

# 1 Nigeria and the Petroleum Resource Curse What Ghana Can 2 Learn For Improved Management of Oil and Gas Revenues

3 DR. J.A. BAMIDURO<sup>1</sup> and DR. J.A. BAMIDURO<sup>2</sup>

4 <sup>1</sup> University of Ilorin. Nigeria

5 *Received: 15 June 2012 Accepted: 4 July 2012 Published: 15 July 2012*

6

---

## 7 **Abstract**

8 Nigeria discovered oil and gas resources in 1956, and has had poor economic performance and  
9 even civil war between 1967 and 1970. The recent discovery of petroleum resources in Ghana  
10 is one of the positive shocks that country has experienced in the recent past. How this initial  
11 positive shock is converted into durable all round development benefits is argued in this paper  
12 to be a matter of policy. Unlike Nigeria, Ghana has an added advantage. It can learn from  
13 other countries' experiences, notably Nigeria and Angola and make better policies to ensure  
14 economic growth and sustainability. Casual observation tends to assume that the exploitation  
15 of natural resources such as Oil lead to an increase in income with positive knock on effects to  
16 poverty reduction. However, research shows that developing African countries that have at  
17 least 25 percent of their exports from natural resources are more likely to have conflicts.  
18 Resource conflicts seem to be driven by poor governance, greed and corruption. Improved  
19 governance of income from petroleum resources in Ghana could reduce the risk of conflict in  
20 Ghana provided Ghanaian government is ready to learn from Nigerian's bitter experiences.  
21 Collier (2005) argues that conflicts prone countries are more likely to poorly convert their  
22 income from natural resources into growth and revenue. He opines that revenue from primary  
23 commodities is a risk factor in civil war. This paper argues that Ghana should subscribe to  
24 the principles of good governance. Improved governance will help to reduce both domestic as  
25 well as regional conflict risks.

---

26

---

27 **Index terms**— Petroleum resource curse, oil revenue, conflict and management.

## 28 **1 INTRODUCTION**

29 The recent oil discovery in Ghana may possibly result into a blessing rather than a curse. Ghana has an added  
30 advantage to learn from her closest neighbour, Nigeria in this field and make better policies to ensure economic  
31 growth and sustainability. Nigeria however is now having conflict and citizenry become who was in the middle  
32 of an oil boom in the 70s and 80s

33 Author : Department Of Business Administration University Of Ilorin, Ilorin, Nigeria. E-mail : fem-  
34 bam2005@yahoo.com E-mail : jabam@unilorin.ed.ng poorer. "Africa has become one of the most promising  
35 oil exploration areas in the world over the last decade" (Menachem et al 2004). Ghana is no exception since  
36 it's on the verge of becoming an oil producing and exporting country. Her oil revenues may possibly result into  
37 a blessing rather than a curse because it has an added advantage to learn from Nigeria and other countries in  
38 Africa and make better policies to ensure economic growth and sustainability. Bannon and Collier (2003) agree  
39 with this notion, they claim that the discovery of new natural resources greatly increases the risk of conflict in  
40 low income countries especially if the resource is oil. They also argue that a country that has 25 percent of  
41 its GDP dependant on primary commodity exports, has 33 percent risk of conflict while one with 10 percent

## 5 COUNTRY EXPERIENCES

---

42 dependency on primary commodity exports, only has 11 percent risk of conflict. Several African countries have  
43 had civil wars linked to resource wealth, for example , Nigeria, Angola , Liberia, Sudan and Congo to mention  
44 but a few.

45 Nigeria discovered petroleum in 1956 and also had civil war and poor economic performance in the last three  
46 to four decades. However, country like Botswana, one of the world's largest exporter of diamond, has sustained  
47 rapid economic growth arising from mineral wealth. Ghana could learn from Nigeria's experiences in order to  
48 promote sustainable economic growth through petroleum revenues.

49 II.

## 50 2 ISSUES IN OIL AND GAS FOR DEVELOPMENT Environmental Concerns and Ghana new oil find

51 There is no such thing as an environmentally friendly, hydrocarbon industry. Production is messy and use of the  
52 end product pollutes and causes climate change. There is no point in pretending otherwise. But Exxon Mobil's  
53 record on controlling local pollution effects at the point of production is abysmal. Their record in Nigeria (and  
54 Alaska) is appalling from the point It is worth a note in praise of Tullow Oil, partners and operators in the  
55 Jubilee field an Irish company, their commitment to Ghana and to local employment and procurement has been  
56 exemplary. It is vital for the future trial a large part of the energy generated by hydrocarbons, and the resulting  
57 revenue, is devoted to funding the industrial development of renewable energy technologies. Ghana has great  
58 potential for wind energy, solar energy and above all wave and ocean current energy. Major projects in these  
59 areas should be developed with oil revenue.

