

**“We are not seeing anything Ooh!!!”. Responses to the Oil and Gas Sector Policies in the Western Region of Ghana**

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*Master's thesis in Peace and Conflict Transformation – SVF-3901  
June 2014*





## **Abstract**

This thesis has attempted to look at how Ghana can avoid the conflict trap that has beset most African countries. In doing this, it sought to look at the perceptions and expectations of the inhabitants of the Western region as well as the impact of the oil exploration on their lives. To explain the concept of the conflict trap the economic and non-economic narratives of conflicts were thoroughly discussed and used as a lens through which the data collected was analysed with reference to other African countries. The study was based on seventeen (17) interviews and three (3) focused group discussions from two communities in the Western region of Ghana (Shama and Cape Three Points). Five officials of GNPC and the MoE were also interviewed to solicit their opinions about the LCP.

The findings of the study indicate that most of the inhabitants of the two communities studied, perceived that, the resource belonged to them just like other resource rich states in Africa and that they deserve a percentage of the resource revenue. They expected improved job opportunities and social amenities in their communities. However, after over five years of exploration they complained about continuous lack of social amenities and declined livelihood due to ban on fishing close to the oil rig and the presence of sea weeds which had a negative impact on fish catch and undermining traditional livelihoods.

To avoid the conflict trap there is the need for the expectations of the inhabitants of the oil bearing communities to be managed. The prudent management of resource wealth and the transparent accountability of resource revenues would help assuage any acrimony. Also, infrastructural development, by the provision of schools, hospitals and good roads would help mitigate the negative impact of the oil extraction.

Key words: Conflict trap, Inhabitants, Jubilee fields, Resource community, Resource Curse



## **Acknowledgements**

I am most grateful to the Almighty God for giving me the needed strength and courage to accomplish this course successfully. “But for His Grace....”

I wish to express my sincere gratitude to the Norwegian State Loan Fund (Lanakassan) for their financial support without which I could not have been here to study. I would also like to thank my supervisor, Dr Percy Oware for his valuable contribution, support and guidance throughout my study.

I am most grateful to my siblings Nii Odartey, Odartei and my sweet little sister Odarkor for their love, encouragement and support in diverse ways. To my God mother in the United Kingdom, Auntie Lizzy, I say, thanks for your prayers, encouragement and constant phone calls.

To William, I say, thank you SO much for your support, inspiring words that encouraged me and most importantly your love, you are indeed special.

To all who have helped in diverse ways I say a Big thank, especially Jill Wolfe from the writing centre and to my very good brothers John Zuta and Godwin Ayaba.

To you all I say “Gud velsigne dere alle. Tusen takk”.

## **Dedication**

I dedicate this work to my parents Seth and Felicia Lamptey for their Love, Care and Support.

Mum and Dad you truly are a Great Blessing.

## **List of Abbreviations and Acronyms**

ADB	African Development Bank
APC	All Peoples Congress
AU	African Union
BBC	British Broadcasting Corporation
CTP	Cape Three Points
EIA	Energy Information Administration
FOC	Foreign Oil Companies
FGD	Focused Group Discussion
GNPC	Ghana National Petroleum Corporation
GoG	Government of Ghana
GPRA	Ghana Petroleum Regulatory Authority
IMF	International Monetary Fund
JHS	Junior High School
KNUST	Kwame Nkrumah University of Science and Technology
MEND	Movement for the Emancipation of the Niger Delta
MPLA	Movimento Popular de Libertacao de Angola
MoE	Ministry of Energy
NOC	National Oil Companies
OGCBP	Oil and Gas Capacity Building Project
PIAC	Public Interest and Accountability Committee
PSA	Production Sharing Agreement
RUF	Revolutionary United Front
UNHDI	United Nation's Human Development Index
UNITA	Uniao Nacional Para Independencia Total de Angola
UNCTAD	United Nation Conference on Trade
WAFCO	West Africa Oil and Fuel Company

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## Chapter 1: Introduction

The greatest challenge of most resource rich countries is the ability to handle the resource revenues for the benefit of its citizens. Whereas natural resources have led to the transformation of some poor countries overnight to rich ones, others have been drawn into serious economic hardships and conflicts (Darkwa, 2010). Norway is an example of a resource rich country whose status dramatically changed from a relatively poor country to a rich one (*ibid*). The transparent and prudent management of the oil resource propelled the economy and the society from an impoverished to a prosperous state. However, this cannot be said to be true in most African countries that have been blessed with these same resources. The citizens of these countries rather suffer from abject poverty, diseases, illiteracy and score very low on the United Nation's Human Development Index (Ubani and Onyejekwe, 2013).

The African continent has considerable amount of resources that can help speed up economic growth and development if managed effectively (ADB & AU Report, 2009). In 2009, Africa produced 12.5% of the world's oil and extensive exploration is still taking place to date (Gary, 2009). Despite all these revenues, the quality of life of resource producing countries has not seen any remarkable improvement especially in the localities where the resources are located (*ibid*). Drawing upon Annan (2004), African perennial challenges is driven more by factors such as lack of good governance, unaccountable leadership, mismanagement of resources and chronic corruption among political elite; poverty and external power meddling in its internal affairs. All these taken together have escalated the discontent in African countries.

In an interview with the BBC, the former president of Ghana, John Agyekum Kufour upon the discovery of oil in the country pledged to manage the oil revenue of the country in such a manner to avoid the pitfalls that have befallen resource-rich developing countries. He emphasized that "with oil as a shot in the arm we are going to fly" (BBC News, 2007). Some of the challenges mentioned by the president can be seen in Nigeria, Angola and Equatorial Guinea. However, Botswana offers an exceptional case of a success story where natural resource endowment has led to socio-economic development. This success story is often attributed to prudent management of revenues accrued from resource wealth (Sarraf and Jiwani 2001).

## **1.2. African Countries and Natural Resources**

### **1.2.1 Nigeria**

The pitfall of Nigeria, the 6<sup>th</sup> largest oil producing nation in the world, is the inability of the government to equitably distribute its resource wealth (Mbah, 2013). This has led the formation of militant groups to fight for shares of oil revenues. Altogether 92% of Nigeria's foreign exchange comes from oil, out of this, 90% comes from the Niger Delta region alone (ibid). But according to Idemudia (2009:75), "the living standards of people in the Delta region is nothing to write home about" as majority of the population live on less than a dollar a day. The Niger delta region is also saddled with environmental degradation caused by oil exploration. The consistency of gas flaring has highly affected the environment leading to a decline in livelihood from farming and fishing expeditions (Ikelegbe, 2005). Bloomfield (2008) indicates that jobs in the oil industry mostly go to expatriates and Nigerians from less marginalized parts of the country while those in the resource community are given casual jobs when there is oil spillage.

The destruction of farm lands and pollution of water bodies as a result of oil exploration in the Niger Delta culminated into unemployment and frustration of the youth (Mbah, 2013). This condition was exacerbated with ill-equipped hospitals, schools without teachers and books, lack of good roads and lack of electricity in some communities while the revenues generated from the oil in the community, is used to develop other regions (Turuner and Brownhill, 2004). Ikelegbe (2005) indicates that decades of oil exploitation and state neglect has created an impoverished, marginalized and exploited citizenry which after more than two decades produced a resistance of which the youth has been a vanguard.

Mismanagement and the wanton loot of oil resources have inflicted untold hardship on the inhabitants of the Niger Delta region. Following the execution of Ken-Saro-wiwa a writer and an environmental activist, who wanted to peacefully bring this imbalance of the use of revenues from oil resources to the attention of the government, various militant groups emerged. One of which was the Movement for the Emancipation of Niger Delta (MEND), a militant group which resorted to acts of criminality by pillaging, bunkering and also kidnapping workers of the multinational companies operating in the country(Mbah, 2013). Omeje (2005) indicates that it is the state's rent seeking interest which has subsequently run

into conflict with the interest of the bearing communities which has resulted in intractable cycle of local resentment and state repression.

### **1.2.2 Angola**

In Angola, too, history of the country is very disappointing. There is an intrastate conflict over natural resource which has challenged the legitimacy of the state. The greed of Angolan leaders is particularly blamed for turning the country into one of a chaotic state. The U.S. State Department (2010) noted that the wealth of the country is concentrated in the hands of the small elites whose usage of government positions for massive personal enrichment and corruption continued to be a common practice at all levels (cited in Malaquis, 2007).

According to Malaquis (2007), Angola is a fabulously wealthy African country endowed with abundant reserves of oil, diamonds and other precious minerals. The governing Movimento Popular de Libertacao de Angola (MPLA) is said to have created a viciously oppressive, fundamentally intolerant, thoroughly corrupt system where the head of state, along with his small entourage and their respective families and friends have transformed the few remaining viable portions of state resources into their private fiefdom (Malaquis, 2007). The reluctance to share power and the feeling of discontent has created an opposition, the Rebel Uniao Nacional Para Independencia Total de Angola (UNITA). As a means of defeating MPLA, UNITA has focused on making the country ungovernable and the consequence is the loss of human lives, destroyed infrastructure, retarded development among others (Malaquis, 2007).

### **1.2.3 Equatorial Guinea**

Equatorial Guinea also provides another example of the “resource curse”. It is endowed with resources but the wealth of the country is controlled by one family. The existence of natural resources in Equatorial Guinea is no different from African countries whose leaders (political) get richer and less honest. Corrupt dictators and officials, after taking bribes and negotiating lucrative side deals for themselves, award exploration and production contracts that are unduly generous to the companies on the other side of the bargaining table (Maass, 2009). The consequence is that the citizens receive less for the resources than they should. This is evident in the IMF report which indicated that between 1996 and 2001 the oil companies

under paid the government of Equatorial Guinea by 88 million dollars and it is believed that the Obiang family and the oil companies had a wink- wink understanding (*ibid*).

Presence of oil and gas wealth can produce weak state structures that make corrupt practices considerably easier for government officials (Leite and Weidmann, 1999). There have been various indications to show that the ruling class family, the government and business elites are one and the same. Maass (2009) postulates that if an oil company needed to hire the services of security guards in Malabo, there would only be one company, Sonavi, which is owned by Armengol Nguema, the president's brother, who is the director of National Security. And such is the situation in virtually every sector of the economy. In practice the risk of corruption in resource-rich environments are very high and the cost of such corruption to the national economy is enormous often resulting in agitations and conflicts.

#### **1.2.4 Sierra Leone**

Sierra Leone offers a more complicated example of natural resource and conflict in Africa. Hirsch (2001) infers that Sierra Leone's tragedy is the consequence of multiple misfortunes, particularly corrupt leadership, a self-aggrandizing neighbor and the powerful attraction of alluvial resource. The main parties involved in the conflict in Sierra Leone are the Revolutionary United Front (RUF) and the governing All Peoples Congress (APC). The emergence of the RUF was a reflection of the state's failure to provide education, vocational training and economic opportunity to a whole generation of youth who grew up seeing no future for themselves (*ibid*).

The RUF, a rebel group backed by Charles Taylor, the former President of Liberia, used populist ideas, as always with rebellious groups, to hoodwink the society (Hirsch, 2001). However, their interest was in the alluvial diamonds, they fought and captured Kono diamond field. Sierra Leone's Permanent Representative to the UN, Ibrahim Kamara, told the UN Security Council in July 2000: "The root of the conflict is and remains diamonds, diamonds and diamonds" (Keen, 2003). The RUF have clung tenaciously to the control of the diamond region throughout the decade. The high level of corruption and the ineffectiveness of the government coupled with the availability and recruitment of unemployed and frustrated youth, and the presence of lootable resources propelled the conflict. The war in Sierra Leone which is a consequence of the struggle with weakened state institution has led to war claiming

more than 75,000 lives, producing over half a million refugees and displacing more than 4.5 million people (Renner, 2002). The case of Sierra Leone reinforces the state of conflict in resource rich African countries. In spite of the fact that the conflict is due to many reasons, the inability of the state to provide job opportunities for the youth contributed immensely to the conflict.

### **1.2.5 Botswana**

Despite the misappropriation of natural resource wealth in Nigeria, Angola, Equatorial Guinea and Sierra Leone, the case of Botswana is a success story and a useful model for Ghana. It offers a striking exception to how resources can be managed effectively by and within a given state in Africa. It has been classified as one of the fastest growing economies, moving from 25<sup>th</sup> poorest country in 1966 to an upper middle class income country within 30 years (Loung and Weinthal, 2010). In order to make the future generations benefit from its diamonds, the government has accumulated international revenue and run budget surpluses in anticipation of leaner seasons ahead.

“... we intend to conserve our resources wisely and not to destroy them, those of us who happen to live in Botswana in the twentieth century are not more important than our descendants in the centuries to come” (Sarraf and Jiwanji, 2001:9).

This informed decision by the former president Hon. QKI Masire enabled the government to avoid the pitfalls that is usually inherent in African resource rich countries (ibid).

Two main objectives guided Botswana’s economic policies: avoidance of external debts and stabilizing growth on one hand, and encouraging economic diversification on the other hand (Hill and Mokgethi 1989 cited in Sarraf and Jiwanji, 2001). The diversification to the manufacturing and agricultural sectors reduced the pressure on the revenues generated from the mineral resource. Despite the fact that the employment in the mining sector is limited due to the capital intensive nature of its operations, diversification of revenue from the mineral resource into the agricultural and manufacturing sectors generated employment. The case of Botswana illustrates how the natural resource curse is not necessarily the fate of all resource abundant countries and that prudent economic management can help avoid the detrimental effects of the resource curse (Sarraf and Jiwanji, 2001).

### **1.2.6 Ghana – into the fray**

Prospecting for oil and gas in Ghana begun as far back as the 1890's (Panford, 2014). Studies revealed that the nature of the stratal sediments in Ghana pre-supposed possible existence of oil and gas deposits (ibid). In 1985, the Ghana National Petroleum Cooperation (GNPC) was established to assist in the prospect for oil and gas (Campbell, 2012). In 2001 under the reign of the former President of Ghana, J.A Kufour, the GNPC was resuscitated with modern equipment to facilitate its operations. In addition, private oil companies were also encouraged to participate in the exploitation of the oil resources (Campbell, 2012).

After 120 years of intensive search for petroleum resources, substantial investment from both public and private sources, as well as concerted efforts from successive governments led to the discovery of oil and gas in commercial quantities in 2007 (Osei- Tutu, 2012). Ghana, which has always had gold and cocoa became the centre of world's attention when two companies, Kosmos Oil (American) and Tullow (Anglo-British) officially announced the discovery of oil in the deep water blocks of Cape Three Points which is located in the Ahanta West District of the Western Region of Ghana (Tullow Report, 2010). The area was named the Jubilee Fields as its discovery coincided with the fiftieth independence anniversary of Ghana.

