in the state. Session 3 of the Petroleum (Exploration and Production) Law (2016) stipulates that "Petroleum existing in its natural state in, under or upon any land Ghana, rivers, streams, watercourses 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 is vested in the President on behalf of and in trust for the people of Ghana"
Licensing Process	Direct negotiations had become a default system through which contracts were awarded.	Session 10 (3) of the Petroleum Exploration and Production Act (2016) states that a Petroleum agreement shall only be entered into after an open, transparent and competitive public tender process. However, sub-section (9) states: "Despite subsection (3) the Minister may, in consultation with the commission, that a petroleum agreement may be entered into by direct negotiations where direct negotiations represent the most efficient manner to achieve optimal exploration and production of petroleum resources in a given area"	In 2018, the government launched a licensing round for 6 blocks. For the first time, 3 of the blocks will be awarded through an open and competitive bidding process. However, 2 of the blocks will be awarded through direct negotiations whilst 1 will be reserved for the national oil company[17]. Whilst information on the three blocks earmarked for competitive bidding has been made available in accordance with the Petroleum Exploration and Production Law and expectation of Civil Society, there are still concerns on how the strategic partner of GNPC would be

[17] See http://www.ghana.gov.gh/index.php/news/5064-president-akufo-addo-launches-ghana-s-maiden-oil-gas-licensing-round-2

			selected and how the direct negotiations would be conducted.
Contract Disclosure	The government signed three contracts in 2015 according to Newspaper reports. These are i. The Ghana Government/GNPC and ENI and Vitol contract for the Offshore Cape Three Point integrated oil and gas project ii. A joint venture between Government, Ghana National Petroleum Corporation, Swiss African Oil Company Limited and PET Volta Investments for Exploration in the Keta Delta Block. iii. Petroleum Agreement by and among the Government of the Republic of Ghana, Ghana National Petroleum Corporation, GNPC Exploration, and Production Company Limited and Springfield Exploration and Production Limited in respect of the Conduct of Exploration and Production Operations in the West Cape Three Points Block 2 Offshore Ghana. A search on the Website of the Ministry of Petroleum[18], the Ghana Petroleum Commission and the contract database of the Africa Centre for Energy Policy[19], Open Oil website[20], and GNPC's open data portal[21], indicate that the government has not disclosed any signed contracts	A petroleum register has been established[22].	

[18] http://www.petromin.gov.gh/downloads.html
[19] http://www.acepghana.com/contract-database/
[20] http://repository.openoil.net/wiki/Ghana
[21] http://www.gnpcghana.com/open_data.html
[22] See https://www.ghanapetroleumregister.com/contract-areas

	in 2015 but were ratified by parliament on 11 March 2016 (Order Paper, Resolution 10, (2)). Before 2015, the government's disclosure of contracts was due to public pressure to do so and also as a result of TULLOW PLC having made its contract with the government public. The government has not shown any commitment to disclose contracts in the hydrocarbon sector. Even though the Minister of Petroleum had issued a moratorium on oil contracts in 2014, the Ministry went ahead to develop contracts, which were ratified Parliament in March 2016. None of these contracts has been made public. Tullow's Ghana agreements are now up on Tullow's website (2 June 2011).		
Environmental Management Practices	Though Section 28 of Legislative Instrument 1652 stipulates that the Agency (Environmental Protection Agency) shall cause to be published in the Gazette notification of any codes of practice, standards, and guidelines in connection a. with matters provided for under these Regulations for the purpose of giving guidance; and b. with matters relating to the protection, development and rehabilitation of the environment. Therefore, the environmental mitigation/management plan, which is provided under this Regulation should be published in the Gazette, only the Environmental mitigation plan of Sankofa has been public while the environmental management plan of Tullow was published. An Oil and Gas Unit has been established by the Ministry of Environment to check the		

	environmental practices of oil companies in line with the law.		
Management of the National Oil Company	GNPC board comprises of seven members. All these people do not hold a position in the current government. However, Abraham Amaliba contested the primaries of the National Democratic Congress, the ruling party. In addition, only one audited was published as of 2016. Since 2017, the chairman of the national oil company is also the chairman of the ruling party.	The current chairman of the board of directors is also the chairman of the ruling party. Other audited accounts have been published.	There has not been much change with regards to corporate governance. Most of the Board members (four out of seven) of the National Oil Company are politically exposed persons. This implies that their independence from the political establishment may not be guaranteed.
Petroleum Revenue Management and Disclosure	Requirements such as the publication of revenues received, and allocations to different funds were done. Though the law required publication of oil-funded projects, this was not done. Indeed, in 2015, civil society threatened to sue the Ministry of Finance to publish the list[23].	In keeping up with Section 48 of the Petroleum Revenue Management Act, 2011 (Act 815) as Amended Act (893), the Minister of Finance also submitted the 2015 Annual Report on the receipts utiliSation of the Petroleum Funds for 2015 fiscal year to Parliament as part of the budget statement. The total petroleum receipt for 2015 was also disclosed in the 2015 reconciliation report on the Petroleum Holding Fund	There has been an improvement in terms of petroleum revenue management. There are still concerns on the scanty nature of oil-funded projects, the thinly spread, the arbitrary capping of the stabilisation fund and no public input into the selection of priority areas. Factors such as the passage of the fiscal responsibility law, the practice of the law such as the constitution of the Fiscal Council and the alignment of the 2019 mid-year budget deficit to the law and the data portals established at the Petroleum Commission including the Ghana petroleum register have contributed to enhanced transparency in oil resource management.

