Pathway(s) to Inclusive Development in Ghana: Oil, Subnational-National Power Relations and Ideas

A thesis submitted to the University of Manchester for the degree of Doctor of Philosophy in the Faculty of Humanities

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School of Environment, Education and Development
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<td>ABFA</td>
<td>Annual Budget Funding Amount</td>
</tr>
<tr>
<td>ACEP</td>
<td>African Centre for Energy Policy</td>
</tr>
<tr>
<td>AFRIC</td>
<td>Armed Forces Revolutionary Council</td>
</tr>
<tr>
<td>APRS</td>
<td>Aborigines Rights Protection Society</td>
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<tr>
<td>BBC</td>
<td>British Broadcasting Corporation</td>
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<tr>
<td>CCPS</td>
<td>Competitive Clientelist Political Settlement</td>
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<tr>
<td>CDB</td>
<td>China Development Bank</td>
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<tr>
<td>CDR</td>
<td>Committees for the Defence of the Revolution</td>
</tr>
<tr>
<td>CDS</td>
<td>Chief of Defence Staff</td>
</tr>
<tr>
<td>CEPA</td>
<td>Centre for Economic Policy Analysis</td>
</tr>
<tr>
<td>CMB</td>
<td>Cocoa Marketing Board</td>
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<tr>
<td>CPC</td>
<td>Cocoa Purchasing Company</td>
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<tr>
<td>CPP</td>
<td>Convention Peoples Party</td>
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<tr>
<td>CSO</td>
<td>Civil Society Organisation</td>
</tr>
<tr>
<td>CYO</td>
<td>Committee of Youth Organisations</td>
</tr>
<tr>
<td>DACF</td>
<td>District Assembly Common Fund</td>
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<tr>
<td>DCE</td>
<td>District Chief Executive</td>
</tr>
<tr>
<td>DFID</td>
<td>Department for International Development</td>
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<tr>
<td>DFP</td>
<td>Democratic Freedom Party</td>
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<tr>
<td>ECG</td>
<td>Electoral Commission of Ghana</td>
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<tr>
<td>EITI</td>
<td>Extractives Industry Transparency Initiative</td>
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<tr>
<td>EMT</td>
<td>Economic Management Team</td>
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<tr>
<td>ERP</td>
<td>Economic Recovery Programme</td>
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<td>EU</td>
<td>European Union</td>
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<tr>
<td>FAR</td>
<td>Financial Administration Regulations</td>
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<tr>
<td>GACC</td>
<td>Ghana Anti-Corruption Coalition</td>
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<tr>
<td>GCP</td>
<td>Ghana Congress Party</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GLSS</td>
<td>Ghana Living Standards Survey</td>
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<tr>
<td>GNA</td>
<td>Ghana News Agency</td>
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<tr>
<td>GNPC</td>
<td>Ghana National Petroleum Corporation</td>
</tr>
<tr>
<td>GoG</td>
<td>Government of Ghana</td>
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<tr>
<td>GSGDA</td>
<td>Ghana Shared Growth and Development Agenda</td>
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<tr>
<td>GSS</td>
<td>Ghana Statistical Service</td>
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<tr>
<td>HDI</td>
<td>Human Development Index</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>IOC</td>
<td>International Oil Company</td>
</tr>
<tr>
<td>ISODEC</td>
<td>Integrated Social Development Center</td>
</tr>
<tr>
<td>LAO</td>
<td>Limited Access Orders</td>
</tr>
<tr>
<td>LOGODEP</td>
<td>Local Government and Decentralisation Programme</td>
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<tr>
<td>MDAs</td>
<td>Ministries, Departments and Agencies</td>
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<tr>
<td>MDGs</td>
<td>Millennium Development Goals</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>MoE</td>
<td>Ministry of Energy</td>
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<tr>
<td>MOFEP</td>
<td>Ministry of Finance and Economic Planning</td>
</tr>
<tr>
<td>MP</td>
<td>Member of Parliament</td>
</tr>
<tr>
<td>NCD</td>
<td>National Commission on Democracy</td>
</tr>
<tr>
<td>NDC</td>
<td>National Democratic Congress</td>
</tr>
<tr>
<td>NDPC</td>
<td>National Development Planning Commission</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<tr>
<td>NLC</td>
<td>National Liberation Council</td>