The oil in Ghana, light sweet crude, can be easily refined and therefore much sought after in the international markets. The Jubilee Fields in the Atlantic Ocean is estimated to contain some 1.8 billion barrels, one of the largest finds in West Africa in recent years (Tullow Report, 2010). According to the leading operator in the field Tullow about 55,000 barrels a day will be produced within the first few months before more than doubling output to 120,000 and 120 million cubic feet of gas each day (Tullow Report, 2010). As at 2013, the production rate increased to 110,000 barrels per day (Tullow Report, 2013). Gary (2009) has indicated that the current oil production per day, depending on oil price will hit an accumulated value of US\$ 20 billion between 2012 and 2030.

Article 257(6) of the Ghanaian constitution states that

“Every mineral in its natural state in, under or upon any land in Ghana, rivers, streams, water courses throughout Ghana, the exclusive economic zone and any area covered by territorial sea or continental shelf is the property of the Republic of Ghana and shall

be vested in the president on behalf of the people of Ghana” (Constitution of the republic of Ghana, 1992).

Traditionally, however, most Ghanaian lands are either owned by “stools”, “skins”, families or clans or usually held in trust by a chief or a family head. Professor Kenneth Attafuah recognizes “a sense of ownership” by the local communities who felt disappointed when they were not officially informed about the discovery of oil in their ancestral land (Modern Ghana, 2010).

The oil discovery in the Jubilee fields poses a great challenge to Ghana, as it is anticipated that the oil revenue would positively impact on the lives of Ghanaians. The resource communities expect a sudden change with the discovery by way of good roads to link the community to the major cities, good schools to provide their children with employable skills, and good hospitals to cater for their health needs. To maximize the gains from the petroleum industry, good petroleum sector policies need to be implemented to ensure that Ghana does not become engulfed in some of the resource curses already described above. To avoid the “Petro-violence” in the Niger Delta, the government of Ghana will have to provide local communities with developmental projects that will enhance their standard of living.

### **1.3 Problem Statement**

The study seeks to focus on the expectations of two oil communities, Cape Three Points and Shama and how their expectations can be managed to avoid the conflict trap that has been experienced in other resource producing countries in Africa. As outlined above, the presence of natural resources has caused numerous conflicts in many developing countries, such as Nigeria, Angola, Equatorial Guinea and Sierra Leone (Hirsh 2007; Ikelegbe, 2005; Malaquis, 2007; Mass, 2009).

One of the major causes of the natural resource related conflicts is the extraction process that culminates in challenges like degradation of the environment and pollution of water bodies of the resource communities. The grievances, neglect and marginalization of these resource communities often results in conflicts such as the case of the Niger Delta region where the aforementioned factors had led to a conflict situation. The people of Cape Three Points and Shama like their counterparts in the Niger Delta region also expected a change in their living conditions as a result of the oil find, but after five years of exploration, the roads have remained the same, no new developmental projects, a decline in income in both fishing and

farming activities. With the rising cost of living, the local people are saying “*yen hu hwee ooh*”, “*we are not seeing anything Ooh!!!*”.(Translation from the local dialect to English).

#### **1.4 Hypothesis**

The resource curse is avoidable through the formulation and implementation of the right policies for the benefit of the resource community and the general population.

#### **1.5 Central Question**

The present study is informed by the following question: “With the discovery and commercial production of oil in Ghana, can the state avoid the intrastate conflicts that have characterized other resource-rich states in Africa?” To give further direction and focus to the study, the following supplementary questions have been formulated and will be answered by the research thesis:

- What are the expectations of the resource communities from the oil and gas production?
- How are these expectations being met?
- What is the focus of the Local Content Policy (LCP) vis-a-vis resource community?
- What are some of the challenges the extractive industry has brought to them?
- What are the local perceptions and reflections about the oil discovery and production?

#### **1.6 Contribution to Peace Studies**

There has been a rise in rebellious groups and intrastate conflicts in many resource rich African countries: namely Nigeria, Angola, Sierra Leone, and Equatorial Guinea among others (Idemudia, 2009; Maass, 2009; Omeje, 2005). Many economic narratives covering the relationship between natural resources and conflict see rebel groups as predators of war (Collier, Hoeffler and Rohner, 2009; Le Billion, 2001; Ross, 2004). The non-economic theorist (Mushred and Tadjoeeddin, 2007; Ostby, 2010; Stewart, 2011), however, focus on issues of social identity and group mobilization in analyzing resource related rebellions. Gurr (1970) indicates that relative deprivation which is the discrepancy of what people think they deserve and what they actually get could also propel conflict.

In Ghana, the discovery of oil in the Western region has come with very high expectations. Inhabitants as well as leaders of the region have and are still clamoring for a percentage of the revenue. Unequal distribution of resource wealth, degradation and group mobilization are some of the factors that have contributed to conflicts in resource rich African states. It is therefore necessary that a comprehensive approach that peruses the development of the region on the basis and principles of social, economic and environmental sustainability is enhanced to avoid the conflict trap that has characterized neighboring African countries.

The study has enormous significance to peace studies because the issue of natural resource and conflict is explored from the dimension of expectations and paves way for other studies in this area. It has valuable information about how to combine existing policies more effectively, while also finding ways to balance the expectation of Ghanaians, most especially those in the Western region of Ghana to avoid the conflict trap. It will provide the framework which can be used in other regions, and as well guide stakeholders in making decisions when it comes to the sharing of the revenue.

### **1.7 Structure of Thesis**

This thesis is organized in six chapters, each of which tackles a specific issue relevant to the topic. Chapter One provides an introduction, which covers the background issues. It particularly highlights the problem statement, objectives, research questions and significance of the study. Chapter Two highlights the profile of Ghana and its extractive industry. It also looks at the new oil discovery and the sector policies. Chapter Three focuses on Methodology. It outlines the study area, data collection method and techniques. Chapter Four focuses on the conceptual framework. It discusses both economic and non-economic factors that lead to the onset of conflicts. Chapter Five discusses the data collected within the study conceptual framework. It highlights how unmet and high expectations in resource communities could lead to disaffection and undermine peaceful social and political order. Chapter Six provides a summary of research findings and makes recommendations that can help Ghana in avoiding the conflict trap.

## **Chapter 2 – Oil and Gas Production in Ghana**

This chapter presents the history and policies of the oil and gas sector in Ghana. It focuses on the latest oil discovery and production in the Western region of Ghana and the policies the government has put in place, to ensure that Ghanaians benefit from the resource extraction, to forestall agitation and ensure political and social order.

### **2.1 History of Oil and Gas Exploration**

The exploration of oil in Ghana dates back to more than 120 years (Osei-Tutu, 2012). On the basis of its geological nature, Ghana has four sedimentary rocks which include the Western basin (Tano – Cape Three Points basin), Central Basin (Saltpond Basin), Eastern Basin (Accra-Keta Basin) and Inland Voltarian Basin (Manu, 2011). In 1896, the West Africa Oil and Fuel Company (WAOFCO), became the first to pioneer oil exploration in the Gold Coast now modern Ghana (Dickson, 2011). From 1898 to the late 1990s, an estimated hundred exploration wells were drilled in Ghana with no significant discovery, except for the Saltpond oil in 1970 (*ibid*). The major field, the Saltpond field, was discovered by a Signal Amoco company, located approximately 100 kilometers west of Accra and begun producing in 1975 (Tullow Oil, 2013).

With its scanty production during this period, Ghana was considered an insignificant player within the global league of oil producers. Despite this fact and the many other setbacks, which followed after earlier exploration activities, Ghana was still seen by most foreign investors as promising and attractive. In 1985, the Ghana National Petroleum Corporation (GNPC) was established to promote the exploration and development of the petroleum resources (Owusu and Nyantakyi, 2013). However, the technical and financial capacity of GNPC was inadequate to make a significant impact on the resource extraction. Thus, in 2004 Kosmos Energy had a seven year lease to explore and drill Ghana's oil resource (McCaskie, 2008). Under this lease, it created a local affiliate called Kosmos Energy (Ghana) to operate its 86.5% working interest in the off-shore West Cape Three Points Block (*ibid*). "It's Ghanaian partners were Ghana National Petroleum Company (GNPC), with a 10% participation share, and the EO Group of Ghana with a 3.5%" (McCaskie, 2008:319). In 2006, Kosmos Energy, an American company used its politico-financial networks to bring on board its operating associates who brought with them financial and technical support to undertake the extraction. It retained a 30.875% share of its original working interest but divested 30.875% to Anadarko

Petroleum Company (American Company), 22.896% to Tullow Oil (British company) and 1.854% to Sabre Oil and Gas (Canadian company) (McCaskie, 2008).

At the end of 2006, Kosmos Energy signed a second agreement in Accra that gave it a long term lease rights in the offshore Deep water Tano Block adjacent to West Cape Three Points Block (McCaskie, 2008). This time Tullow took the lead with a 49.95%, Kosmos 18%, Anadarko 18%, Sabre 4.05% and GNPC 10% (ibid). Ghana’s oil at its Jubilee Fields straddles two oil blocks in deep Atlantic waters off Ghana’s western coast, approximately 63 kilometres (39 miles) from the coast and 132 kilometers (83 miles) southwest of Tarkoradi in the Western region(Gary, 2009; McCaskie, 2008).

Fig 1. Map of Ghana showing some cities and location of oil fields including the Jubilee Field (Source: Hufstader, 2008)



**2.1.1 Ghana Discovers Commercial Oil and Gas at Last**

On 18<sup>th</sup> June 2007, Kosmos announced the discovery of a significant accumulation at a drill depth of 3,826 meters in its Mahogany-1 well. Ghana’s blighted promise, its reduced international status, its tangled history of social, political and economic underachievement

and its faith in a prosperity granted through the working of divine providence shaped immediate response to the announcement of the first oil find by Kosmos (McCaskie, 2008). In a celebration mood at the Osu Castle, President J. A. Kufour gave an impromptu speech to the media with a glass of champagne in one hand and a glass of crude oil from the mahogany-1 well in the other (McCaskie, 2008). He acknowledged that “oil is money and we need money to do the schools, roads and hospitals” (BBC, 2007). He expressed joy and said that Ghana was doing well already without oil and that “with the oil as a short in the arm, Ghana was going to fly” (ibid). Exploratory drilling by Kosmos and then Tullow in 2007 (the Mahogany and Hyedua wells) and further appraisal wells have confirmed the significant size of the discovery, estimated by Tullow as between 600 million and 1.8 million barrels of oil and an estimated 800 billion cubic feet of gas (Gary, 2009).

## **2.2 Oil Find and Fall Out in Africa**

In most instances, local communities and oil producing nations in the global West seem to derive more blessing from the oil discovery and exploration in comparison to those in the global South (Darkwa, 2010). Whereas in the global West, oil producing countries are financing and developing their own resources, the lack of finance and inadequate skills compels oil rich states in Africa to rely on multinational oil companies (Gary, 2009).

Africa has a long standing history in oil exploration. Currently there are about 500 oil companies that participate in various forms of energy exploration on the continent. According to Energy Information Administration (EIA) of US,

“Africa’s proven oil reserves have grown significantly by nearly 120 % in the past three decades, that is, from 57 billion barrels in 1980 to 124 billion barrels in 2012, while over 100 billion barrels are off the shores of Africa waiting to be discovered” (KPMG Report, 2013:4).

In most African countries, the energy sector has minimal links to other sectors of the economy with the sector providing very little employment for its people. In Angola for example the oil sector employs less than 1% of the work force whereas countries like Gabon, Nigeria, Angola and Equatorial Guinea have the highest income inequality (KPMG Report, 2013).

Table 1 below displays the various ratings in terms of oil production in Africa. Even though Libya is endowed with the largest oil reserves; Nigeria has the highest rate of production in recent times due to the upsurge of civil war in Libya. In the wake of these Angola also provides a competitive chase to Nigeria at the top most spot.

Table 1: Oil production based on proven reserves in Africa from 2010-2012

Country or Region	Proven Reserves of Crude Oil (billion barrels) 2012	Production of Oil ('000 bpd) 2011	Exports of Oil ('000 bpd) 2010
<b>AFRICA TOTAL</b>	<b>124.209</b>	<b>9,378</b>	<b>8,371</b>
Libya	47.100	502*	1,378
Nigeria	37.200	2,528	2,341
Algeria	12.200	1,884	1,097
Angola	9.500	1,840	1,928
Sudan and South	5.000	455	389
Egypt	4.400	727	85
Gabon	2.000	244	225
Congo	1.600	298	288
Chad	1.500	124	126
Equatorial Guinea	1.100	303	319
Uganda	1.000	-	-
Ghana	0.660	78	-
Tunisia	0.425	70	78
Cameroon	0.200	62	56
Democratic	0.180	20	22
Ivory Coast	0.100	41	32
Mauritania	0.020	8	7

*Source: KPMG Report, 2013.*

### 2.3 Africa and Product-Sharing Agreement (PSA)

Production-Sharing Agreements (PSAs) are among the most common types of contractual arrangements for petroleum exploration and development. Under a PSA, the state as the owner of the resources engages a Foreign Oil Company (FOC) as a contractor to provide technical and financial services for exploration and development operations (Binder mann, 1999). Within a PSA scheme, foreign oil companies provide the technical and financial resources that the state lacks to explore for and develop the national petroleum resources. In

return, the foreign company is permitted to use produced oil to recover all operating expenditures.

Ghana, with its meager financial resource and lack of technology in oil exploration, invited Kosmos, to avoid the risk involved in the prospecting and the extraction of its oil resource while benefiting from the extraction and sale of the oil. It is imperative therefore that Ghanaians and especially the resource community are educated to know that until the FOC's recoup their investments, the country will be sharing the profits accrued from the oil sales with the foreign oil companies. This education can minimize their expectation and alleviate any agitation. The fact that PSA's are one of the dominant exploration and development agreements points towards their efficiency as an institutional agreement for risk sharing (Bindermann, 1999).

The expectation of Ghanaians as to the potential impact of oil and gas find on the national economy has grown significantly (Ghana Policy Framework, 2010). It is noteworthy that as indicated by the former mission chief of IMF to Ghana, Peter Allum, "oil will not create many jobs in and of itself since it is a capital intensive industry but it is likely to generate substantial boost in revenue for the government with an estimated range of 6% - 7% GDP" (IMF, 2010). In order to get the desired outcome of the resource, however, he indicated that there was the need for the revenue generated from the oil and gas to be managed wisely, which he believed, could lead to substantial improvement in Ghana's infrastructure growth and job creation (ibid). Oil booms have bred corruption, underdevelopment, social conflict and environmental damage. Therefore, the onset of oil production presents Ghana with one of its greatest challenges (Gary, 2009).

