

Supporting Ghana's Parliament for Good Governance in the Extractive Sector

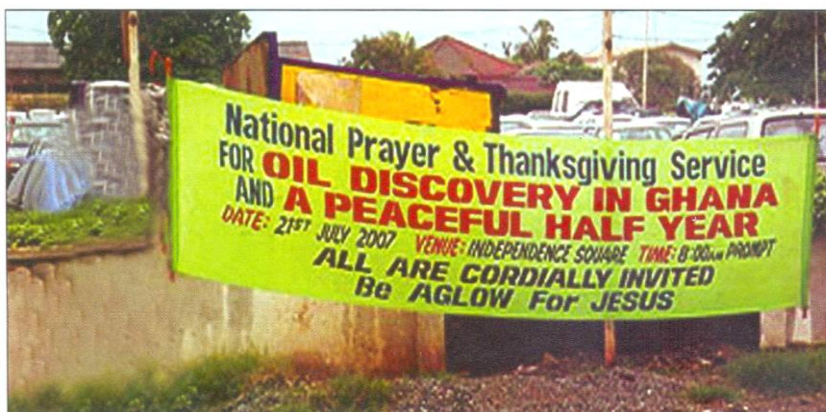
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The discovery of oil in Ghana in 2007 was a crowning moment for years of colossal investments and efforts in search of the so called black gold. This was the nation's most significant and viable oil discovery and as if it was predestined for its 50th independence anniversary, the field was aptly christened Jubilee.

As a net importer of crude oil and petroleum products, Ghana committed approximately US\$2 billion in 2007 to satisfy its energy needs and this keeps rising. The discovery of oil was therefore received with much excitement right from the pinnacle of political leadership to the peasant farmers in the nooks and crannies of the country, creating hopes of and assumptions that the discovery of petroleum will mean additional revenues and resources for national development. Demonstrably so, shortly after Ghana's oil find, former President Kufuor said in an interview with the BBC that the discovery would give a major boost to Ghana's economy. In his words: *"Oil is money, and we need money to do the schools, the roads, the hospitals. If you find oil, you manage it well, can you complain about that?We're going to really zoom, accelerate, and if everything works, which I pray will happen positively, you come back in five years, and you'll see that Ghana truly is the African tiger, in economic terms for development."* he told the BBC's Focus on Africa programme.

Such was the initial effusions from of all shades of political leadership on campaign platforms and in the media culminating in a very high and mostly illusionary public expectation for an almost immediate economic turnaround. Newspapers were awash with captions like "Thank God, Oil at Last, Thank God!"; "Hail Gold Coast for Finding Black Gold".

Many were of the view that having found its own oil, citizens were going to be relieved of the ever increasing cost of living. It must be stated that people with such expectation had some reason for their perception because in Ghana, as it is in many countries, changes in prices of petroleum products has a domino effect on the cost of most goods and services, especially if it is an upward review. So to expectant citizens, its stand to reason that having found oil locally, prices would stabilise if not decline and that will in turn impact their lives positively. In fact there were even prayers sessions to thank God for the oil discovery in Ghana.



However, if Ghana's experience with gold production spanning more than a century and foreign direct investment inflow of well over US\$ 7.5 billion in the last decade is anything to go by, then there was and there still is the need to manage the

expectations of Ghanaians as its direct translation in the quality of life is not easily visible. The situation with oil is even more serious as examples around Africa and some parts of the developing world leaves much to be desired. To satisfy investors and national needs alike, an ambitious pursuit for first oil was set on course. However, voices were raised to ensure that Ghana's potential oil & gas wealth is used for the public good from the onset. Therefore, the need for tighter reins on the transparent, accountable and prudent management of extractive sector revenues as the oil sector emerges is apparent. A key oversight actor in the governance of the emerging petroleum sector, and indeed the crafting and implementation of relevant governing legislation is Parliament.