## 60 3 Corruption

61 The Ghanaians who have been fortunate enough to acquire stakes in Ghana's oilfields, are set to become the  
62 richest people in the land. Their families may be in a dominant position in Ghanaian society for generations.  
63 There is an understandable concern for those Ghanaians and how they acquired their stakes. That seems to be  
64 a perfectly legitimate area for investigation, perhaps initially by the parliamentary energy committee.

65 Many government ministers are at least partly motivated by their opposition to the proposed Kosmos/Exxon  
66 Mobil deal by a belief that those close to ex-President Kufuor own a share in Kosmos, with the inference that the  
67 share was corruptly obtained. We do not know if that is true. If there is evidence, let it be properly investigated  
68 and acted on. If there is no evidence, forget it. But do not let us have policy in the most vital area dictated by  
69 partisan rumour.

70 Strangely, it is bipartisanship which is most worrying, we pray that Ghana will never become corrupt at all  
71 levels like Nigeria, even though we know that oil brings that tendency. Yet there appears to be very little vigour  
72 in investigating and prosecuting corruption.

73 Both President John Kufuor and President John Atta Mills, on coming to power after defeating the previous  
74 government in election, appear to have taken the same view. As we see it, they judged that in Ghana's new  
75 democracy it is essential that when the government changes, it should be seen by all that vindictive action is not  
76 pursued against members of the other party. Only a very small number of middle ranking figures have suffered  
77 from anti-corruption action.

78 These were the actions of wise and generous hearted men. But the danger is that this forbearance can result  
79 in a toleration of corruption. A situation can even arise where the political class as a whole see the public purse  
80 as something they can loot, with the parties taking turns as they go in and out of power and all the politicians  
81 agreeing not to pursue each other for corruption.

82 We are not saying that Ghana has reached that stage so far, we are saying that it is a danger and that we can  
83 be too tolerant as first become known in Ghana when we warned of increasing corruption in the last years of the  
84 Rawlings administration. The same thing happened, only on an even bigger scale, in the last two years of the  
85 NPP government.

## 86 4 III.

## 87 5 COUNTRY EXPERIENCES

88 Although Sub-Saharan Africa is blessed with natural resource endowments, there is still a significant amount of  
89 people living on less than \$1 a day with endless civil wars. Indeed, countries that are greatly dependent on natural  
90 resources are more prone to civil wars, which could lead to a reduction in growth and an increase in poverty  
91 (Ross, 2003). Furthermore, "violent secessionist movements are statistically much more likely if the country has  
92 valuable natural resources with oil being specifically dangerous" ??Collier et al, 2003).

93 According to Otters (2007), the resources from the recent oil boom enabled the sub-Saharan countries to  
94 address social needs and accelerate socio-economic development, However, African governments face a risk of  
95 excess government expansion that could lead to boom-bust cycles that inhibit poverty reduction.

96 Although, there are some improvements in oil revenue management in Sub-Saharan Africa, more needs to be  
97 done to ensure an adequate accounting for revenue and adoption of a rational fiscal policy stance. In addition,  
98 because the fiscal stance in most countries has not fully reflected the IMF advice, there has been high volatility

100 of fiscal spending, lack of diversification of government revenue sources and failure to accumulate foreign assets  
101 (Menachem et al 2004).

102 It is often assumed that countries that greatly depend on natural resources are more likely to have economic  
103 growth and sustainability however the converse is true for most Sub-Saharan countries. Ross (2003) argues that  
104 a country's reliance on non fuel Global Journal of Human Social Science Volume XII Issue I Version I

## 105 6 10

106 Nigeria and the Petroleum Resource Curse: What Ghana Can Learn For Improved Management of Oil and  
107 Gas Revenues mineral export or fuel exports tends to create high poverty rates and research also shows that  
108 resourcedependent economies grow more slowly than resourcepoor economies. Furthermore, the poorer a country  
109 is, the more likely it is to face a civil war ??Collier and Hoeffler, 2001).