#### **2.4 Sector Policies in Ghana**

A sector policy is a statement of a government's objectives for a section of the national economy and a summary of how they will be achieved to ensure accelerated national development (European Commission, 2007). While the policies and programmes do not guarantee effective allocation of income to the economic sectors and equitable distribution of wealth, at least they outline the goals, objectives and the consequential steps that ensure that the returns on investments are justified and practical (Osei-Tutu, 2012).

Since the discovery of the oil, the Government of Ghana (GoG) has undertaken a number of activities aimed at boosting its capacity to effectively manage the resource. These activities include a conference for the development of oil, discussions among committees and subcommittees to produce a master plan for petroleum exploration (Akaabza, 2010). It also includes discussions with the development partners on a programme of development and operations, and the development of a draft petroleum policy and the Upstream Petroleum Authority Bill (Akaabza, 2010). In terms of scope, the policy focuses on the upstream segments of the petroleum industry value chain. However, other phases of the policy include midstream and downstream segments which are critically considered to ensure that effective linkages are established to maximize benefits to the nation from petroleum operations (Draft Fundamental Petroleum Policy-Ghana, 2008).

The Upstream Petroleum Industry involves the Exploration, Development and Production of petroleum resources whilst the Downstream refers to the refining, processing and distribution of petroleum products (All Africa, 2008). The midstream sector involves the transportation (by pipeline, rail, barge, or truck), storage, and wholesale marketing of crude or refined petroleum products (ibid).

#### **2.4.1 Local Content Policy**

The Local Content Policy (LCP) is a GoG framework for enhanced use of Ghanaian local expertise, goods and services, people, business and financing in oil and gas activities (Petroleum Law Policy, 2010). It is aimed at ensuring a trickle down of spin-off effects of resource wealth to a large majority of citizens. This became necessary with the realization of economic mismanagement of resource wealth in developing countries as listed above which has plunged these countries into wars. The LCP in Ghana requires oil companies operating within the economy to incorporate local participation in the value chain of the oil and gas production. This is to develop local capabilities, achieve maximum local employment, encourage participation by local entrepreneurs in purchasing oil block licenses, oil fields licenses, oil lifting licenses and all projects for which contract is awarded. It is also envisaged that with the effective implementation of the local content policy, Ghanaians will have at least 90% of participation in the oil and gas value chain by 2020 (ibid).

The Ghana Petroleum Regulatory Authority (GPRA) Bill, which has now been passed, deals with the position of local content, specifically the involvement of state oil companies,

provision of goods and services by local entrepreneurs as well as the employment and training of citizens of Ghana. The vision of the government is to provide an enabling environment and opportunities for Ghanaians to benefit from the economic wealth that emanates from the activities in the oil and gas industry through participation of Ghanaians in the ownership, operations, control and management of this industry (Petroleum Law Policy, 2010).

According to Hackman (2009), the negotiation for local content by government with international oil companies (IOCs) is an attempt to secure for the country a higher share of value from the oil and gas production. To derive good value from the provisions of the LCP, government will have to promote industrialization and diversification to ensure that the local economy can obtain maximum benefit through backward and forward linkages with the new industry.

Diversifying the oil economy into manufacturing and agriculture will expand the economy and as a result create jobs. The infusion of oil revenues into the manufacturing sector will enhance the growth of the manufacturing industries and thereby create employment. The prices of goods will be competitive as funds will be available for expansion. The agricultural sector of the Ghanaian economy is dominated by peasant farmers and empowering them with training and modern equipment will enhance the development of the country.

### **Policy Objectives**

Some of the policy objectives are to:

- *Maximize the benefits of oil and gas wealth generation and a comprehensive local content platform by optimizing the use of local expertise, goods and services, creation of jobs for people, businesses and financing in all aspects of the oil and gas industry value chain and retention of the benefits within Ghana (National Energy Policy, 2010).*

Often revenues generated by foreign oil companies are repatriated to the developed world and this adversely affects the economy (Ritzer, 2011). It is envisaged that active involvement of Ghanaians in the purchasing of oil blocks, oil fields and oil lifting licenses will promote the in-spending of oil revenues and increase the development of domestic businesses. In order to ensure that revenues in the oil industry are retained in the country, the policy mandates that

the purchase of goods and services should be made locally and even if the price is comparably higher (Oteng-Adjei, 2010).

- *Develop local capacity in all aspects of the oil and gas value chain through education, skills and expertise development, transfer of technology and know-how and an active research and development portfolio (National Energy Policy, 2010).*

Local expertise in the oil and gas industry in Ghana is limited. It is therefore important that scholarships are awarded to encourage the local people to acquire knowledge in this sector to enable technological transfer within a short period of time. The government is therefore partnering with the oil companies to facilitate institutions of higher learning to assist in the training exercise. The institutions are expected to train skilled middle-level and high-level technicians to provide maintenance services off-shore and on-shore (Petroleum Law Policy, 2010)

In the year 2010, the government of Ghana received the World Bank's approval of 38 million US dollars for Oil and Gas Capacity Building Project (OGCBP). Out of this amount the government allocated 1 million US dollars to the Kwame Nkrumah University of Science and Technology (KNUST) towards the construction of a Petroleum Engineering laboratory (Oteng-Adjei, 2012). Other beneficiary institutions include the Regional Maritime University, Tarkoradi Technical Institute and Kikam Technical Institute (ibid). All this was to help annual recruitment and training programmes which will ensure that: 1) Both management and Staff start 50 % and increases to 80 % after 5 years; 2) It is also to ensure that core technical staff starts at 30 %, increases to 80 % after 5 years and then 90 % within 10 years (Petroleum Law Policy, 2010).

- *Create oil and gas related supportive industries that will sustain economic development (Oteng-Adjei 2010).*

The creation of downstream businesses like refineries and petrochemical industries are essential to sustain the economic development in the oil and gas industry. A good example of this as argued by Hackman (2009) would be the encouragement of a petrochemical industry producing goods like plastics, paints, fertilizers, detergents, dyes, textiles and solvents with oil and natural gas as raw materials.

- *Maximize local Content and local participation in all aspects of oil and gas industry value chain within a decade. (Oteng-Adjei, 2010).*

It is expected that these policy objectives will be achieved with 90 % of local participation in all aspects of the oil value chain within a decade. It is important to ask how local inhabitants within the oil exploration area are going to benefit from this laudable policy, when the attrition rate is high in the region. Curtailment of fishing activities with the banning of fishing along the rig will result in job loss and therefore less income to contribute to the education of children.

The industry is characterized by large scale, capital intensive, high risk investments, requiring high amounts of skill and sophisticated technology (Hackman, 2009). For this reason, many developing countries with weak economies are unable to develop the industry and often seek the assistance of international oil companies to exploit their oil resources (ibid). The presence of these international oil companies deny local firms the ability to partake in the industry. The LCP is therefore to enhance the capability of local firms to be incorporated in the industry within a period of time.

## **2.5 Impact of Oil and Gas on the Resource Community**

The production of oil and gas comes with both positive and negative effects. Whereas some countries have been able to transform their economies by improving the standard of living of their people, others still languish in abject poverty (Darkwa, 2010). The expectations of the members of the community are to improve their standard of living by enhancing social infrastructure and delivery of services. According to Akaabza (2010), improved standard of living may include increased local employment, transfer of technical and commercial skills, and development of local capacity and enhancement of local infrastructure.

A United Nations Conference on Trade (UNCTAD) report on world development states that extractive activities can have profound social and political impact. Some of the social impacts includes; oil spillage which pollutes water bodies consequently threatening fisheries, reducing tourism and affecting ecological life (UNCTAD, 2007). For oil communities, the loss of lands and space for subsistence farming and fishing can be one of the most significant impacts (Akaabza, 2010). The destruction of fishing space and farmland results in job loss - a

cumulative effect of poverty and underdevelopment. With the struggle to properly regulate the mining sector which has caused diverse effects on the environment, there ought to be measures to regulate the off-shore drilling which may also have serious implications on the environment and the fishing industry.

Although Tarkoradi has witnessed some growth fuelled by the oil discovery, many inhabitants of the resource communities complained about the increasing cost of living, pollution, fishing restriction and lack of job opportunities in the oil sector. Many feel that the government has failed to adequately reward them even with all these losses and challenges. Local chiefs who participated in the national forum for oil and gas development were well aware of the deplorable state of the mining communities in Ghana and insisted that they be treated differently (African News, 2011). According to a local chief in a BBC News (2011) “*when they share the cake up there, they leave out the Western region. This time, if there is oil and gas in the region we should benefit more than anyone else*”. History as is often said takes account of the past to predict the future. The relative peace of Ghana could however be jeopardized if the oil resource is mismanaged.

## **2.6 Summary**

This chapter has sought to outline the context of the study. It has focused on the history of the oil and gas production in Ghana, as well as the policies that has been put in place to ensure that Ghanaians benefit from the resource. Ghana which was initially an insignificant player in the oil and gas industry is currently recognized due to its stake in oil production. Oil may not be the main source of natural resource revenue for Ghana but the expectations of people are very high.

It is evident that good policies have been formulated to ensure the training of local personnel and the growth of the Ghanaian entrepreneur into the oil industry. These policies appear to have been nicely crafted to bring overall benefits to the Ghanaian citizenry and if prudently implemented will make Ghana a prosperous nation. Even though these policies are laudable, it does not provide the resource community with any relief. In effect this work provides policy makers with an in-depth understanding of the life and expectations of the inhabitants vis-à-vis conditions that will bring them at par with other people from other regions to enable them enjoy the overall benefits that the oil industry may provide.

The oil resource is located in the region in which there has been a lot of resource exploration without any desired benefits for the inhabitants. Chiefs have agitated for their share of this resource without any fruitful benefit. Similarly inhabitants are complaining about the loss of livelihood. Nevertheless, the clashes between gold mining companies and the resource communities should be evident to all that when tolerance is over stretched chaos ensues.

## **Chapter 3: Methodology**

This chapter focuses on the study's methodological issues. It specifically presents the study area, informant size and selection, data collection techniques – especially interviews and focused group discussions. It also generates reflections about the present researcher's role as a field worker and social characteristics - especially local language proficiency, familiarity with local customs, age and interaction with bureaucrats and their likely impact on the data collection process and outcomes.

### **3.1 Study Areas**

The primary data for this study was collected from two coastal communities adjoining the Jubilee Fields, namely: Cape Three Points and Shama. Both communities are all located in the southernmost part of the Western region of Ghana which covers approximately 21,391 square kilometers (Modern Ghana, 2013), which is 10 % of the total land area in Ghana (Ghana Statistical Service, 2013). The Western region because of its profuse endowment of natural and human resources is described as “the potential paragon of development” and the “el Dorado of Ghana” (Western Ghana, 2009). It is the largest producer of cocoa, rubber and coconut and one of the major producers of oil palm. It is also endowed with rich mineral resources such as gold, diamond, manganese, bauxite and recently oil (ibid).

Despite the abundance of its natural resources, most of the houses in the region have no access to treated pipe borne water. The attrition rate between primary and junior secondary school levels is high; this is due to the unavailability of schools where pupils have to travel over 10 kilometers or more to access a facility (Ghana Statistical Service, 2013). Coupled with all these factors, the deplorable conditions of the road networks in the region make transportation very difficult and expensive. The lack of other basic infrastructural facility, like hospitals has increased the morbidity rate in the region (ibid). The region as described by Dr. Toni Aubynn is “endowed but acutely poor, hosting both the worst and best of all things” (Western Ghana, 2009).

Cape Three Points is located in the Ahanta West district of the Western region (Ghana district, 2010). It is a rural community of about 500 people (Owusu-Mbire, 2012). The inhabitants are mainly fishermen and farmers. The main crops produced in the area are cassava (root vegetable), maize, oil palm and vegetables (ibid). The winding and poor nature of the road network to and from the village makes it difficult to transport food stuffs to the

vantage points for sale and to generate income. Coupled with the bad state of their roads the small community has no health facility making them travel several miles to visit the nearest health facility at Dixcove or Akwaede. The people of this community also lack access to good drinking water and do not have access to electricity at all. The only existence of an educational facility in the area is an old primary school block without any teacher to tutor the students resulting in most youth dropping out of school. Cape Three Points is indicated as one of the closest communities to the oil find, the discovery of oil in this area may have brought some hopes and high expectations for the community. There was, however, the need to seek the opinions of the inhabitants of this place to find out their expectations, how these expectations are being met and how the oil find had impacted their livelihood.

Shama is the district capital of Shama-Ahanta East metropolitan assembly. It is locally known as “Esima” and is found 20 kilometres East of Sekondi-Takoradi, on the mouth of the Pra River (MOFA, 2013). The inhabitants of this community are mostly engaged in fishing, farming and trading. The town has about 20,000 inhabitants (ibid), and can boast of a secondary school and other educational facilities. The Shama-Ahanta East has a record of low illiteracy rate (Ghana Statistical Service, 2013). There are health facilities and market places in this community. Even though not so close to the oil find, it is more developed with other sources of income other than fishing. Due to the development in Shama, inhabitants are able to easily articulate their views and opinions.

The two selected communities are all in the resource rich region and are fishing communities whose livelihoods could be affected negatively by the oil exploration. They both have a distinct culture of celebrating the Kundum festival (STMA, 2006). The festival is celebrated from July to August to strengthen mutual bonds and foster development. Both have high expectations about the oil find improving their livelihood. The inhabitants of these communities gave their reflections about the state of the community before and after the oil discovery and its impact in their lives. The President of the Western Regional House of Chiefs, Nana Awule Atibrukusu edged the former President John Evans Atta Mills not to forget his promises to the people (Aklorbortu, 2008). He said “the Western region had contributed a lot to the economy but it had always been found chewing the bitter part of the development stick” (ibid). The opinions of the inhabitants in the resource rich region gave the researcher an insight into their expectations and conditions before the oil find and their disappointments. This helped the researcher to bridge the gap between the information

provided by the Ghana National Petroleum Corporation (GNPC) and the Ministry of Energy (MoE) and the reality on the ground.

