



Q&A Meeting Summary

Ghana's Big Oil Test: Oil's Challenge to Democratic Development

Speaker: Ian Gary, Senior Policy Advisor and Manager, Extractive Industries, Oxfam America

Chair: Christina Katsouris, Africa Correspondent, Energy Intelligence

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Q&A Session

Q: Barry Morgan, Upstream Oil and Gas Newspaper - The new NDC government will provide a new scenario as, although many people who were in power under Rawlings have returned, there is a different atmosphere. Tsatsu Tsikata will likely be reintroduced into government, and there will be a scramble to return to the status quo as under the last period of NDC rule. How confident can we be that the process to bring in a set of petroleum regulations, begun under [former President] Kufuor, will be ongoing? How has this process been truncated by recent events? Will there be reform or will there be a return to the status quo?

A: This report was completed just as the elections were happening, which was useful in a way, as it meant that it could be presented as the new government came in. As the NDC government has not yet settled in – not all of the Ministers have been appointed, for example - there is a pause in the action at the moment. This makes it difficult to judge whether regulation of the oil find will be a continuation of the efforts made by Kufuor's government or not. Once the Ministers are confirmed, it will be easier to judge. The next year provides a window in which it might be possible to get some policy changes. All in all, there is reason to be optimistic about opportunities for reform.

Q: Barry Morgan, Upstream Oil and Gas Newspaper - The Oxfam report puts a lot of faith in the ability/will of the IFC and World Bank system to force change. Is it them who have the power to enforce change in this window of opportunity?

A: Oxfam wrote to the IFC asking for a delay in drilling until environmental regulations are put in place. As there is no Minister of Energy yet, there shouldn't be any fast-tracking of the extraction. The IFC is not making use of the leverage it has.

Q: Chris Newsom, Stakeholder Democracy Network – Have you seen any signs of sobriety in the policy environment in the face of the crash of oil prices? The bulk of the money would start materialising in 3 to 4 years time, what effect will this have on the current government?

A: Oil was a big feature during the presidential campaigns. The current administration will begin to deal with significant oil revenues by the end of 2010, and so it will be able to have some management of the revenue.

Expectations about the oil find were set too high by Kufuor. The find was portrayed as part of what the NPP had 'achieved' for Ghana. Kufuor's administration overstated the size of the field, the number of jobs that were going to be created and so on. It will be difficult to talk Ghanaians down from these promises.

Q: Paddy Coulter, Department of International Development, Oxford University – What is your view on the capacity of the Ghanaian media to hold the government and oil companies to account? Do they have the required business expertise?

A: There are many capable Ghanaian reporters but the oil industry is new and unfamiliar to Ghanaian journalists. One of the reasons for making this report in the first place was to help journalists to know what questions to ask. There is a need for skill-sharing and capacity building.

Christina Katsouris – from talking to journalists concerned with oil in Sao Tome, a good idea would be to create a workbook or reference book, which explains what questions to ask and how to deal with technological knowledge. Government officials themselves often do not understand the lingo. NGOs could look at providing funding to oil journalists.

A: This is already on the radar for some NGOs.

Q: Josephine Osikena, Foreign Policy Centre – Countries in the region have had similar experiences to Ghana. Could Nigerian journalists, for example, share their expertise in holding authorities to account with the Ghanaian media?

A: This is also already happening to some extent. For example, the Publish What You Pay Africa coalition is operational in Ghana and Nigeria, and provides an opportunity for Nigerians to share with Ghanaian counterparts what they have experienced.

Q: Glada Lahn, Chatham House – There are high expectations in Ghana for employment opportunities. Have provisions been made in the contracts drawn up with oil companies for the transfer of capabilities to other industries?

A: Tullow and Kosmos have no plan for training. The GNPC once had 700 employees when there was little to no oil production taking place. There has been talk of setting up petroleum extraction training schemes at the University of

Science and Technology in Kumasi, but how much point is there in doing that if there is not so much oil, and not so many jobs will be created?

Q: Prof. Tom Kobi, University of Enterprise – Have there been any proposals set out concerning renewable energy? There is also a need for basic commodity exchange in Ghana, as the Nigerian experience of this has not worked.

A: Oxfam has made no prescription on how oil revenues should be spent. The report is intended to make debate happen, and as pointed out by the question, debate does need to take place as Ghana does suffer energy problems.

Q: Dr. Mark Henstridge, BP – In response to the answer, Oxfam should recognise the importance of looking at the impact of oil revenues on the economy. This is necessary in order to realise the opportunities and identify risks to the economy as a whole which result from the oil find. If money from oil revenue is spent too quickly, the Ghanaian interest rate will become too strong, which would endanger the export system. How the budget is governed is important and if IMF international codes are employed, then any analysis of the potential effect of oil would be more thorough.

A: Oxfam recognised the importance of examining the budget, and so partnered with ISODEC to create this report because of the latter's experience in budget analysis.

Q: Vanessa Herringshaw, Revenue Watch Institute – In a decentralised system like Ghana, how much money from oil revenues will filter down to district assemblies and local councils?

A: The situation differs slightly from somewhere like the Niger Delta, as in Ghana the oil is offshore. There are 3 district assemblies in the Western region and at the moment there is much jockeying going on, as they all claim to be most affected by oil extraction. How revenues will affect them is not yet clear.

Q: Kobina Hughes, lawyer – The issue of conflict avoidance is very important, and has not been presented here. The fishermen of the Western region have been apprehended by the Navy whilst fishing, although they were not made aware of the regulations. Tullow's talk of job creation is empty, as employing 200 people will make little difference to a community where many want jobs. Sustainable and peaceful extraction requires a strong Ghanaian citizenship, and

oil companies should look at making investments to encourage this. The regionalist aspect of Ghanaian politics might also add to the danger of conflict.

A: Oxfam and ISODEC do cover the human aspect of oil exploration and extraction in Ghana. There has been little if any communication with the fishermen, and the boundaries past which they are not allowed to fish, have not been made clear to them. This is dangerous, as it only engenders mistrust and anger amongst the local residents.