110 Table 1 below gives an insight on two major puzzles in resource dependent African countries i.e. conflict and  
111 poverty. Figure 1 also shows the dependency ratios for both the oil and mineral producing countries. Among the  
112 oil dependent African countries, Angola has the highest dependency ratio of 68.5 percent but it is both a highly  
113 indebted poor country and has had a civil war. On the other hand, a country like Libya that has the smallest  
114 dependency ratio in this example has managed to maintain growth and economic stability.

115 Among the non-oil dependent countries, Botswana that has the highest dependence ratio of 35.1 percent is  
116 neither a highly indebted poor country nor had civil war in the recent years. It is of special interest as to how  
117 Botswana has managed to use its revenues wisely although it is highly dependent on diamonds. Perhaps Ghana  
118 can learn from Botswana and manage its up coming oil revenues wisely to reduce poverty and ensure economic  
119 stability. Oil dependence is the ratio of oil, gas and coal exports to GDP Therefore, two country case studies i.e.  
120 Nigeria and Botswana are examined in order for Ghana to learn from their experiences. Nigeria and Botswana  
121 were of special interest in this study because Nigeria is highly dependent on oil and has mismanaged its oil  
122 revenues and had political instability while Botswana though highly dependent on diamonds has managed its  
123 revenue well which has led to economic growth.

124 Nigeria has suffered political instability, corruption and poor macroeconomic management as a result of oil  
125 dependency. Table 1 above shows that Nigeria's oil dependency ratio is 39.9 percent Nigeria discovered its oil  
126 and gas resources in 1956 and the government was in control of the resources. Before this oil discovery, Nigeria  
127 enjoyed the 1950s agricultural boom. It was an agro-based economy with agriculture contributing 64 percent  
128 of GDP. Some of its major exports included cocoa, groundnuts, palm oil and rubber. However after the 1970s  
129 oil boom, oil exports increased while agriculture exports were neglected. The oil revenues led to an increase in  
130 government expenditure, wage rates and an appreciation of the real exchange rate. Nigeria's loans increased from  
131 US \$1 billion in the 1970s to US \$33 billion by 1991 (Abuka et al 2007).

132 Nigeria experienced fiscal deficits and large public spending that enhanced macroeconomic volatility during the  
133 oil booms. Nigeria public spending was quite high, the budget deficit increased from the 1970s as expenditures  
134 were rising higher than the revenues. Since 1975, the budget deficit has remained above 4 percent of GDP. The  
135 accumulation of this large public sector debt was due to the irreversible rise in expenditures when oil revenue was  
136 high (Menachem et al 2004). According to Menachem et al (2004) analysis, oil price and oil revenue volatility  
137 is transmitted to the economy through public spending. Furthermore, weakness in the fiscal administration of  
138 the oil sector in Nigeria may lead to inadequate allocation and collection of revenue for Oil rich Nigeria has a  
139 capital-intensive oil sector, which provides 20 percent of GDP, 95 percent of foreign exchange earnings and 65  
140 percent of budgetary revenues. In addition, the agricultural sector only comprises of 17.3 percent of GDP while  
141 the industry and service sector constitute 53.2 and 29.5 percent respectively ??CIA, 2007,b). Despite all the oil  
142 revenues Nigeria gets, 60 percent of the population still lives below poverty line. Corruption, mismanagement  
143 of oil reserves and lack of diversification in the export sector could have a big role to play in the slow economic  
144 growth and high poverty levels. Nigeria had an oil fund in the past years but the practice was discontinued  
145 because of the embezzlement of the funds (Menachem et al 2004).

146 Unlike Nigeria, Botswana has maintained one of the highest growth rates since independence in 1965 and  
147 transformed itself from one of the poorest countries in the world to a middle-income country with a per capita  
148 GDP of more than \$11,000 in 2006 (CIA, 2007,a). Botswana discovered diamonds in 1966 however exploitation  
149 did not commence until the 1970s. The sustained economic growth is largely attributed to diamond mining that  
150 constitutes 33 percent of GDP and 70-80 percent of exports and 95 percent of government revenues (CIA, 2007,a).  
151 Several factors have contributed towards Botswana's success.

152 Good governance and transparency have played a big role in ensuring sustainable economic growth. Botswana  
153 set up National Development Plans (NDPs) to articulate government polices and development priorities. The  
154 good fiscal discipline has kept government expenditure from growing as fast as government revenues in the long  
155 run. In addition Botswana has been consistent in free market principles, pro-growth polices and strategies in  
156 minerals, land, agriculture and social development (Mogae, 2005).