### **3.2 Informant Selection**

A total of seventeen (17) people were interviewed for the present study - with nine (9) from Shama and eight (8) from Cape Three Points. Generally as indicated by Ritche, et al. 2003) samples for qualitative study are generally much smaller since at a point, more data collected does not necessarily translate to more information (cited in Mason, 2010). Consequently the researcher identified variables from the research questions and objectives out of which themes and questionnaires were developed to help in the research findings. Based on the theme and variables the researcher conducted the interviews till the information became saturated. The small number also allowed the researcher to give space to diversity and richness of data and to focus on particularities (Kuosoman, 2013). The number of respondents in Shama outweighed that of Cape Three points because Shama is bigger and more developed than Cape Three Points. Another group of people interviewed for the purpose of the study were officials from GNPC and the MoE. Out of a total of five (5), three (3) informants were employees of GNPC and the two (2) others from the MoE.

### **Gaining Access**

On arrival in Cape Three Points, as the tradition of the people demands, the researcher sought audience with the elders at the palace and then proceeded to the field to schedule an appointment with some of the prospective informants. This opportunity was used to sensitize the informants for the appointed days of interviews, which included Thursday (a non-fishing day). Thursdays are days the fishermen in the community mend their nets and engage in other social activities. On the appointed days of interview the researcher arrived earlier to enable her to have access to the informants and also to create a relaxed and a congenial atmosphere for the interview to be conducted.

The researcher accessed informants by snowballing, the first informant leading to the next and so on, just like a rolling snow that builds up (Bryman, 2012) .The snowball method was beneficial in the sense that the respondents introduced the researcher to more knowledgeable people who were also inhabitants of the Western Region. This technique was also very useful

as easy rapport was developed because the researcher was introduced by someone who was known to the participant.

On the other hand, the use of snowball was a bit challenging as it made researcher interview the friends and close relations of informants. However, in order to avoid repetitiveness in thoughts and from the same set of friends conscious efforts were made to ask the same questions in different ways. In collecting data from two different places, the researcher was also able to increase the authenticity of the data collected.

Another type of sampling method used was purposive sampling which allows one to choose a class because it illustrates some feature or purpose one is interested in (Silverman, 2006). It involves a selection of sampling unit within the segment of the population with the most information on the subject of interest (Guarte and Barrios, 2006). In choosing respondents who are well acquainted with the issues at hand, the government officials from both the MoE and GNPC were used. The MoE is involved in regulating the upstream petroleum sector and GNPC was also established by the Ghana national petroleum Act 1983 (Act 64) with the mandate to, amongst other things, undertake the exploration, development, production and disposal of petroleum (GNPC, 2013). The MoE and the GNPC are key players in the oil and gas production hence the need to solicit the opinions of the officials from these two institutions. These officials were selected to provide insights and to clarify issues about the local content policies and how these policies are being implemented to benefit Ghanaians, especially the people in the Western region of Ghana. Before going to the field, contacts were established through email with some potential informants at GNPC and the MoE. This was very helpful because, getting access to these officials would have been very difficult.

### **3.3 Data Collection Technique**

This study employed a qualitative method of data collection especially interviews and focused group discussions. This method seeks to understand others through interaction, emphasizing and interpreting the actions and perceptions of people. Through this the researcher explored people's opinion about the oil find in Ghana. Furthermore, this method as indicated by Silverman (2006) helped researcher to generate an understanding of the opinion of those in the Western region on how they perceived the latest discovery of the oil in the region. Considering the nature of the research, the researcher also utilized secondary data from other resource rich countries to enhance data collected.

### 3.3.1 Conducting Interviews

Field interview, according to Neuman (2011), is a joint production of a researcher and one of its members. The flexible nature of interviews according to Bryman (2012) even makes it more attractive. This flexibility helped in probing into issues and gave the researcher ideas of questions she had not even thought of and the ability to pose questions as and when they cropped up. There was also the ability to take notice of non-verbal communication in interviews which helped to better understand the phenomenon being studied (Newman, 2011).

The semi-structured interview which was used in the data collection assisted the researcher tremendously by giving the researcher the opportunity to gain valuable information by asking interlinked questions that are relevant to the theme of the interview. It also allowed the researcher to list fairly specific questions that ought to be covered, this is often referred to as the interview guide, but the interviewee nevertheless had a great deal of leeway on how to reply (Bryman, 2012). Chilisa (2012:205) argues that “this type of interview allows for flexibility and makes it possible for researcher to follow interests and thoughts of informants” (2012:205).

The interview covers inhabitants of both Shama and Cape Three Points as well as officials of MoE and GNPC. The government officials were mainly interviewed in their offices. However, most of the interviews with the inhabitants were conducted in their households and most of them felt privileged to be recorded. Some even asked for a play back to hear what they had contributed to the discussion and were happy to hear their voices played back to them. Other informants could, however, only make time for the researcher during their trading activities. This was even more complicated as the researcher had to pause and remind the informant of the last issue being discussed before the break.

As indicated by Mishler (1986:82), “during interviews the interviewers presence and form of involvement – how she listens, attends, encourages, interrupts, disagrees, initiates and terminates responses is integral to the accounts”. This method was however adopted to enhance the authenticity of data collected. Most of the interviews in the research were tape recorded and later transcribed by researcher. Despite the fact that it was demanding, tiring and time-consuming translating the local language “Fante” to English, the exercise, brought the researcher closer to the information needed in writing the thesis.

### **3.3.2 Conducting Focused Group Discussion**

The Focused Group Discussion (FGD) allowed the researcher to develop an understanding of the inhabitants opinions about the oil find in the region. It was very helpful in the elicitation of a wide variety of views in relation to the issue. Group interviews are frequently used to offer additional data, lending methodological rigour to interviews (King and Horrocks, 2010). In focused groups, the goal was to let people spark off one another, suggesting dimensions and nuances of the original problem that one individual might not have thought of (Marvasti, 2004).

Three FGD's were organized by the researcher, one in Shama and two in Cape Three Points. In Shama the FGD was conducted among a few active youth in the Shama Ahanta Senior Secondary School. The researcher with the help of the community heads also grouped people from similar backgrounds to discuss the topic in an abandoned school block in Cape Three Points. This may be referred to as homogeneous sampling (Patton, 2001). Homogeneous sampling can be of particular use for conducting FGD because individuals are generally more comfortable sharing their thoughts and ideas with other individuals who they perceive to be similar to them (ibid). It was, however, preferred by the researcher because mixing age/gender groups may have inhibited some people, especially women, from expressing their views.

During the FGD, questions were asked in an interactive group setting where participants were free to talk with other members of the group. The main aim of the researcher in using this qualitative research method was to explore the range of opinions on the topic of interest. Another advantage was that it was very stimulating to the respondents and participants had the opportunity to elaborate on each other's answers to produce richer data (Marvasti , 2004). The researcher ensured that responses by the members of the group were recorded and the session kept on track while allowing the informants to talk freely and spontaneously to cover the main topics.

This was however, more interesting than the predictable question followed by normal approach of interviews. Some individual who may have answered a question in a certain way during an interview listened to others experiences during the FGD and came out with valuable information which enhanced the data collected. In other words, the FGD helped participants to voice agreement to something that he or she probably would not have thought of without the opportunity of hearing the views of others (Bryman, 2012). Focused groups are useful

when it comes to investigating what participants think, and also excel at uncovering why participants think as they do (King and Horrocks, 2010).

However the approach is not without problems, as one person could dominate the discussion while some others shy away and hence require more encouragement to participate (Marvasti, 2004). To limit this, the researcher consciously asked the less participating members of the group their views and opinions on the issues being discussed.

### **3.3.3 Secondary Data**

The secondary data used in this research included commission reports, reports from the Energy commission and GNPC and media reports as it highlighted expectations and unmet expectations. It gathered evidence, analyzed critically and drew conclusion in comparison with what had already been produced. Journals, books, magazines and other forms of scholarly works are of great importance and assisted the researcher. As noted by Bryman (2012) secondary analysis offers the prospect of having access to good-quality data for a tiny fraction of the resource of carrying out a data-collection yourself. In this thesis, reference was also made to past and present experiences of various countries which the researcher could not access due to cost and time available for the research.

### **3.4 Field Reflections**

In conducting research, one of the major factors to consider is the positionality of the researcher. This played out in the insider and outsider roles which the researcher attained in conducting the interviews with inhabitants as well as government officials. Scholars like Banks (1998); Merton (1978); Naples (1996) have argued that the insider-outsider distinction is a false dichotomy since outsiders and insiders have to contend with similar methodological issues, around positionality; a researchers sense of self and the situated knowledge he or she possesses as a result of his or her position in the social order (cited in Chavez, 2008). In other words the position the researcher occupied at a particular time makes him an insider or an outsider.

An insider or native researcher is when one conducts a research in a peculiar situation where there is a commonality in identity, language and experimental base with the study participants (Dwyer and Buckle, 2009). The shared distinctiveness creates an avenue allowing participants to open up without any inhibition and this access into such groups might be closed to

outsiders. On the other hand, as noted by Breen (2007), the outsider researchers are those who do not belong to the group under study. In this perspective the researcher is not in any way related or connected to the community or subjects under study. The researcher is “purely” a stranger who does not have any commonality with the subjects she is researching on. An extreme view, however, suggests that we are all insiders, “as communicating humans studying humans communicating, we all are inside what we are studying” (Ellis and Bochner, 2000:743 cited in Breen, 2007).

### **3.4.1 Language**

Despite the fact that Cape Three Points is a mainly Nzema speaking community, most of the inhabitants speak the Fante language, one of the many dialects in Ghana. The official language in Ghana is English but there are 250 dialects (Embassy of Ghana, 2014). Griffin (1998) describes the insider as someone whose biography gives her a lived familiarity with the group being researched (quoted in Mercer, 2007). Being versed in the Fante language due to researchers Fante parentage, this medium of communication gave the researcher an opportunity to interact easily with the informants without a gatekeeper. It is important to know that most of the inhabitants of these communities have little or no education at all and therefore the local language is the main means of communication in these communities. Speaking the Fante language was an icebreaker and helped build rapport and trust between the researcher and informants. The researcher’s linguistic ability also helped to prolong conversations with informants.

### **3.4.2 Familiarity with Local customs**

Knowing the cultural beliefs in the area of study, the researcher purchased a bottle of schnapps as custom demanded for prayer to be offered. After paying homage, the elders poured out their feeling of nostalgia and hoped that the degradation of the environment around them as a result of exploration of mineral resources like gold will be averted with the exploration of the oil. This act of insiderness provided a head start in interpreting the meaning, unsaid and unmarked features of the communities, their culture and belief systems (Labaree, 2002). As noted by Radsch (2002) while cultural blunders can be forgiven, cultural awareness helps strengthen bonds (cited in Sriram, et al 2009).

Chavez (2008) indicates that insider researchers are easily able to detect non-verbal gestures of embarrassment and discomfort. Many in the community see conflicts “*against the state as*

*a taboo*” and hence something they were not ready to talk about. Inhabitants in the resource rich community showed their discomfort when the researcher posed a question on conflicts as in the case of Nigeria, therefore questions like these were rephrased and modified in subsequent interviews.

### **3.4.3 Age**

As a researcher who was young, the youth easily identified with me, smoothing access to the informants. The age advantage pushed them to have prolonged discussions due to their “*hidden agendas*”. However, conscious efforts were made to bring them back to the subject under discussion and this did not taint the information gathered. Griffin describes the researcher’s social location and knowledge’s as “always located somewhere” yet continually moving back and forth between the positional boundaries of insiderness and outsidersness (cited in Labaree, 2002). This is an indication that there may be some elements of insiderness on some dimensions of the research and some elements of outsidersness on other dimensions.

The age difference with the elderly moved me to an outsider status. Despite this outsidersness, the enthusiastic nature of the youth some of whom accompanied the researcher, assisted in eroding the hindrances that are usually associated with outsidersness. Irrespective of the age difference, they gave the researcher useful and accurate information that corroborated the information gathered from the youth and this enhanced the data collection.

### **3.4.4 Interaction with bureaucrats**

Though a Ghanaian, there appeared to be no shared distinctiveness with the officials of both GNPC and MoE. There was therefore the necessity of a gatekeeper. A gatekeeper is a person in a society or organization who has power to withhold access to people or situations for the purpose of research (Scheyvens and Storey 2003). Through the gatekeeper, the respondents gained confidence and trust in the researcher, and felt at ease to talk about any issue, as far as it was centered within researcher’s area of study. The researcher was informed about the necessary caution the government is taking to avoid the pitfalls of most African resource rich states. Despite the fact that most of these officials wanted to remain anonymous all the necessary information relevant to the research was given. However, some of the frustrations encountered as an outsider were that, scheduled interviews were sometimes postponed and in some cases participants did not turn up at all. The persistence of the researcher made it possible to contact majority of those required to be interviewed.

### **3.5 Summary**

This chapter has focused on methodological issues of the study. In order to highlight the researchers central question “With the discovery and commercial production of oil in Ghana, can the state avoid the intrastate conflicts that has characterized other resource-rich states in Africa?” the researcher employed qualitative in-depth interviewing and FGD as a primary data collection method. Altogether, seventeen (17) inhabitants and five (5) government officials were interviewed and three (3) FGD were conducted. Informants were recruited using the snowball and purposive sampling techniques which came with both advantages and disadvantages. In order to get further information, documentary sources relevant to the study were also used. In conducting the study the language proficiency of researcher (Fante) enabled inhabitants to interact freely without a gatekeeper. Knowledge of traditional customs also benefitted researcher as paying homage to elders is considered as a sign of respect. In researchers interaction with bureaucrats (government officials) there appeared to be no shared distinctiveness therefore the need for a gatekeeper.

## **Chapter 4: Conceptual Framework**

This chapter attempts a conceptual framework to the natural resource-conflict correlation. It discusses both the economic and non-economic factors that can lead to the onset of conflicts. Whereas the economic narratives reflect on elite competition over valuable natural resource rents as the main drive for the onset of conflicts, the non-economic narratives argue that relative deprivation and the grievance it produces fuels conflict. The economic narratives rest on three premises, namely, financing, recruitment and geography. Non-economic issues also dwell on some underlying elements of structural injustices, economic and political marginalization and deficiencies in state structures felt by a group over a period of time.

Taken together, the chapter discusses the economic and non-economic factors that can lead to the onset of conflicts and how to mitigate these causative factors. It further indicates how unmet expectations of the perceived resource communities in Ghana could trigger conflicts. At this moment there is no conflict in the Western region of Ghana but many people have high and unmet expectations which by themselves do not bode well for social and political stability.