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<tr>
<td>NLM</td>
<td>National Liberation Movement</td>
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<tr>
<td>NPP</td>
<td>New Patriotic Party</td>
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<tr>
<td>NRC</td>
<td>National Redemption Council</td>
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<tr>
<td>NGRI</td>
<td>Natural Resource Governance Institute</td>
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<tr>
<td>NRP</td>
<td>National Reform Party</td>
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<tr>
<td>OAO</td>
<td>Open Access Orders</td>
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<tr>
<td>PACE</td>
<td>Presidential Advisory Council on the Economy</td>
</tr>
<tr>
<td>PEFA</td>
<td>Public Expenditure and Financial Accountability</td>
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<tr>
<td>PDA</td>
<td>Prevention Detention Act</td>
</tr>
<tr>
<td>PDC</td>
<td>People’s Defence Committee</td>
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<tr>
<td>PFP</td>
<td>Popular Front Party</td>
</tr>
<tr>
<td>PHF</td>
<td>Petroleum Holding Fund</td>
</tr>
<tr>
<td>PIAC</td>
<td>Public Interest Accountability Committee</td>
</tr>
<tr>
<td>PMFJ</td>
<td>Peoples Movement for Freedom and Justice</td>
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<tr>
<td>PNC</td>
<td>Peoples National Convention</td>
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<tr>
<td>PNDC</td>
<td>Provisional National Defence Council</td>
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<tr>
<td>PNP</td>
<td>People National Party</td>
</tr>
<tr>
<td>PoG</td>
<td>Parliament of Ghana</td>
</tr>
<tr>
<td>PP</td>
<td>Progress Party</td>
</tr>
<tr>
<td>PRMA</td>
<td>Petroleum Revenue Management Act</td>
</tr>
<tr>
<td>PWYP</td>
<td>Publish What You Pay</td>
</tr>
<tr>
<td>RCC</td>
<td>Regional Coordinating Council</td>
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<tr>
<td>RGI</td>
<td>Resource Governance Index</td>
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<tr>
<td>RWI</td>
<td>Revenue Watch Institute</td>
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<tr>
<td>SADA</td>
<td>Savannah Accelerated Development Authority</td>
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<tr>
<td>SAP</td>
<td>Structural Adjustment Programme</td>
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<tr>
<td>SMC</td>
<td>Supreme Military Council</td>
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<tr>
<td>TUC</td>
<td>Trade Union Congress</td>
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<tr>
<td>UGCC</td>
<td>United Gold Coast Convention</td>
</tr>
<tr>
<td>UNC</td>
<td>United National Convention</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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<tr>
<td>WASU</td>
<td>West Africa Students Union</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
<tr>
<td>WCDA</td>
<td>Western Corridor Development Authority</td>
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<tr>
<td>WDC</td>
<td>Workers Defence Committees</td>
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The discovery of commercial quantities of oil and gas resources in the Gulf of Guinea and parts of East Africa has once again raised expectations that sustained development will emerge in one of the world’s poorest regions. At the same time there is great concern that Africa’s new resource-rich countries will succumb to the so-called resource curse phenomenon because of their generally weak governance institutions. In response to this challenge, the international community has intensified its efforts to promote good governance mechanisms in such countries, focused on transparency and accountability, and informed by a dominant institutionalist literature which argues that the differences in resource governance outcomes can be explained by the differences in institutional design and performance. A recent turn to politics in both the development and resource curse literature has begun to move the research agenda beyond the primacy of institutions to look at the politics that underpin the emergence and performance of institutions. This is particularly evident in the emerging literature on political settlements that emphasise the distribution of power amongst social groups in society and how these power relations shape institutions and in turn development outcomes. This new political lens is helping to deepen analysis of how and why resource-rich countries prevent or succumb to the resource curse and provides an opportunity to interrogate the inclusive development prospects of Africa’s new oil-rich countries.