157 In Botswana, private companies operate most of the mining ventures, although the government of Botswana  
158 has a significant share holding (Modise, 2000). This has helped prevent cases of corruption and misuse of economic  
159 rents. The returns from the mining have benefited the economy of Botswana. The revenues have been used to  
160 develop the infrastructure, human resources and have helped build up foreign exchange reserves.

161 IV. OIL AND GAS GOVERNANCE IN

## 162 7 AFRICA

163 In order for African countries to use oil and gas for development, it is important to strengthen governance (Van  
164 der Veen 2006). It is argued that the basic framework for oil and gas development is a robust petroleum law. Such  
165 a law is required to ensure proper governance. The World Bank has been one of the key institutions assisting  
166 African countries to develop and establish resources laws. Such laws define the roles of the state, establish key  
167 institutions, describe the basic licensing and contractual framework and set the outline of the fiscal regime, in  
168 addition, such a law defines the relationship between the oil and gas laws with other existing laws, While countries  
169 such as Sao Tome and Principe have established the required laws, in most African countries, the laws remain  
170 inadequate and difficult to change.

171 The institutional frame works also need substantial improvement in Africa in order to ensure successful  
172 exploitation of oil and gas resources. Institutions are important because they define how governance is  
173 conducted. Countries require assistance to establish strong overseer ministries, national oil and gas companies  
174 and accompanying regulatory agencies. Building national capacity in key government institutions has been  
175 shown to be important in Angola and Nigeria essentially because the best staff are often taken from government  
176 institutions and while international financial institutions such as the World Bank may provide technical assistance  
177 when required, it is often difficult to measure the effectiveness of such technical assistance in the oil and gas areas.

178 Transparency in the management of oil and gas revenues has been shown to be an important attribute.  
179 Subscribing to the principles of the Extractive Industries Initiative (EITI) is one means of ensuring success in  
180 Africa. Already 8 oil and gas producing countries in Africa namely Cameroon, Chad, Congo, Equatorial Guinea,  
181 Gabon, Mauritania, Nigeria and Sao Tome Principe subscribe to this initiative. However, a number of key issues  
182 remain because progress varies greatly by country and civil society involvement has tended to be problematic.

183 Revenue management remains critical because oil and gas revenues require special policies to deal with  
184 windfalls. Excessive revenues can lead to corruption and Dutch disease. In addition, due to volatility, solution  
185 has typically been to set up an "Oil Fund" that is separate from the regular government budget Examples of  
186 countries in Africa that have set up such a Fund include Sao Tome & Principe, Angola and Chad. The key  
187 issues relate to the need for strong political authority and consensus to establish the Oil Fund early in the oil  
188 development cycle.

189 The challenge of governance in African oil and gas sectors remains huge despite some progress that has been  
190 registered by some countries. Going forward, significant improvements in governance will be key to harnessing  
191 the large projected revenues for the sustainable development of the continent. Indeed, EITI remains me only  
192 viable continent-wide governance initiative on oil and gas that countries should subscribe to. Ghana's draft oil  
193 and gas policy has some good initiatives, however like the other African members of EITI, there will be need  
194 to go beyond the current content of the initiative to include issues of transparency in expenditure and revenue  
195 management as well.

196 V.

## 197 8 LESSONS FOR GHANA

198 How does Ghana turn its recently oil and gas revenues into a blessing rather a curse? Macroeconomic issues  
199 and governance have a great role to play in ensuring that Ghana's oil revenues lead to economic growth and  
200 sustainability. Nigeria an oil producing country faces many challenges mainly foreign exchange in flows, oil  
201 revenue volatility and the fact the oil is an exhaustible resource. In addition, Nigeria has political instability  
202 due to dependence on petroleum resources. Out of 50 years of existence since independent, the military ruled  
203 Nigeria for almost 30 years. To avoid the same mistake, Ghana should have a well defined laws and policies  
204 to prevent the reoccurrence of military rule in Ghana and even civil wars. Some possible options: a) Maintain  
205 adequate reserves With buoyant oil prices, oil export lead to large fiscal revenues and if not well managed, result  
206 in boom burst cycles. Therefore, good macroeconomic management policies would help prevent mismanagement  
207 of revenues. In order to improve macroeconomic management, Ghana should be encouraged to accumulate  
208 reserves to protect herself against the next negative oil price shock. Long term sustainability of fiscal policy  
209 should also be encouraged. (Menachem et al. 2004) In addition, the Ghanaian government could set up policies  
210 to prevent conflict and corruption as a result of oil revenues. b) Diversifying the export sector Since Ghana is  
211 likely to export oil in the near future, it could consider diversifying its export sector and not fully depend on oil  
212 revenues. Diversification might also help a country safeguard against revenue shortfall especially since oil is a  
213 non renewable resource. For example, Nigeria was an agro based economy before the discovery of oil. However,  
214 after the discovery oil it became a net food importer and has since experiences serious political instability. In  
215 addition the government could establish other long term assets to guard against the future short fall of revenues.