### **4.1 Natural resource-conflict correlation**

The debate over the causal mechanisms linking natural resource abundance and the onset of civil war has been centred on two main arguments; greed and grievance. The greed factor which is associated with the rational actor perspective has emphasised the economic incentives and opportunities facing rebel organisations as the main drive of conflicts (Rosser, 2006). The grievance factor reflects behaviouristic ideas, and emphasises on the motives of rebel organisations as the main drive of conflicts (Rosser, 2006). In contrast to the greed argument, it assumes that rebellions caused by grievances stemming from inequalities of wealth, limited political rights, or ethnic and religious divisions lead to the onset of conflicts.

Proponents of the economic narratives (Collier, Hoeffler and Rohner, 2009; Collier and Hoeffler, 1999; Le-Billion, 2001; Ross, 2004), suggest that civil wars are caused by greed – that is, by a desire on the part of rebel leaders to enrich themselves and their followers. In this argument, natural resource abundance is important because it constitutes a potential source of funding for rebel activities (Collier, 2004). More specifically, Collier (2000) suggests that it constitutes a potential source of funding for the start-up costs of initiating a rebellion such as

buying arms and hiring soldiers. According to the non-economic argument (Mushred & Tadjoeeddin, 2007; Mushred & Gates, 2005; Ostby, 2010; Stewart, 2011), natural resource abundance is important in so far as it serves to exacerbate the grievances that lead to rebellion. Particularly important in this respect are grievances stemming from various typical consequences of natural resource exploitation: insufficiently compensated land expropriation, environmental degradation, inadequate job opportunities, and labour migration (Rosser, 2006).

However, the economic and non-economic narratives to a large extent are inseparable in relation to the factors that lead to the onset of conflicts. Thus, if resource rich areas are well developed, making them accessible to the centre of government, and the necessary caution are taken to ensure equitable distribution of resources, both the problem of greed and grievance based rebellions will be solved.

The next sections will further examine these economic and non-economic factors of conflicts.

#### **4.2 The Economic Narratives of Conflicts**

The economic narratives of conflicts indicate that rebellion against the state stems from financing, recruitment, and geography. Financing which involves the illegal appropriation of natural resources which creates funds for rebellion; recruitment which speaks to the opportunity to induce violence which is made possible by unemployed youth; Geography which speaks to the accessibility to natural resources (Collier and Hoeffler, 1999; Le-Billion, 2001; Ross, 2004). Collier (2006) points out that it is very likely that fundamentally there could be structural injustices on the ground, namely expropriation of land, environmental and ecological disaster and other social maladies including repressive regimes shouldered by the local population. These factors however do not provide enough bases for people to rebel or join rebel organisations. In other words Collier and Hoeffler suggests that

“civil wars occur only where and when rebel groups have the opportunity to raise revenues, most commonly where and when these groups are able to exploit natural resources; where and when they can take advantage of high levels of unemployment and poverty and, thus, readily available rebel recruits” (cited in Ward, Greenhill and Bakke, 2010:4).

Collier and Hoeffler (2004) also indicated that most rebellions are in pursuit of a cause and not the public good. The cause is to get to the natural resource and loot it and in some cases using a grievance situation to whip up enthusiasm among the members of the community to

give them an impetus to fight. For rebel groups to thrive there is more than just the underlying fact of grievance. As Collier and Hoeffler (2004) contend, adherents of a rebellion must eat and funds are needed to purchase arms and to maintain the rebel group.

Collier and Hoeffler (2004) also argue that large exports of primary commodities together with low education and high numbers of young men (youth), who are unemployed may lead to economic decline which increases the risk of conflicts. For example, in the Sierra Leone war, Keen (2003) was of the view that lack of economic progress, compounded by bad governance, generated a frustrated youth who could no longer be controlled by traditional social ties and were therefore susceptible to the use of violence. The greed hypothesis is important for countries with resources. Empirically this assertion is buttressed by Collier (2006) who indicates that most rebellions appear to be linked to the capture of resources; such as diamonds in Angola and Sierra Leone, drugs in Colombia, and timber in Cambodia.

In the economic discourse Ghana falls within the range of recruitment but not financing and geography. That is to say, Ghana which has not yet experienced any conflicts has a lot of uneducated and unemployed youth especially in the resource area which according to the economic narratives serves as one of the bases of conflicts in some resource rich communities. Low educational background, youth unemployment and poverty that are usually associated with recruitment into rebel movement abound in the Ghanaian context. It is therefore necessary that these factors are carefully considered to avoid the conflict trap in the economic discourse of the resource curse.

#### **4.2.1 Critics of Economic Narratives**

Switzer (2001), points out that the extraction process itself can lead to community-level grievances, and contend that these may lead to larger violent conflicts as compared to the existence of just the natural resource. Meaning, the natural resource is necessary but not the main initiating factor that propels conflict. A 1998 World Bank assessment of Colombia, Papua New Guinea and Venezuela concluded that national governments reap the benefit of resources, while social and environmental costs tend to be borne by local communities (cited in Switzer, 2001). In the Niger Delta of Nigeria the neglect of the local community coupled with the negative impact of the extraction process on the community resulted in violent agitation by members of the community (Ikelegbe, 2005).

Conflict can emerge as a result of the process and production of natural resources whether due to environmental or social impacts (Switzer, 2001). Extraction of natural resource has a widespread impact resulting from environmental contamination that affects community health and livelihoods. Oil spills in the Niger Delta has been a regular occurrence, and the resultant degradation of the surrounding environment has caused significant tension between the people living in the region and the multi-national oil companies operating there (Okonta, 2006). Oil companies operate in parts of Nigeria where 70% of communities lack access to clean water, electricity and passable bridges to connect riverine communities (Zandvliet and Pedro, 2002). Successive military and civilian administrations have largely left communities in these oil-bearing states underdeveloped while resources from these areas have been used to develop other parts of the country and hence causing conflicts in resource community (ibid).

Stewart (2002) also argues that people fight over fundamental issues concerning the distribution and exercise of power whether economic or political or both. In extreme cases, however, these inequalities could propel conflicts such as the Biafra war in Nigeria. The monopolisation of power by one group or another is also responsible for many of the other inequalities and for violent reactions because this appears the only way to change the system. Stewart (2002) cites the case of Cote D'Ivoire where under the presidency of Houphouët Boigny the severe socioeconomic inequality was prudently managed with an inclusive government and this kept the peace of the country for decades.

While access to diamonds and other valuable natural resources contribute to the feasibility of rebellion in both Sierra Leone and the DRC, these insurgencies were not undertaken simply to capture lucrative economic assets for self-enrichment (Ballantine and Nitzsche, 2003). Inequality was a significant factor of the conflict in both Sierra Leone and DRC as the resources in these countries were used to finance the rebellion of a socio-economic and political grievance that existed at that time. With Angola's decade's long civil war Ballantine and Nitzche (2003) indicate that it started as an anti-colonial struggle long before the natural resource exploitation became their dominant source of funding for both UNITA rebels and the government. In Sierra Leone, they contend that, inequality in access to job and educational opportunities contributed to the onset of the conflict.

State capacity focuses on the role that the weakness or failure of the state plays in providing a favourable opportunity structure for armed conflict (Ballantine and Nitzche, 2003). Political

approaches see conflict as a result of state weakness, which is characterized by the lack of ability to monopolize force, maintain order within its territory, and generate resources to provide public goods, which can lead to the erosion of legitimate authority and capacity for effective governance (Ayoob cited in Ballantine & Nitzche, 2003). According to those focusing on the economic factors in state failure, the systematic diversion of public rents through corrupt patronage networks fosters the growth of “shadow states,” which in turn become the prey of armed warlords as governments are no longer able to maintain control over these channels of wealth accumulation and distribution (Ballantine and Nitzche, 2003). This was the case in Sierra Leone and the D.R. Congo, where the outbreak of conflict was preceded by decades of political misrule and corruption by a parasitical state elite that exacerbated socio-economic deterioration and institutional decay in both countries, ultimately resulting in violent state collapse.

### **4.3 The Non-economic narratives**

The non-economic narratives emphasize that group marginalization, inequalities and repression lead to the onset of conflicts. The theorist (Stewart, 2011; Stewart, 2002) argue that groups which think the self-esteem of their members are being threatened due to inequality lead to the onset of conflict. The economic narratives focus on the greed of the rebel group, whereas the justice seeking rebellion is elicited by grievances embedded in socio-economic, cultural and political discontent. Political exclusion and economic dislocation are indicated as factors that motivate grievance driven conflicts (Stewart, 2011). The grievance mechanism also suggest that resource extraction creates grievances among the local population, because of land expropriation, environmental hazards, insufficient job opportunities, and the social disruptions caused by labour migration; these grievances, in turn, lead to civil war (Ross, 2004).

Grievance rebellions are driven by the aim to assuage strong concerns. These are supposed to be inter-group hate represented by political exclusion, high level of marginalization of ethnic minorities and inequality.

#### **4.3.1 Horizontal Inequality**

Horizontal inequality among culturally defined groups when coincide with economic and political differences between groups can cause deep resentment that may lead to violent struggles (Stewart, 2011). Inequality among cultural groups may take the form of various

means leading to frustration and people reacting in violent means. This inequality may have economic, social, political and cultural dimensions. Stewart (2011) distinguished horizontal inequality from vertical inequality, which is the inequality within an otherwise homogenous population.

The discrimination in access to schooling, health care, and public-sector jobs among other factors lead to lack of credibility that eventually lead to civil war (Ostby, 2010 ). Mushred and Tadjoeeddin (2007) opines that societies with high inequality like El Salvador, Guatemala, Nepal, the Philippines, and Zimbabwe have high asset inequality, and are prone to conflict. Economic mismanagement is often associated with an uneven and unfair distribution of resource revenues benefiting the elite at the expense of the poor. Also natural resource rents can by themselves become a source of grievance, if local populations feel that they are not getting a fair share of these resources, as in the Niger Delta region of Nigeria.

According to Stewart (2011) different types of inequality reinforce one another. Inequality in one sphere, such as access to various types of capital including; education, finance, land and social assets can provide an incentive for mobilisation. Using Uganda as an example Stewart notes that the likely motivator of conflicts is exclusion of one particular group which motivated leaders to come together to rebel. Ostby (2010) re-enforces Stewarts argument and states that political discontent and its consequences; protest, instability, and violence-depend not only on the absolute level of economic wealth, but also its distribution, i.e. inequality between the rich and poor. Ostby (2010) also indicates that where access to various goods and opportunities is shaped by underlying social cleavages, such as class, religion or cultural, historical and geographical origin, political violence is more likely to unfold.

According to Mushred and Gates (2005) most contemporary civil wars in developing countries have an ethnic dimension, in the sense of well-defined and ethnically distinct groups fighting one another. They indicated that inequalities in access to assets, public employment and public services among other factors can propel conflicts. In explaining the Nepalese civil war they indicated intergroup inequality as the motivating factor that led to the grievance and hence the onset of the war.

Inequality between groups often leads to one group benefiting mostly at the expense of the other. Extraction of natural resources like gold in the Western region has been going on for

years and despite the degradation and pollution of the environment the inhabitants have not benefited in the resource revenues. With the recent discovery of oil, the inhabitants have high expectations and how to balance these expectations and ensure that everyone benefits from the newly exploited resource is an important issue.

#### **4.3.2 Relative Deprivation**

Relative deprivation is “a term used to denote tension that develops from a discrepancy between the “ought” and the “is” of collective satisfaction and disposes men to violence” (Gurr 1970:23). In other words it is the inconsistency between what people think they deserve, and what they actually believe they can get which leads to frustration and aggression through violent conflicts. For example, high educational achievements by individuals may raise aspiration of people who will expect to do good jobs and become frustrated if unemployed, and occasionally venting their feelings as political violence against established authorities. The potential for a collective violence varies intensively with the intensity and scope of relative deprivation among members of a collective group (Gurr, 1970). Relative deprivation is considered to be a major cause of civil war. In Nepal, the lack of development in remote rural districts of the country fuelled the Maoist insurgency (Murshed and Gates, 2005).

Relative deprivation just like horizontal inequality has implications for the Western region. Already the chiefs in the region are clamouring for ten percent of the resource revenue (African news magazine, 2011) and the youth are also requesting for educational opportunities to enable them get good paying jobs (this is further elaborated in my analyses). Is there any possibility of the inhabitants, who feel they have been deprived of what they they deserve, coming together to cause conflict?

#### **4.3.3 Critics of Non- Economic Narratives**

Proponents of the economic narratives of conflict have alluded that greed and not grievance is significant to motivate a conflict. Collier and Hoeffler (2004) argues that most rebellions are ostensibly in pursuit of a cause supported by a narrative of grievance; however, grievance alone cannot start a conflict. Mobilizing rebels without any financial backing will fail (Collier and Hoeffler, 2004). Capturing a resource for shared loot is a motivating factor to organize a rebellion. Collier and Hoeffler observed that the loot seeking model was a significant predictor of conflict than grievance, putting it succinctly “there are fewer martyrs than

opportunists” (cited in De-sosy, 2002:5). This is an indication that fewer people will die for a cause, however, with the rewards emanating from the spoils of war, mobilization for loot seeking is easier. Using a comprehensive panel data set of conflict over the period 1960-99, Collier and Hoeffler confirmed that most of the proxies for objective grievance are insignificant and that greed rather than grievance fuels conflict (Collier and Hoeffler, 2004). Indications from these studies showed that ethnic and religious fractionalization makes a society safer, as predicted by the greed model, rather than dangerous as predicted by the grievance model.

The “greed versus grievance” theory is distorted by an overemphasis on the impact of resources on rebel group behaviour and insufficient attention is laid on how government mismanagement of resource revenues fuels conflicts (Ganesan and Vines, 2004). Elite monopolization of resource wealth creates weak state structures and the causative inequalities that emanates from these structures can fuel conflicts.

#### **4.4 Weak State Factor**

Fearon and Laitin (2005) use the paradigm of insurgency to assert the causes of conflicts. Insurgency is a technology of military conflict characterized by small, lightly armed bands practicing guerrilla warfare from rural base area (Fearon and Laitin, 2005). They hypothesize that financially, organizationally, and politically weak central governments render insurgency more feasible and attractive due to weak local policing or inept and corrupt counterinsurgency practices. They use the Hobbesian theory to buttress their position and argue that states with high per capita income are able to put developmental projects in place and also improve their defence mechanisms thus both military and policing become effective. Government forces will easily capture rebels if they know their location.