Source: Authors' compilation, 2019

[23] http://www.ghananewsagency.org/economics/acep-to-sue-gov-t-over-failure-to-publish-projects-funded-with-petroleum-revenue--86054

6 Conclusion and Recommendations

The Petroleum Revenue Management Law has embedded in its good governance provisions on accountability and transparency. One of the unique features of the law is the active participation of an oversight body made up of nominated members of diverse non-governmental groups known as the Public Interest and Accountability Committee (PIAC). The law also mandates other institutions such as the Ministry of Finance and the Bank of Ghana to provide a detailed report within a specified period. Quite frankly, a lot of information has been made available on the receipts and utilisation of petroleum revenues. However, the implementation of the law over the past seven (7) have proven that the law is not without defects. Key among the limitations are timeliness of information, discrepancies in information made available to the public by various agencies, lack of detailed information on ABFA funded projects and spending choices by the national oil company. These weaknesses provide opportunities for altruistic and self-aggrandising behaviour.

To discuss the governance of the petroleum resources within a broader context, Ghana's performance on three global governance indexes was assessed. Namely, the Mo Ibrahim Governance Index, Corruption Index, published by the Transparency International and the Resource Governance Index, published by the Natural Resource Governance Institute. Out of the many governance indicators available, the emphasis is given to indicators that relate much to oil and gas governance.

On this basis, the Resource Governance Index, the Ibrahim Index of African Governance and the Corruption Perception Index were selected. These indicators are themselves a host of other independently constructed indices developed by other entities. For these governance indicators, scores and trends are analysed to identify subtle governance issues. Attention is also given to major components of the index and their subcategories, especially those that are relevant to the oil and gas governance.

According to the findings, Ghana's performance on the Mo Ibrahim Governance Index deteriorated between 2012 and 2015 mainly due to transparency and accountability issues. The index started to improve from 2016, but transparency and accountability continued to decline. Transparency and Accountability are the weakest among these poor performing sub-categories of indicators under the four governance dimensions measured by IIAG. Transparency and Accountability is, therefore, a major factor behind the deteriorating governance in Ghana. Transparency was better in periods leading up to oil production (2008-2011) compared to the era of significant oil production, which has seen transparency and accountability decline consistently. The year 2010, which marked the commencement of oil production in Ghana, recorded the highest CPI score ever under this old scale with a score of 4.1. However, this could not be sustained in the following year as the score fell to 3.9 in 2011. Under the old scale, the lowest score (3.3) was recorded in 2003 and 2006.

According to the Resource Governance Index, oil and gas governance in Ghana is the best resource governance in Sub Saharan Africa. However, when compared with global leaders like Norway, Ghana has a long way to go. But for revenue management, the main component of the governance index performed consistently well, with value realization (licensing, taxation, state enterprises, and environmental protection) and enabling environment (concerning issues of accountability, rule of law, stability, corruption, regulatory, among others.) scoring 61 and 70 respectively. The governance of revenue management performed poorly with a score of 37 out of 100. Again, there were issues with the inadequate information on the reasons for capping the stabilization fund at a specified level.

Are altruistic and self-seeking behaviour evident in Ghana's oil and gas sector~~good governance and the petroleum sector awkward couple or Siamese twins~~? Evidence suggests that good governance practices are required to promote sustainable petroleum resource management. This implies that institutions need to be established, human capital developed, laws and regulations passed whilst transparency and accountability measures put in place. However, the presence of these systems and initiatives only partially guarantee good governance. The implementation, review and continual improvement in governance systems promote effective governance of the petroleum sector. In Ghana's case, laws and regulations have been passed, regulatory and other relevant institutions have been established, scholarships have been awarded to build capacity while the Public Interest and Accountability Committee has been established to promote good governance. These notwithstanding, implementation of these laws have not been smooth. The inclusion of discretionary provisions, the absence of guidelines to exercise these discretionary provisions and parliament's unwillingness to act on PIAC's recommendations mean there is a general improvement in transparency but limited accountability. These had led to a number of cases where the laws that were passed, had not or partialy been followed. It has led to a situation where transparency has improved but accountability appears to be stagnant.

In a nutshell, three key observations are made. First, the passage of laws and evidence of implementation, which are often measured by these indices measure, may not suitably tell the story of good governance. For instance, whilst a score will be awarded for the establishment of a regulator like the Petroleum Commission, effort should be made to analyse the extent to which the Commission has performed its core mandate. Therefore, how the laws are implemented should be of much interest. Second, the exercise of discretionary power by Ministers should be of much concern since its an avenue for conditional altruistic behaviour or self seeking interventions. Finally, the indices should also have a bottom-up assessment to ensure balance. For instance, how the implementation of laws and policies are affecting the livelihood of the individuals and entities who are governed.

The study recommends that the government should implement holistically and immediately the governance provisions in the Petroleum Revenue Management Law. Also, though certain types of public disclosures may not be required by law, publishing such information can enhance public confidence in the petroleum governance system.0

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