## 216 9 c) Extractive Industries Initiative (EITI)

217 Transparency in the management of oil and gas revenues has been shown to be an important attribute. Subscribing  
218 to the principles of the Extractive Industries Initiative (EITI) is one means of ensuring success in Africa. Going  
219 forward, significant improvements in governance will be key to harnessing the large projected revenues for  
220 the sustainable development of the continent. Indeed, EITI remains the only viable continentwide governance  
221 initiative on oil and gas that countries should subscribe to. Going forward, there will be need to go beyond the

222 current content of the EITI to include issues of transparency in expenditure and revenue management as well.  
223 Improved transparency could reduce the risk of conflicts and political instability. Botswana has not experienced  
224 political instability and has maintained economic growth partly because of good fiscal policy and transparency.  
225 Transparency would help prevent any re-occurrence of civil wars and improve management of any upcoming oil  
226 revenues. To enhance transparency and accountability, the IMF recommends the integration of oil sector related  
227 fiscal activities in the central government budget (Menachem et al 2004);

## 228 **10 d) Public private partnership in ownership**

229 Ghanaian Government could also encourage both public and private partnerships to avoid corruption and civil  
230 wars. The sole ownership of oil companies by government might lead to political instability like Nigeria and full  
231 private ownership may lead to exploitation. Therefore, private-public partnerships seem to be more efficient and  
232 more likely to prevent unnecessary political instability. e) Be aware that oil and gas revenues are volatile Oil and  
233 gas revenues are very volatile compared to other export commodities due to market conditions (Menachem et al  
234 2004). The foreign exchange inflows from the oil revenues could affect macroeconomic stability and the economic  
235 structure. Frequent adjustments of fiscal expenditures can be costly therefore; good fiscal policy is needed to  
236 protect the economy from volatility of oil revenues. Volatility of oil revenues can be reduced through creation of  
237 financial assets from fiscal surpluses as precautionary savings and interest income would in turn reduce the overall  
238 volatility in government revenue. Volatility could also be reduced through hedging against oil price fluctuations  
239 on international commodity exchange (Menachem et al, 2004).

240 Oil production is capital intensive and this increases foreign exchange inflow. Excessive foreign exchange  
241 inflows could lead to an appreciation of the exchange rate that could in turn lead to a lack of competitiveness in  
242 the non-oil tradable sector. This is what is sometimes referred to as the Dutch disease. Menachem et al (2004)  
243 argues that the economic structure would then shift from the production of tradable goods to non-tradable goods,  
244 which would lead to a rise in import goods. It would be wise for the government to accumulate savings that would  
245 help prevent the over appreciation of the Cedes. One method to prevent real exchange rate appreciation, is to  
246 design government policies that encourage private sector saving, reforms on pension and banking system, greater  
247 reliance on indirect taxes and business profit taxes could be implemented. In addition, fiscal policy should aim at  
248 accumulating savings in the form of foreign financial assets in years with high oil revenues, which could then serve  
249 to finance deficits in years with revenue shortfalls. g) Ensure durable financial investments Olters (2007) argues  
250 that most Sub-Saharan oil producing countries cannot maintain their fiscal position after the depletion of oil  
251 reserves regardless of increase in oil prices and a respectable real rate of return on the financial assets. He advises  
252 that governments need to devise effective financial investment strategies to overcome institutional obstacles. They  
253 also need to implement structural reforms aimed at increasing the productivity of public investments to stimulate  
254 growth and increase the suitable level of government expenditure. Governments should ensure that non-oil taxes  
255 don't fall as a share of non-oil GDP for reasons other than changes in tax policy. h) Ensure prudent management  
256 of public expenditure Governments could use their revenues to finance public expenditure rather than financial  
257 assets and to reduce taxes to eliminate distortions and disincentives. This is important for countries where  
258 there is great need to build infrastructure and provide essential services. (Menachem et al 2004) Improvement of  
259 infrastructure and public services would improve productivity and help reduce poverty in Ghana.