The strength or weakness of an insurgent group is highly dependent on the ability of the government to counter insurgency (Fearon and Laitin, 2003). In this case, however, the higher the per capita income the lower the risk of civil war because such a state will have well developed financial, administrative, police and military and well-developed road networks making better penetration by central administration. But the important determinant of the prospects of an insurgency is the police and military capabilities of the government, and the reach of government institutions into rural areas. Fearon and Latin (2005) indicate that oil producers tend to have weaker state apparatuses than one would expect because the rulers

have less need of using taxes to raise revenues. The absence of socially intrusive and elaborate bureaucratic systems to raise revenues makes states prone to conflict.

Fearon and Laitin (2005) argue, that the main factors determining both the secular trend and cross-sectional variation in civil violence in this period are not ethnic or religious differences, or broadly held grievances, but rather conditions that favour insurgency. This totally dispute the fact that civil wars may be caused by grievance but rather an indication that even if there are grievances, civil wars may not occur once the government has the ability to counter insurgency. They further indicated that

“insurgency does not require strong popular grievances or ethnic solidarities to operate effectively, given the right environmental conditions; insurgencies can thrive on the basis of small numbers of rebels without strong, widespread, freely-granted popular support rooted in grievances” (Fearon, 2005:17).

However Fearon and Laitin (2003) indicated that, proving that ethnicity is not the main driver of conflict, does not mean that ethnicity does not matter at all, only that ethnic differences alone cannot cause conflict, for even hate crimes require arms.

For Fearon and Laitin, a major means of avoiding conflicts is the ability of the government to be able to counter insurgency. This can however easily be done when the government is able to access the resource areas. Relating this to the Western region and specifically Cape Three Points it is important to note that the poor state of infrastructure in this area makes it highly difficult if not impossible for the reach of government. Therefore the tendency of government to resolve or counter an insurgency is very limited.

#### **4.5 Summary**

This chapter has sought to outline the conceptual framework of the thesis. In order to understand and explain how Ghana can avoid the conflict trap that has beset most resource rich states in Africa, the researcher looked at both economic and non-economic factors that propel conflicts. The mainstream researchers of economic narratives indicate that, rebellion against the state stems from mainly financing, recruitment, and geography. The non-economic narrative on the other hand emphasises on grievance rebellion which is propelled by group marginalization and inequalities. Economic factors are, however, used to justify most of the conflicts in sub-Saharan Africa, and considering the high level of poverty that persist in these countries, with a large number of unemployed youth, there are always avenues to recruit people or issues that force people into joining armed groups. Marginalization, political

exclusion and inequality can also not be ruled out as some of the factors that motivate these conflicts since most groups see conflict as a means of correcting injustice. However, without group formation for which historical grievances are important, violent collective action cannot take place. In short, grievances can be present without greed but it is difficult to sustain greedy motives without some grievances (Mushred and Tadjoeeddin, 2007).

## **Chapter 5: Data Presentation and Analysis**

This chapter presents and discusses the field data. It is divided into two parts. The first part focuses on informant's socio-demographic background that is age, education, occupation and marital status. The argument here is that background of informants influences their views and how they relate to their immediate surroundings and vice versa. In the second part, field data collected is coded, categorized into themes and discussed within the study's conceptual framework presented in Chapter 4. Taken together, mostly using primary data, this chapter highlights how unmet or high expectations in natural resource communities could lead to disaffection and undermine the peaceful social and political order.

### **5.1 Socio-Demographic Background**

This section focuses on the informants' socio-demographic background, namely age, education, occupation and marital status. In all, a total of seventeen (17) people were interviewed nine (9) and eight (8) informants from Shama and Cape Three Points respectively. The gender distribution was ten (10) men to seven (7) women.

#### **5.1.1 Age**

Table 2 below shows the age distribution of the informants. The distribution indicates that five (5) informants fall within the age bracket of 18-25, with three (3) from Shama and two (2) from Cape Three Points. In the next age group of 26-33, there were two (2) informants in each Community. Three (3) informants were within the age range of 34 -41, with two (2) and one (1) from Shama and Cape Three Points respectively. Within the age range of 42-49, four (4) informants were interviewed with two (2) from each community. Age 50-57 had no informants at all and 58+ had only one informant in Cape Three Points.

**Table 2: Age of Informants**

<b>Age</b>	<b>Shama</b>	<b>Cape Three Points</b>	<b>Total</b>
<b>18 – 25</b>	3	2	5
<b>26 -33</b>	2	2	4
<b>34 – 41</b>	2	1	3
<b>42 – 49</b>	2	2	4
<b>50 – 57</b>	-	-	-
<b>58+</b>	-	1	1
<b>Total</b>	9	8	17

*Source: Fieldwork, 2013*

In Table 2, it is evident that majority of the informants fall within the broad age category of 18-49. Informants in this age bracket in the communities studied are expected to work and earn an income to cater for themselves and their dependents. Suggestively, it is the expectation of these economically active informants that the oil industry will provide job opportunities and social infrastructure to foster their material well-being. But what are the prospects of these expectations and how are they being met?

**5.1.2 Education**

The level of education of an individual has the propensity to affect the way the individual talks, behaves and reacts to things. For instance, Ostby & Urdal (2011) say that higher educational attainment promotes a “culture of peace”, it encourages political participation and channels conflicts of interest through peaceful political institutions. Also, Collier (2000) postulates that educated men have better income earning opportunities than uneducated men and are more comfortable and less likely to join a rebel group.

**Table 3: Educational Level**

<b>Educational Level</b>	<b>Shama</b>	<b>Cape Three Points</b>	<b>Total</b>
<b>Tertiary</b>	1	-	1
<b>Vocational</b>	2	1	3
<b>Secondary</b>	2	1	3
<b>JHS</b>	3	3	6
<b>Illiterate</b>	1	3	4
<b>Total</b>	9	8	17

*Source: Fieldwork 2013.*

Table 3 above shows the education level of the informants. It is inductive that one (1) informant from Shama had education to the tertiary level. In the next category, which is vocational training, there were a total of three (3) informants. Two (2) came from Shama and one (1) from Cape Three Points. With the attainment of secondary level of education, a total of three (3) informants with two (2) in Shama and one (1) in Cape Three Points. Both Shama and Cape Three Points had three informants dropping out after Junior High School (JHS). Three (3) informants from Cape Three Points had no formal education at all whereas one (1) from Shama was also an illiterate.

Table 3 above, shows a high level of low level education. Education as it were provide people with employable skills which equips them for jobs in the formal sector while limited access to formal education translates into limited job opportunities in the formal sector. It is suggestive that the low educational background of the inhabitants of the two communities will inhibit their access to job opportunities emanating from the oil and gas industry. The lack of job opportunities can bring dissatisfaction and eventually undermine social and political order. This is particularly in tandem with Ostby & Urdal (2011) argument that limited access to educational opportunities could breed grievances which may eventually lead to conflicts. Hilker & Frazer (2009) have further argued that limited access to education can become a source for tension, because it leads to inadequate access to jobs in the formal sector which secures access to stable income and economic security and this may lead to rebellion, conflict and violence.

### 5.1.3 Occupation

Every occupation is a livelihood source. By definition livelihoods are the means by which individuals and households obtain and maintain access to resources for survival (USAID, 2005). It often entails an ensemble of activities, capabilities and resources needed to organize and maintain a living (Onuoha, 2008). In other words, livelihood expresses the idea that individuals and groups strive to make a living and attempt to meet their various consumption needs and economic responsibilities.

Indications from the data collected showed that extraction of oil and gas in the western region of Ghana has posed challenges in one way or the other. The ban on fishing along the rig and the encounter with seaweeds by fishermen has diminished the income realized from fishing expeditions. Both fishermen and fish mongers are faced with the problem of the curtailment of their incomes and as a result unable to adequately fulfil their social responsibilities towards their families. Thus, lack of secure livelihoods can contribute to dissatisfaction and agitation by weakening society's social fabric and forcing people to resort to violence in order to obtain necessary resources (USAID, 2005). Scarcity or shrinking of one's means of livelihood as a result of misuse, over-use or degradation under certain circumstances can also trigger off conflicts (Onuoha, 2008).

**Table 4: Occupation of Informants**

<b>Occupation</b>	<b>Shama</b>	<b>Cape Three Points</b>	<b>Total</b>
<b>Fishermen</b>	2	2	4
<b>Farmers</b>	-	2	2
<b>Fishmongers</b>	2	2	4
<b>Traders</b>	3	-	3
<b>Civil Servants</b>	1	-	1
<b>Unemployed</b>	1	1	2
<b>Tour guide</b>	-	1	1
<b>Total</b>	9	8	17

*Source: Fieldwork 2013*

From Table 4 above four (4) informants are engaged in fishing with two (2) in Shama and the other two (2) in Cape Three Points. In the Category of crop farming, only Cape Three Points

registered two (2) informants. A total of four (4) fishmongers were interviewed, with two (2) in Shama and two (2) in Cape Three Points. All informant traders were interviewed in Shama. Only one (1) civil servant was interviewed in Shama. There were three (3) unemployed informants, two (2) in Shama and one (1) in Cape Three Points. A tour guide was also interviewed in Cape Three Points.

It is noteworthy that, the curtailment of income from fishing and farming which is the occupation of most informants can be a source of dissatisfaction and agitation. For instance according to Oyinloye and Olamju (2013), the Niger delta, a rural community that solely depends on the natural environment for sustenance living, lost its productivity as a result of environmental degradation. This created dissatisfaction overtime and propelled the conflict in the region.

#### **5.1.4 Marital Status**

The Table 5 below indicates that out of the seventeen (17) informants interviewed, seven (7) were married: Four (4) in Shama and three (3) in Cape Three Points. Also, three (3) informants were single, with two (2) in Shama and one (1) in Cape Three Points. Only one of the informants was divorced and this was in Shama. The remaining six (6) were all co-habiting with two (2) in Shama and four (4) in Cape Three Points.

**Table 5: Marital Status of Informants**

<b>Marital Status</b>	<b>Shama</b>	<b>Cape Three Points</b>	<b>Total</b>
<b>Married</b>	4	3	7
<b>Single</b>	2	1	3
<b>Divorced</b>	1	-	1
<b>Co-Habiting</b>	2	4	6
<b>Total</b>	9	8	17

*Source: (Interview 2013)*

All the informants, no matter the category they fell, in had welfare responsibilities to themselves and, to some extent, to other people. As indicated in Table 4, the vicious circle continued as unskilled youth are more vulnerable to economic shocks, less likely to find work, more likely to get stuck in low quality jobs and more vulnerable to early marriage and parenthood (World Bank report, 2013). Will the new found resource help change this cycle?

## **5.2 Perception of the Locals on the Oil Industry**

Perceptions and expectations of local people can influence the future of the oil sector. Whether these perceptions are correct or not, over time they become facts for community members and now realities that have to be addressed (Zandvliet & Pedro, 2002). An important factor, which lies at the very core of natural resource governance, is the issue of ownership. The way people perceive the ownership of a resource goes a long way to determine the substantial basis for the actions that communities take to support or interrupt the activities of oil production. It is also important in determining the relationship between inhabitants, government and oil companies. Data collected indicated conflicting views about ownership of the oil resource.

### **5.2.1 Ownership Perception**

As indicated earlier in Chapter two of this study, Article 257(6) of the 1992 fourth republication constitution of Ghana states that;

“Every mineral in its natural state in, under or upon any land in Ghana, rivers, streams, water courses throughout Ghana, the exclusive economic zone and any area covered by territorial sea or continental shelf is the property of the republic of Ghana and shall be vested in the President on behalf of, and in the trust for the people of Ghana” (Constitution of the Republic of Ghana, 1992).

It is therefore imperative for the community to understand that even though they are very close to the oil find, the Jubilee Field is vested in the state and held in trust by the president. From this it can be inferred that, no one person, community or region, can claim exclusive ownership of any resource in the country including the oil in the Jubilee field.

It was, however, evident that some informants in Shama and Cape Three Points had the perception that the resource belonged to the local community. They believed that the land and marine resource have always been theirs, making the oil discovery inconsequential in terms of ownership. For this reason most informants indicated that the oil deposits belonged to their community and larger share of the revenue must go to them. For example in Cape Three Points a 60 year-old informant indicated:

*“..... The oil is ours even though the government is seen as the overall owner. We are part owners and we demand that we are given our separate share of the oil revenue to develop our community”*

In Shama, another young informant of about 25 years asserted:

*“..... It belongs to all Ghanaians but priority should be given to the inhabitants because the oil was located on our land which has been ours since the creation of the world, and a gift from the Creator. Besides, when disaster occurs, it affects the community. Extraction of oil is good and no one can dispute that fact but there are a lot of consequences that result from the extraction process.... Who then suffers? Is it the whole nation or the people who live in the extractive community..., Tell me...” (Looking at me with anger).*

The above narrative particularly feeds into the perception of the paramount Chief of Western Nzema, Awulae Annor Adjeye III, to the effect that, oil spillages and seepages are characteristic of the oil industry and a serious threat to fishery and livelihoods (African news 2011). This further explains why Western Regional chiefs are demanding for 10% of the oil revenue for the region – a petition that has so far fallen on deaf ears (ibid). Many in the region including a traditional chief, Asagyefo Ogyeahohoo, indicated that *“the battle has just begun and they were going to fight for what belongs to them, to avoid the pollution of their water bodies and the devastation of their lands as it is happening in the Niger delta region of Nigeria”* (IRIN, 2008).

The perception of ownership of the inhabitants of the Cape Three Point and Shama is no different from those in other resource rich African countries like Nigeria and Sierra Leone who have undergone series of conflicts. Comparatively in the Ghanaian situation, the perception has rather heightened expectations in the resource communities. Thus the unmet expectations and the frustration that characterized Nigeria’s resource community seem to be playing into the Ghanaian situation. The inhabitants as well as the leaders are requesting for a share of the resource revenue as they believe it is a right that is due them. In other words, they have high value expectation because of their perception of ownership which when not met could lead to frustration, agitation and conflict. However, the Botswana case, often acclaimed as the success story of prudent management of resource, gives a nuance to the issue of ownership where government and traditional leadership of the resource community agreed that overall ownership and governance of the diamond resource is vested in the state (Beulier and Subrick, 2006).

### **5.3 Local Expectations**

Most countries where oil has been found, have often experienced rising and overstated expectations of what the wealth acquired from the resource can do to their lives (ADB, 2009), Ghana is no exception in this case. The discovery of oil in Ghana since 2007 came with various degrees of expectations; the former President John Kufour for example celebrated the expected economic boom by popping a Champaign and saying, “*oil is money and we need money to build schools, roads and hospitals....with oil as a shot in the arm.... We are going to fly...*” (BBC News, 2007). In a likewise mood inhabitants of the “Oil City” (Takoradi) also had expectations about how the oil resource is going to positively impact their lives. This is amply demonstrated by an UNCTAD statement, that activities of the extractive industry, can have both political and social impacts by enhancing job creation and infrastructural development such as roads, electricity, health and education (UNCTAD 2012:15).