In April 2009, Revenue Watch Institute (RWI) in partnership with the Parliamentary Centre launched the joint project ***Strengthening Parliamentary and Civil Society Oversight of Oil, Gas and Mining Revenues in Ghana*** with funding from the Bill and Melinda Gates Foundation. The initiative has also benefited from budget support from the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

This project responds to specific institutional needs of the Ghana Parliament, following a baseline survey that identified large capacity and knowledge gaps within parliament on the petroleum sector, with the exception of some key members of the Mines and Energy Committee. It seeks to increase Parliament's understanding of the full extractives value chain, i.e. from the decision to extract oil, the licensing, awarding of contracts and contract reviews, to the need to develop fiscal terms and legal frameworks to ensure proper use of revenues from the extractive industries, in order to increase its role and influence of the process.

With an understanding of the multiple roles that parliaments play, the project also supports the Parliament of Ghana to perform its oversight, representative and lawmaking functions in relation to extractive industries more effectively by building the capacity of MPs to:

- (i) oversee and hold the Ghana Government to account for its execution of laws and policies in order to ensure use of extractive resources (petroleum and minerals) for the public good;
- (ii) build effective collaborations with civil society actors in Ghana in order to channel the views of public to government; and
- (iii) ensure that proper laws and regulations are introduced, amended and ratified in relation to the petroleum and extractive industry sector.

The project has since October 2009 targeted five key parliamentary committees: Mines & Energy, Finance, Public Accounts, Lands & Forestry and Local Government & Rural Development. As a result of the training they have received, their understanding of the general governance of the petroleum sector has been greatly improved and they have a better appreciation of its complexities. Participants from the target committees even felt that it was so important to share this knowledge to their fellow MPs that a special request was made for the Parliamentary Centre to hold a presentation of the highlights from the training on the floor of the Parliament of Ghana. This was groundbreaking as it was the first time a non-government body had been allowed to appear before

the Parliament as a whole, and not just at the committee level! This not only shows the importance the Parliament of Ghana puts on the support provided, but also testifies to its will to strengthen its oversight role of the extractive sector.

Central to the project has been the *Extractives Industries Transparency Initiative* (EITI), which is a global standard for transparency in oil, gas and mining. EITI is a coalition of governments, companies and civil society working together to make sure that natural resources benefit all and that the revenues from exploitation will be used to foster growth and reduce poverty. EITI has developed a standard for companies to publish what they pay and for governments to disclose what they receive, promoting revenue transparency at the local level. Although Ghana's parliament has not been part of the EITI, the project has helped raise awareness of its principles among the participating MPs, also allowing them to share experiences with Liberian MPs on how legislators can identify entry points, advocate for EITI's extension to the petroleum sector and on how they can effectively make the principles of EITI into law in Ghana. A number of MPs have also been able to participate in a regional conference on extractives thereby affording them the opportunity to share experiences, best practices and network with other MPs and CSOs.

As the *Ghana Petroleum Exploration & Production Bill* and the *Ghana Petroleum Revenue Management Bill* were introduced to regulate Ghana's emerging petroleum industry, one of the most important interventions of the project to date took place. The project organized a workshop that helped MPs review and analyse these bills in detail. This was seen to be very critical because whatever parliament passes becomes law and will set the basis for the governance of Ghana's petroleum industry. The support provided by the project shed a lot of light on the strengths and weaknesses of the bills and how parliament could remedy the flaws. Consequently, MPs participating at the training were unanimous in recommending that the *Ghana Petroleum Exploration & Production Bill* be withdrawn from parliament for the drafters to rework it. Not surprising, the said bill was withdrawn from parliament shortly after the training. Participants at the training were also very active at both committee level deliberations and during the debate on the floor of parliament of the *Ghana Petroleum Revenue Management Bill*, which saw its final passage into law in February 2011.

The project has already had a very positive impact on parliamentary governance of the emerging petroleum sector in Ghana. This shows the importance of strengthening the capacity of parliaments to be able to understand their role and responsibilities in ensuring transparency and accountability in relation to extractive industries. As the project moves forward, a big focus will be to oversee how the newly introduced laws are implemented and further technical assistance will be provided to ensure future bills are progressive. Hopefully stronger parliamentary involvement will help ensure that revenues from the developing petroleum sector in Ghana will be used to foster national growth and the reduce poverty, benefiting its citizens at all levels of society.