

### Can Ghana's Institutions Withstand the Resource Curse?

### The Resource Curse

- Resource curse theory
  - Economic and political explanations
  - Democracy first theory
     The institutions that matter

# · Ghana and Oil

- Current situation

### · The Statistics

Comparing Ghana to resource cursed and blessed countries

# Conclusions

- Democratic enough?



# The Resource Curse The Dutch Disease The Paradox of Plenty The Rentier State model Oil rich countries can be worse off Rich in natural resources Poor in economic development Explanations Economic explanations Political explanations · Democracy first theory

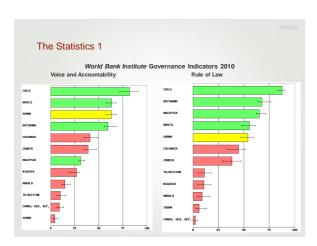
# Economic Explanations - Relative price effect - Higher currency value - More imports (cheaper) - Competition difficult - The 'Dutch Disease' - Over-investment in extractive industries - Under-investments in manufacture, agriculture - 'Crowding out' other sectors - De-industrialisation - Volatility - Uncertainty for businesses - Government waste and debt - Capital flight











|               | Ibrahim | Free | Dem | PPI | OBI | RWI | JWP |
|---------------|---------|------|-----|-----|-----|-----|-----|
| Botswana      | 76      | 70   | 76  | 44  | 51  | 46  |     |
| Chile         |         | 100  | 75  | 56  | 72  | 81  | 73  |
| Brazil        |         | 80   | 71  | 56  | 71  | 97  | 61  |
| Malaysia      |         | 40   | 62  | 34  | 39  | 48  | 54  |
| Ghana         | 66      | 90   | 60  | 47  | 54  | 32  | 70  |
| Colombia      |         | 50   | 66  | 56  | 61  | 80  | 61  |
| Zambia        | 57      | 50   | 62  | 28  | 36  | 41  |     |
| Nigeria       | 41      | 35   | 38  | 47  | 18  | 47  | 50  |
| Angola        | 41      | 10   | 33  | 44  | 26  | 35  |     |
| Tajikistan    |         | 5    | 25  | 31  |     | 25  |     |
| Sudan         | 33      | 0    | 24  | 22  | 8   | 37  |     |
| Congo Dem Rep | 32      | 5    | 22  | 25  | 6   | 25  |     |

### The Laws and the Institutions

- The legal framework
  - Exploration and Production Law
  - Petroleum Income Tax Law
  - Petroleum Revenue Management Act, PRMA
     Model Petroleum Agreements, MPAs
     Freedom of Information Act (pending)
- · The institutional framework
  - Petroleum Funds (Stabilization and Heritage)
  - NOC: Ghana National Petroleum Company, GNPC
     Petroleum Commission

  - Petrureum
    Public Interest and Accountability Commune
    Ghana Revenue Authority, GRA
    Economic and Organised Crime Office, EOCO
    Environmental Protection Agency, EPA
    EITI compliant, secretariat Public Interest and Accountability Commission, PIAC



- + Competitive bidding + Environmental impact ass'ts
- + GPRS + Vibrant civil society
- + Open media + + + ...

# Conclusion

- · Will Ghana Avoid the Resource Curse?
  - Governance indicators: OK

  - Legal framework: OK
     Institutional framework: OK
- · Democratic consolidation ?

  - Regular elections every four years since 1992
     Four fully competitive multiparty elections since 1996
  - Incumbent president has stepped down twice

    - December 2000 Rawlings to John Kufuor
       December 2008 Kufuor to John Atta Mills
       Plus constitutional succession Kufuor to John Drat Mahama