The following paragraphs will discuss issues like: development of infrastructure, provision of education and scholarships and employment opportunities which are often the focus of agitation of resource communities.

#### **5.3.1 Development of infrastructure**

Infrastructural development is the foundation of a sustainable economy (Mashatt, Long & Crum, 2008). Providing basic services is critical to security, governance, economic development, and social well-being (*ibid*). In Nigeria, infrastructure is inadequate and often manifested by poor road network, especially in the oil resource rich areas (Idumange, 2011). Whereas there is hardly electricity supply in many areas, healthcare is less than desirable while the schools are ill-equipped. These conditions therefore provide a fertile ground for social unrest, conflict and instability (Idumange, 2011).

Similarly many of the informants at Cape Three Points and Shama had high expectations about the oil revenue changing the life of the people and conditions in the region, especially in relation to good health facilities, roads, and schools among others. In Cape Three Points, most informants expected to see sudden improvement in areas that had been neglected for a long time by successive governments. Both communities expressed misgivings about governments for always making unfulfilled promises and indicated that they only become important to the government during periods of general election (once every four years). They

expected that with the discovery of the oil, the state of the community will change. As one lady recounted:

*“.... They always come and talk to us and make big promises and suddenly forget everything once they cross that tap over there (pointing to an unused tap close to the shore of Cape Three Points) but we hope that this oil that has been discovered here will change everything soon.”*

## **Hospitals**

The deteriorating situation in the rural areas where most of the populations work as farmers and fishermen makes health care very essential in these areas. The dangers of accidents on both land and sea and the breeding of mosquitoes pose health challenges. However, the health care condition in the communities studied is one of an unfortunate situation. While Shama has an ill-equipped Health Centre without personnel to man it, Cape Three Points on the other hand lack these facilities. Basic health care services have eluded members of these oil rich communities who have to travel over 6 miles to neighboring communities for these essential services. Some informants recounted numerous situations when some friends and family members lost their lives on the way to the hospital. Some fisher folks in a FGD in Cape Three Point expressed their views in these terms:

*“....The fact that we have no hospital in this village is very sad, when someone gets sick; we have to walk for about 6 to 7 miles to Dixcove or Akwadae to take the person to the hospital. We are not asking for much.... If we had at least a clinic located here the person could be given first aid before being taken to the hospital.”*

Some other informants in Shama also recounted situations of undue delays when they visited the health centers. One young informant specifically noted:

*“.... If I am going to the hospital and I don't get there on time there is a tendency for me spending my whole day at the hospital..... So, as for me, I leave the house before 6am so that I can leave the hospital before afternoon”*

## **Roads**

Rural roads link rural communities to district centers and they are related better to health facilities and community markets. Roads are, in fact, facilitators; they enable rural development through improved mobility and accessibility (Donnyes, 1998). With good road network, agricultural produce from remote communities can easily be transported to marketing centers in good time and thereby make farming a worthwhile rural livelihood form

(ibid). Fearon and Laitin (2005) also postulated in the earlier Chapter that easy access by government to reach resource communities could help curb insurgencies.

The road network leading to Cape Three Points and Shama are in a deplorable state. It is a long stretch of feeder road with numerous potholes and gullies which make motorists reluctant in plying the road. A journey from Tarkoradi to Cape Three Points which could be made in less than 30 minutes if the roads were to be in good state was made in 2 hours due to the nature of the road. Some informants in a focused group discussion lamenting on the poor nature of the road had this to say;

*“You saw the bad state of the road you used to this place... It is a very big issue for us because it makes the transportation of food crops very difficult. During the harvesting season most of our food crops get rotten because they cannot be easily transported to the marketing centers”*

### **Electricity & Toilet Facilities**

The community of Cape Three Points is not connected to the national grid (electricity). Khatib (1993) argues that the lack of access to a reliable energy source is a major impediment to sustainable development in developing countries and to the harmonious progress of global society (cited in Zommers, 2001). Rural electrification is essential for development as it enhances growth by encouraging industries to locate in remote communities and provide off farm job opportunities. With the provision of affordable, readily available and environmentally acceptable energy, the living conditions for the poor in rural areas can be improved (Zommers, 2001). The absence of electricity supply in the community has led to the situation where fishermen have few options of preservation and storage of fish thus unable to enhance profit. Lamenting on the unavailability of electricity, a group of fish mongers in a FGD had this to say:

*“...We have no electricity, the only thing to show we have electricity are erected poles. Without the wires, the poles are of no use, this was done to convince us during the election campaign that we will be provided with electricity. Our only means of light for years has been the full moon and our little lamps we use when it gets really dark.”*

Another young man in Cape Three Points had this to say:

*“.... You won't believe if I tell you we always have to pay a generator owner to charge our mobile phones..... Initially it was 50peweas but it is now 100peweas (one Ghana*

*cedi) because the price of everything has increased since we discovered the oil in this area....”*

Also, the non-availability of another important public facility which an informant brought to my notice was the non-existence of toilets facilities in Cape Three Points. This informant said and I quote:

*“....., my sister we don't even have a public toilet like other communities,..... Our normal place of convenience as a village is by the beach and do you know something? Now that the oil has been discovered we have been asked not to use that facility again.....*

*....this oil has really brought us problems, problems, problems we now don't even know how we are going to handle the situation anymore”*

The perception that resource communities own the resources on their land challenges them to make demands to fulfill their expectations. In the Niger Delta of Nigeria, the need for teachers, schools, ill-equipped health centers to deal with diseases and the non-existence of electricity in many oil bearing communities are indicated as some of the factors that underpinned the conflict in the region (Turner and Brownhill 2004).

### **5.3.2 Educational facilities and scholarships**

The communities of Shama and Cape Three Points lacked proper schools, teachers and learning materials. There were reports of high school dropout rates, not because the parents do not value education, but because they lack the finances to support the education of their children. The inhabitants expected both the government and the oil companies to build schools and provide scholarships to their children. Some informants, who expected oil revenue to finance their children's education, said the following about the relevance of formal education for children:

*“If we lose our livelihood and our children have access to free education, their future will still be secured. Scholarships are important because, as you know, there is no way we can pay school fees, if we have no jobs...”*

They also indicated that the Cocoa Marketing Board operates a scholarship scheme for children of cocoa farmers, thus a similar scheme should be established for children of fisher folks as the oil production has already impacted negatively on fishing. Most of the youth interviewed recounted that they were not encouraged to go to school because schools were not

available and in cases where they were the fees were a bit too high for their parents to afford to pay.

In situations of such matters aggrieved members of these communities can foment conflict. According to Sommers (2009), in many if not most modern wars, a central factor underlying conflict is the use of education as a tool for social exclusion. Restricted access to education is said to have fuelled the rebellion in Sierra Leone (Sommers, 2009). The problem of access to education also exacerbated frustrations and more importantly created the space for violent political and social contestations that fuelled the conflict in Cote D'Ivoire (Sany, 2010).

### **5.3.3 Employment Opportunities**

Youth unemployment tends to be concentrated among more disadvantaged populations, where educational facilities, like schools, are not available (Knabe & Ratzel, 2008). Young adults who do not pursue post-secondary education suffer from higher levels of unemployment and more vulnerable to economic downturns than their counter parts at college. Unemployment and poverty have been shown to increase the likelihood of violent conflict, particularly of insurgency-based civil wars (Ikelegbe, 2005). Abundance of unemployed unskilled labor provides fertile grounds for rebel-group mobilization. According to Wahab Shaw, a UNDP representative in Sierra Leone, the high level of unemployment and marginalization propelled the war in Sierra Leone (IRIN, 2009).

The youth in the two communities expect that the oil and gas industry will provide them with employment. In a focused group discussion which was organized for the youth in Shama they recounted:

*“...When we heard about the discovery of the oil, we thought we were the generation going to change the cycle of poverty in our families..... we want you to know that people fish, engage in petty trading and do other menial jobs not because they want to but because there are no available job opportunities.”*

One young informant further stated:

*“Look at me a student of National Vocational Training Institute (NVTI) selling....”*

In Cape Three Points another young informant said:

*“...We had high expectations when the oil was found but these have been cut short because as at now we have not seen any progress. Most of us are still unemployed and a big burden to our parents.”*

In an interview granted by an official who happened to be the project coordinator of the LCP Ghana, she said that the oil industry is capital intensive and requires skills and specialized labor. She, however, emphasized that industries like catering and waste management and other activities on-shore which may not necessarily require skilled labour could serve as a means of employment for people in the region. This assertion confirmed Peter Allum's (former director of the World Bank to Ghana) statement that oil will not create jobs in and of itself (IMF Survey, 2010). However, the head of LCP in Ghana recounted:

*“..... the oil and gas industry as you know is very capital intensive and requires skilled and specialized labour. Owing to the fact that most of the youth in the communities do not have these skills it may be difficult to say they will have any employment in the industry. However, we are looking at other job opportunities in the industry which may lead to a trickle down to the indigenes of the Western region. I also say that the LCP is for all Ghanaians and not specifically any group in Ghana”.*

Employment is one of the most crucial and salient areas when it comes to resource production and extraction. Countless countries like Sierra Leone, Nigeria among others have experienced conflicts due to unemployed youth who are frustrated and have no means of survival and thus see the opportunity of joining rebel group as a means to an end (Mbah, 2013). Currently, in Ghana many inhabitants especially the youth in the resource area have expressed interest in jobs in the oil industry. Even though, the Local Content Policy has aspirations of engaging at least 90% of technical staff from the country in ten (10) years, it seems impossible from a realistic angle looking at the technical capacity of the country. Again, this policy seems to look at all Ghanaians who are qualified for the position and not necessarily the resource community which puts the country at risk just as other resource rich African states.

#### **5.4 Local Content Policy**

Local Content Policy (LCP), as indicated previously, refers to the level of use of Ghanaian local expertise, goods and services, people, business and financing in oil and gas activities (Draft Policy Framework, 2010). It aims at ensuring a trickle down or spin-off effects of resource wealth to a large majority of citizens, including members of the resource community. The policy requires oil companies to incorporate local participation in their activities. This is to help develop local capabilities, achieve maximum local employment and foster local entrepreneurship. The policy target is to ensure the well-being of all Ghanaians. According to an official at the GNPC:

*“.....revenues generated from oil sales will be invested in the productive sectors of the economy. Furthermore, government is putting in place measures to link the oil to ancillary industries such as fertilizer production which will enhance produce in the agricultural sector, an important factor of the local content policy is to achieve local participation and create downstream businesses”.*

Hackman (2009) also emphasized that creation of downstream businesses, like refineries and petrochemical industries, will help sustain the economic development in the oil and gas industry. The inhabitants of the resource community and Ghanaians in general should be well educated about what is in the LCP for them, as well as how they can take advantage of the promises in the policy. This will make the locals know what the government is doing to ensure that the benefit from the oil and gas industry trickles down to all. On commenting about the high level of expectations an official at the MoE had this to say:

*“.... It is sad how Ghanaians especially those in the resource community are expecting so much from the oil exploration when we just started the drilling...,...Our major problem is that the expectations of the people are too high one of our major task as a team this year (referring to June, 2013) is to ensure that we educate people in the management of their expectations to avoid the pitfalls of most resource rich countries especially neighboring Nigeria.”*

## **5.5 Oil and Gas Production versus Local Livelihood**

The oil extraction process can be messy and destructive, wreaking havoc on aquatic ecosystems (Bulter, 2012). Clean-up efforts are complicated and may take a long time to reverse damage. Indigenous and local people have historically failed to see benefits from oil extraction, but have borne many of the costs in the form of pollution and displacement (ibid). The current chaos in the Niger delta region in Nigeria is said to have roots in opposition to Shell's drilling operations (Renner, 2002).

This section thus analyses the impact of oil on the livelihoods of the two local communities. It looks at the impact on fishing, the natural environment and social life.

### **5.5.1 Impact on Fishing**

In Ghana, fish is the single most important low cost animal protein source and accounts for about 60-70 % of the total animal protein intake by the average Ghanaian (Armah et al, 2007). A substantial part of this fish intake is derived from the country's marine fishery resources

(FAO, 2014). The dependence on fish as a source of protein by most Ghanaians enhances the living conditions of most fishermen. Therefore a reduction in catch volumes as a result of the oil and gas exploration has a tendency to give rise to insecurity and strife. Most respondents interviewed expressed fear for the fishing industry which was their main source of survival. An informant from Cape Three Points particularly indicated:

*“Look at me an old woman, who has never been to school before. I know there is no way I can find a job with the oil company. I get my money from the sea and fish mongering is what our family depends on. Our men cannot even bring in any big catch for us to smoke so that we can get some money. What else can I do to make money to buy the things I need?”*

Another informant who emphasized on what fishing activity meant to the community had the following to say:

*“.... We don't know how we are going to survive as it looks like our main means of livelihood is being taken away from us – (with a very sad expression on his face, he said) -- it is our life, our food and everything... ”*

The comment of this informant and the sad expression on his face indicated that the sea and the fishing meant more than an economic venture. Thus an interference with their way of fishing is an interference with their culture which is their everyday life. The inhabitants enjoyed in their fishing activities which brought a lot of households together to work. Whereas the men went to sea, the women anxiously waited on shore for the catch to go and sell. Thursday was indicated by most informants as one of the very exciting days as it was the day the fishermen mend their nets. On this occasion, one fisherman will start a song followed by another, then another till evening when they all retired to their homes.