260 Other considerations for Ghana to learn from Nigerian experience includes Petroleum Industry Bill (PIB)  
261 -The petroleum Industry Bill is intended to reposition Nigerian oil and gas industry and ensure investment  
262 and transparency in the oil sector. The bill will lead to the incorporation of the Nigerian National Petroleum  
263 Corporation, NNPC as a limited liability company . In this case, the company would be subjected to the  
264 regulatory power of the upstream regulators. It will establish clear principles of the working of the incorporated  
265 joint ventures and guarantee that government continues to secure the maximum benefits from its investment  
266 in the joint ventures while relieving government of the problem of 10 percent of the crude oil revenues been  
267 provided for the host communities. With this type of arrangement the oil and gas operators would be relieved of  
268 carrying out their corporate social responsibilities project while the host communities would have a huge sense  
269 of belonging.

270 The bill will also legislate against unimpressive and non profitable leases that are usually awarded to indigenous  
271 and marginal field operators. This will encourage growth of individual companies up to a thresh hold of about  
272 50,000 barrels per day. Nigeria's long term energy security depends on her ability to deliver petroleum products  
273 in domestic market at cost effective prices. Deregulation is one of the issues that the petroleum industry bill  
274 would address which Ghana can from the on set emulate. f) Manage the likely appreciation of the exchange rate  
275 countries' experiences to achieve sustainable economic growth. Oil revenues can indeed become a blessing rather  
276 than a curse. With improved macroeconomic and fiscal policy, Ghana should be able to fully enjoy the benefits  
277 of oil reserves. This could in turn lead to economic growth and sustainability.

278 The fact that most developing oil producing countries have not achieved the full benefits of being an oil rich  
279 country, more research needs to be done on oil and gas exploitation in Ghana to enable government to devise  
280 means of benefiting from the oil reserves. The government needs to implement adequate macroeconomic policies  
281 and the required political actions to avoid corruption and resource driven instability.

282 In order for Ghana to use oil and gas for development and avoid conflict, it is important to strengthen  
283 governance. The basic framework for oil and gas development is a robust oil and gas law. Such a law will

284 ensure proper governance because it will define the roles of the state, establish key institutions, describe the basic  
285 licensing and contractual framework and set the outline of the fiscal regime, in addition, such a law will define  
286 the relationship between the oil and gas laws with other existing laws.

287 In a nutshell, the institutional framework for oil and gas exploitation in Ghana needs to learn from world best  
288 practice cases to ensure successful exploitation of these resources. A strong institutional framework is necessary to  
289 define how governance is conducted. Building national capacity in key government institutions and departments  
290 will be required to ensure continuity.

291 Transparency in the management of oil and gas revenues has been shown to be an important attribute.  
292 Subscribing to the principles of the Extractive Industries Initiative (EITI) is one means of ensuring success for  
293 Ghana.

294 The management of oil and gas revenue will be critical because special policies are needed to deal with  
295 windfalls. Excessive future revenues could lead to corruption and Dutch disease, In addition, due to volatility,  
296 revenues tend to fluctuate sharply with oil and gas prices. The solution may be to set up an "Oil and Gas Fund"  
297 that is separate from the regular government budget.

298 There should be at least 10 percent of Crude oil revenue provided for the host community which will go a long  
299 way at assuaging the feeling of the communities.

300 The challenge of governance in Ghana's oil and gas sectors is huge, but there are a number of best practice cases  
301 to learn from. Going forward, significant improvements in governance will be key to harnessing the projected  
302 revenues for the sustainable development of the country. Ghana needs to subscribe to the EITI because this  
303 remains the only viable continent-wide governance initiative on oil and gas, Ghana's draft oil and gas policy  
304 has some good initiatives, however like the other African members of EITI, there will be need to go beyond the  
305 current content of the initiative to include issues of transparency in expenditure and revenue management as  
well. <sup>1 2 3 4</sup>



Figure 1:

306

<sup>1</sup>© 2012 Global Journals Inc. (US)