Other women also complained about the recent low catch and blamed it on the rig. These complaints were filled in these terms:

*“....In July to August we used to make a lot of money because the fishermen make very good catches. But not this time (referring to July), we sit here for hours and they come with almost nothing ...,..... this oil is already bringing us trouble.... We don't know whether to be happy or sad about the oil discovery in this region ....”*

A male informant also expressed dismay at what was happening and said:

*“How can you spend almost one thousand cedis (equivalent 3000NOK) to go to sea and come back with seaweeds which only destroy our nets... How will we feed our children, wife and the other family members... Everybody is aggrieved because life is not good at all”*

### **Sea-Use Clashes....**

Worst of all, as indicated by most of the informants was the sea-use clashes between the fishermen and the Ghana Navy. Most of the informants recounted instances of harassment with the state security while fishing. According to the informants, the Ghana Navy has warned the fishermen not to fish close to the rig as it impedes the work of the oil workers. Informants indicated instances where some were beaten and others had their fish or nets taken away from them for coming close to the oil rig. An elderly male informant recounted his experiences in the following terms:

*“.... Last week people’s fish were taken away from them and thrown away .....You spend so much money to go to sea and when you get the fish it is taken away from you and thrown away because it is said that you have gone beyond the limits required. How? how? how?”*

Further, the tour guide at the tower of Cape Three Points also one of the informant interviewed pointed out that:

*“.... this place used to have a whole lot of fish to the extent that initially trawlers from Tema (a coastal community in Ghana) and other big places used to fish here. But, recently, all the fishes have gone towards the rig because they like the light and the leftover food thrown into the sea..... And the fishermen have been asked not to go to that area, so the oil production has really brought a lot of problems...”*

The consensus among the informants from the two communities was that the oil activity is a threat to their livelihood as their catches are dwindling day by day. The two communities, Cape Three Points and Shama which depend on fishing for their subsistence, are already complaining of the dwindling in fish catches. This most informants indicate is as a result of the fishes moving towards the rig due to the light in the area. There are however, incidences of resource extraction causing negative impacts and propelling conflicts in resource rich African countries, one of which is the Niger Delta region of Nigeria. The Escravos women, on complaining about the impact of oil exploration said,

“Our farms are all gone due to Chevron’s pollution of our water. We used to farm cassava, okro, pepper and others. Now all the places we farm are sinking, we cannot farm. We cannot kill fishes and crayfish”(Darkwa, 2009:9).

The fishing community in Uzere in the Niger Delta region also had to cease fishing due to the hazardous impact of gas flaring (Ikelgbe, 2005). Protracted grievance of neglect and injustice, compounded by the inability of the government to make significant sacrifices to uplift the Niger Delta region, the oil bearing communities are compelled to resort increasingly to violence (Omeje, 2005). Putting it in the Zandvliet and Pedro (2002:10) words “in destroying livelihood seeds of conflict are created”.

### **5.5.2 Environmental Impact**

Environmental problems are inevitable when oil has to be extracted from the ground (Darkwah, 2010). Oil spills, polluted lands and water bodies, accidents and fires, and incidents of air pollution have all been recorded at various times and places (E&P Forum/UNEP, 1997). Further, when gas is flared into the atmosphere without controlling on the temperature levels, there could be the release of dangerously unhealthy carbon dioxide, which is not good for human breathing. An example given by Watts (2001) from the Niger Delta studies indicate that carbon dioxide levels in the streams are between 360 and 680 times more than the acceptable limit by European standards (cited in Darkwah, 2010).

The environmental impact on the livelihood of nearby communities is one of the greatest challenges to the local communities. Despite the fact that some of the inhabitants indicated that they had not seen an over whelming negative impact of the oil exploration yet, they hoped that the impact will not be as bad as that of the mining sectors in the region. Some local fisherman and fishmongers, the researcher spoke to, were also quick to point out that oil spillage is one of their greatest fears. In a group interview with fishermen in Cape Three Points, they generally said that:

*“.... We have already started seeing signs and traces of oil spillage”*

This, however, confirmed what Mr. Edjekumhene, the executive director of Kumasi Institute of Technology and Environment (KITE) observation that “The fisher folks have traditional knowledge , they have been on the sea for long, so when they see things they don’t like, they can tell something is amiss”(JoyNews July, 2013). In 2010, the US oil producer Kosmos is

said to have spilt over 700 barrels of low toxicity oil substance at its drilling fields in Cape Three Points (ibid).

Destruction of farm lands in resource communities coupled with environmental pollution has rendered most resource communities unstable. In Nigeria, deforestation and stagnation of water bodies has led to the breeding of mosquitoes and causing health hazards (Ikelegbe, 2005). The negative effects of the process of extraction which caused people to loss their livelihood and in most cases not adequately compensated led to grievances which fueled the conflict in the region. According to Felicia Itsero the spokesperson of the women group in an interview with Environmental Rights Action (ERA) she intimated that before the 1970's when the Niger Delta was without Chevron life was sweet (Turner & Brownhill, 2004:69). Meaning that before the process of oil exploration the environmental conditions favored their subsistence.

### **5.5.3 Socio-Cultural Impact**

Exploration and production operations are likely to induce economic social and cultural changes (E& P Forum / UNEP, 1997). The extent of these changes is especially important to local group's particularly indigenous people who have their traditional life style affected (ibid). An increment in local population as a result of migration for job opportunities implies extra pressures on schools, hospitals and recreational facilities. Additionally, the situation has a tendency to give rise to urban slums due to poor planning. Most of the respondents expressed dismay at the number of people who have moved to the region in search of jobs. The increase in demand for accommodation has caused an increase in rents to the detriment of the local community. One informant who complained about the high prices in rents had this to say:

*"...Things have become more difficult and renting a house has become more expensive because people prefer to rent out to the oil workers.... It was GHC30.00 (equivalent to 100NOK) per month then, but now it is GHC60.00 (equivalent to 200 NOK)."*

What is more, the extraction of oil just like any other natural resource also affects the moral fabric of the society. Many people have moved in search for non-existent jobs in these communities leading to an increase in social vices. One of such is the act of prostitution which most inhabitants complained about. Most of the informants interviewed especially the

old admitted that such actions may lead to an outbreak of Sexually Transmitted Diseases (STD's) which was not the best for their community. One informant noted:

*“... the oil industry brings a lot of foreign workers who make a lot of money. With the decline in fish catch coupled with the high influx of immigrants into the community we are scared of the spread of HIV which is very deadly”.*

This is no different from the Nigeria's oil belt where the spokesperson of the women group Feicia Itsero indicated that their community had become a good ground for prostitution due to the presence of expatriate workers who have attracted the attention of young girls from all over Nigeria (Turner and Brownhill, 2004). This she indicated saying “there has been increase in prostitution and worst of all spreading of all sorts of diseases” (Turner and Brownhill 2004:69).

## **5.6 Summary**

In this chapter, the researcher focused on presenting and analyzing the data collected. The results from the data indicated that most of the inhabitants had perceptions of owning the resource even though it had been vested in the power of the state. This fed into the expectations of the members of the community who expected an improvement in infrastructural development, job opportunities and improvement in their living conditions. However, over five years down the line their conditions have not changed but rather worsened. The resource community has started experiencing some of the negative impact of the extraction process which is the curtailment of their livelihood as a result of sea use clashes with the Ghana Navy as well as the presence of sea-weeds. There are also increases in rents and other social vices like prostitution due to the influx of immigrants. The consequence of prostitution is the spread of STD's which sometimes include HIV and the resource community is apprehensive of this situation as a health facility to treat patients is non-existent.

Currently, Ghana, specifically the Western region is devoid of any conflict. But can greed or grievance be reconciled in the exploration of the oil find in the Western region of Ghana? While the literature on grievance is vast, there is a broad argument that disputes falling into this category are always linked to “*motive*” whereas greed related conflicts are linked to “*opportunity*” (Ackah-Baidoo, 2013). The absence of a trickle down of resource revenues to the oil bearing communities in the Niger Delta and the untold hardships as a result of

exploration of the oil, escalated the grievances which eventually led to the conflict in the region. The grievances mounting up in the coastal community of the western region seem to be similar in character. Many inhabitants have complained about the decline in income-livelihood due to factors such as limitations vis-à-vis fishing along the rig and the presence of sea weeds. Can the lack of education and consequently unemployment for the vibrant youth in the region which puts the country at risk, force the youth to join rebellious movements to create conflicts?

## **Chapter 6: Summary and Concluding Remarks**

This thesis examined the oil resource discovery in the Western region of Ghana. It shed light on the perceptions and expectations of the oil resource among the inhabitants of Cape Three Points and Shama. It specifically sought to answer the following research question: “with the discovery and commercial production of oil in Ghana, can the state avoid the intra-state conflict that has characterized other resource rich states in Africa”? To answer this, the study drew upon interviews, focused group discussions and secondary data. The conceptual framework for the analysis of this thesis was based on the economic and non-economic narratives of conflicts which were chosen as a theoretical lens to further illuminate the interviewees view on the oil extraction and its impact.

### **Summary**

#### **Defining Issues**

Concerted efforts by various governments in search of the “black gold”, oil, in Ghana, were rewarded in 2007. Many discussions, following the discovery, led to the rising of expectations of many Ghanaians especially those in the resource communities. The major challenge of most African countries is efficient resource management for the benefit of their populations. While Botswana is considered as an exception, in this regard, Nigeria and Sierra Leone, among others have mismanaged natural resource revenues to the discontent of their populations and eventually leading to political instability. Drawing upon the conflict situation in the Niger Delta, the appearance of marginalization and the abundance of a frustrated and unemployed youth propelled the conflict in the region (Mbah, 2013). The aspect of greed and grievance that has characterized most resource rich countries in Sub-Saharan Africa is worth considering in the Ghanaian context. Can the greed by a few elite or the marginalization of the resource communities by way of inequality of distribution of resource wealth, plunge Ghana into the conflict trap?

#### **Approaches**

The data collection methods included interviews, focused group discussions and in some cases observation. Snowballing and purposive sampling methods were used to select the informants from the two resource communities (Cape Three Points and Shama) and officials from MoE and GNPC. Secondary data were GNPC policy documents and materials on oil and

gas exploration and production in Ghana and other developing countries. The positionality of the researcher was also considered as it was made evident in relation to language, familiarity with local customs, age and interaction with bureaucrats.

## **Findings**

The findings of the research indicated that the informants perceived that the area of extraction belonged to them before the discovery was made, and therefore they had to be given a percentage of the resource revenues. They believed that any negative impact in the oil production would first affect them. For most of the informants, the discovery of oil in the region offered development opportunities for the area since it had been neglected by successive governments. The persistent lack of social amenities despite the production of oil in the region and the resultant economic challenges due to the ban on fishing close to the rig and the presence of sea weeds many complained had led to low fish catch, undermining traditional livelihood in the two communities. This has brought in its wake discontent, frustration and rancour and with availability of unemployed youth in the two communities this could be a recipe for agitation and mobilization for conflicts.

## **Concluding Remarks**

The study shows that the so called “resource curse” is not cast in stone like all social realities or facts. As argued by Tucker (2002), it is neither given, fixed or self-evident or natural. It is as a result of bad government policies and managerial malpractices and can be corrected. It is therefore avoidable through concerted and effective policy decision. And these include:

- Management of expectation
- Effective dissemination of information
- Education and infrastructural development
- Transparency and accountability

## **Management of Expectation**

Management of expectation is an essential factor and if accomplished will make citizens know the impact of the oil discovery on their lives. It was the expectation of almost all the respondents interviewed that the oil discovery would transform their lives and that of their families for the better. Indications from the officials of GNPC and MoE showed that, people

have every cause to be happy, but expectation must be kept modest. A major lesson that can be learnt from Botswana's success story is that the expectations of the people were well managed with the help of their chiefs (Beulier and Subrick, 2006). If expectations are well managed in the Ghanaian case the inhabitants of the western region would know that the impact of the oil discovery may not be felt until after some years. This will help minimize demands and frustration.

### **Effective Dissemination of Information**

Dissatisfactions and tensions will be minimized when inhabitants have adequate knowledge of the operations of the oil industry. Considering the fact that most of the inhabitants interviewed had little or no access to electricity and therefore unable to listen to news, it is important for oil companies and government to take the information to their door step. The use of local chiefs and other opinion leaders to convey information to the people would be of great assistance. Lessons can however be learnt from the Botswana's case where the local leaders used their autocracy to make people understand and comply with the policy of the government (Beulier and Subrick, 2006).

Most informants also complained about the tension filled relationship that exists between them and the oil companies. There is, however, the need for the oil companies to build rapport to help in the exchange of ideas to limit tensions. This could be done by the oil companies setting up offices or outlets in these communities where people could easily access and provide information about issues affecting their lives and livelihoods. More importantly a corporate social responsibility (CSR) can be adopted by the oil companies to provide social amenities to improve relations within the communities. The CSR could complement the efforts of governments in providing amenities to the resource communities. In doing this the bottom up approach should be considered where the communities would be involved in the decisions of cooperate projects to enhance the development of the community. This will mitigate the effect of the oil exploration and enhance rapport.

### **Education and Infrastructural Development**

The findings were indicative of general dissatisfactions about lack of educational facilities and other social amenities in Shama and Cape Three Points. There is therefore the need for the government and perhaps the oil companies to provide these facilities. The existing policy of providing scholarships to brilliant children of cocoa farmers in cocoa growing areas in

Ghana should be replicated in the oil rich areas. This will guarantee children with good education and provide the youth with employable skills and eventually mitigate misgivings about the oil companies and the government.

Other amenities like good drinking water, electricity, motorable roads, sanitary facilities, social centers, market places where people will sell their farm produce are also very essential in both communities. Access to good roads was a major problem in Cape Three Points. This is a very crucial area that has to be considered by the government because, as Fearon and Laitin (2005) have indicated, insurgency can easily be curbed if there is accessibility by government to the resource areas. The development of the community can also help in assuaging the grievances of the community as the progress in development can be evident in their daily lives.

### **Transparency and Accountability**

The government must provide the resource community with accurate, in-depth information on the activities of the oil companies. This will enhance the ability of the local people to understand issues relating to the oil industry. The problem of most natural resource rich countries in Africa is the inability of the government to account for public revenue. In most cases, the governments connive with the foreign companies to exploit the resource community and the country at large (Maass, 2009). There is, however, the need for the government to be transparent in oil or resource transactions to avoid suspicions and misinformation. Currently the government of Ghana to ensure transparency has established the Public Interest Accountability Committee (PIAC), which has been tasked to monitor and to ensure the judicious use of resource revenues for the benefit of all citizens. However, this will be meaningless if the government fails to act upon the findings and recommendations of the PIAC as evidenced by recent reports (PIAC Report, 2013).

Finally, it is evident that natural resource entails both wealth and woes (Beulier and Subrick, 2006; Mbah, 2013). It is only through the prudent management of natural resource revenues that will undo the so called “naturalness” of the “resource curse”. It is imperative therefore that the discovery, exploration and production of Ghana’s oil is prudently managed for all, especially inhabitants of the resource communities. This is the only way of making the oil production beneficial for local communities and ensuring that people say:, *“NOW WE ARE SEEING SOMETHING OOHH!!!”* locally translated *“Seisei dzi yere hu biribi”*.

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