<sup>2</sup>January 2012© 2012 Global Journals Inc. (US)

<sup>3</sup>revenues tend to fluctuate sharply with oil prices. The January

<sup>4</sup>January

---

# 1

	4	Dependence	Oil	5	Dependence
Minerals					
Botswana		35.1	Angola	p	*
Sierra Leone P *		8.9	Congo Brazzav-	*	40.9
			ille p		
Zambia	P	26.1	Nigeria	39.9	
Liberia	P *	12.5	Gabon	36.1	
Niger	P	12.2	Algeria	23.5	
Guinea	p	11.8	Libya	19.8	
Dem. Rep. Congo		p* 7.0			
Togo	p	5.1			
Cent.l Afri. Rep.*		4.8			
Ghana	P	4.6			
Angola	P *	3.6			

[Note: p Represents highly indebted poor countries \*Represents a civil war since 1990 Source:Ross (2003) ]

Figure 2: Table 1 3



- 
- 307 [Mogae ()] *Botswana's development experience*, F Mogae . 2005. (Working Paper)
- 308 [Collier Etui ()] Collier Etui . <http://users.ox.ac.uk/~econpco/research/conflicthtm> *Conflict*,  
309 2005.
- 310 [Collier ()] *Development and conflict. Centre for the study of African Economies*, Collier . 2004.
- 311 [Murray ()] 'Environmental Concerns and Ghana new oil find'. Craig Murray . *International Professional Journal*  
312 *Practitioners & Business Executives* 2010. 25.
- 313 [Menachem ()] *Lifting the Oil Curse: Improving Petroleum Revenue Management in Sub-Saharan*, K Menachem  
314 . 2004. Africa, IMF, Washington D.C.
- 315 [Modise ()] *Management of mineral revenues: The Botswana experience. Presentation at a workshop on Growth*  
316 *and Diversification in Mineral Economies*. Cape Town, D Modise . 2000. South Africa.
- 317 [Bannon and Collier ()] *Natural Resources and Conflict: What We can Do*, I Bannon , P Collier . 2003. The  
318 World Bank.
- 319 [Nigeria and the Petroleum Resource Curse: What Ghana Can Learn For Improved Management of Oil and Gas Revenues Depar  
320 *Nigeria and the Petroleum Resource Curse: What Ghana Can Learn For Improved Management of Oil and*  
321 *Gas Revenues Department of Economics*, Oxford University.
- 322 [Van Der Veen ()] *Oil for development, strengthening good governance in Oil-Producing African countries: The*  
323 *role of the World Bank, Oil, Gas and Mining Policy Division*, P Van Der Veen . 2006. The World Bank.
- 324 [Oitlers ()] *Old curses, new approaches? Fiscal benchmarks for Oil -producing countries in Sub-Saharan Africa*,  
325 *IMF working Paper*, J P Oitlers . WP/07/107. January 2012 12. 2007. Lagos: Intregral Publishing and  
326 Channels.
- 327 [Poisoned wells: The dirty politics of African Oil Shaxson ()] 'Poisoned wells: The dirty politics of African Oil'.  
328 *Shaxson* 2007. Palgrave Macmillan.
- 329 [Ross ()] *The Natural Resource Curse: How wealth Can Make You Poor. Chapter 2. The International Bank for*  
330 *Reconstruction and Development/The World Bank*, M Ross . 2003.
- 331 [The World Fact Book-Botswana ()] [http://www.sarpn.org.za/documents/d0001114/  
332 P1229-BotswanaFebruary2005.pdf](http://www.sarpn.org.za/documents/d0001114/P1229-BotswanaFebruary2005.pdf) The World Fact Book-Botswana, 2007. CIA
- 333 [The World Fact Book-Nigeria CIA ()] 'The World Fact Book-Nigeria'. [https://www.cia.gov/library/  
334 publications/the-world-factbook/geos/ni.html](https://www.cia.gov/library/publications/the-world-factbook/geos/ni.html) CIA 2007.
- 335 [The World Fact Book-Uganda CIA ()] 'The World Fact Book-Uganda'. [https://www.cia.gov/library/  
336 publications/the-world-factbook/geos/ugJtml](https://www.cia.gov/library/publications/the-world-factbook/geos/ugJtml) CIA 2007.
- 337 [Abuka ()] *Uganda's Oil bonanza: The opportunities and risks in the March to 2050*, Abuka . 2007. (Working  
338 Paper)