In this thesis, I apply and extend the political settlement approaches by incorporating ideational and spatial dynamics, to analyse the prospect of inclusive development outcomes in Ghana where oil and gas resources were discovered in 2007. Focusing on the power relations between and amongst national elites and elites in the oil producing Western Region, I interrogate the ways in which the spatial dynamics of Ghana’s prevailing competitive clientelist political settlement is shaping the governance of the oil sector, and the implications it has for inclusive development. I find that at the onset of a resource boom, the dynamics of local politics, and the dominant incentives and ideas generated by the political settlement has strongly shaped the content and enforcement of Ghana’s foundation institutions to manage the oil sector, in ways that reinforces the pre-oil settlement around the governance of natural resources and undermines the long-term prospects for inclusive development. At the same time, the oil boom has also been accompanied by the increased use of formal institutions and suggests that Ghana may be moving away from personalised to more programmatic forms of clientelism.
Declaration

No portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

Emmanuel Pumpuni Asante

8th July 2016
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Acknowledgements and Dedication

Thanks to the almighty God for seeing me through this study. I could not have completed this study without the infinite grace and mercy of God.

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Finally, I dedicate this thesis to the Asante Family, you have always believed in me and willed me on to scale greater heights in life, God Bless you. Additionally, I dedicate this thesis to my wife, Seiwa; thank you for your sacrifices, emotional and physical support, and to my new-born baby daughter Afriyie, you are the crowning glory.
Chapter 1: Introduction and Background

Africa is standing on the edge of enormous opportunity. Will we invest our natural resource revenue in people, generating jobs and opportunities for millions in present and future generations? Or will we squander this opportunity, allowing jobless growth and inequality to take root? (Kofi Annan, Foreword to Africa Progress Report 2013, p.6)

1.1 Introduction

Africa is at another development crossroad since its last natural resource boom in the 1970s. Will it avoid the ‘resource curse’ syndrome\(^1\) that has plagued the continent’s resource-rich countries this time round, or will it succumb to it? In the last 15 years, the rampant discovery of oil and gas resources in the Gulf of Guinea, on the West African coast and in East Africa, has generated what Kofi Annan, former UN Secretary-General, described as ‘guarded optimism’—that inclusive forms of development will emerge across the board in the world’s poorest region. According to KPMG Africa, proven oil reserves\(^2\) on the continent have grown by nearly 120% in the last 30 years, with production increasing from 57 billion barrels in 1980 to 124 billion barrels in 2012 (KPMG, 2013, p.5). Increased oil production in Africa has also had an impact on the world energy economy. In 2010, oil production represented 12.4% of world total crude output, with the biggest importers of African oil being the United States of America, accounting for 23% of exports and China, 14%, in 2011. Proven natural gas reserves also grew from 210 trillion cubic feet (Tcf) in 1980 to 509 Tcf in 2012.

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\(^1\) The ‘resource curse’ refers to an economic phenomenon where countries with abundant natural resources, contrary to economic logic, perform more poorly than their resource-scarce counterparts (Auty, 1993). However, from the late 1990s, it has come to refer to a range of adverse political, economic and social effects associated with natural resource dependence (Rosser, 2006).

\(^2\) Reserves are known and estimated quantities in units of oil and gas that can be produced. Depending on the degree of certainty, reserves are categorised as proven, probable or possible (ADB-AU, 2009, p.21).
For many poor African countries, the extraction of hydrocarbons offers a great opportunity for socio-economic transformation. For example, it is estimated that Mozambique’s natural gas find, with reserves of about 100Tcf and coal mining, could fetch the country $3.5bn a year, this represents 27.3% of Gross Domestic Product (GDP) (APP, 2013, p.43). Access to such gas revenues can be transformational for close to two-thirds of Mozambicans, who live below the poverty line of $1.25 per day (UNDP, 2014). The large expected windfall for countries like Mozambique is underpinned by what economists refer to as a ‘Commodity Super Cycle’\(^3\). High demand for primary goods like hard minerals and hydrocarbons, from China and other emerging markets, has spurred growth in many previously low-growth African countries, with the expectation that the resource boom will help such countries achieve inclusive development (that is, overcome inequality, reduce poverty and promote economic transformation, or achieve social justice). It is this guarded optimism that recently led The Economist to declare that Africa is rising and the continent has now become a ‘hopeful continent’ (August, 2013) a stark departure from its gloomy declaration, a decade before, of Africa as the ‘hopeless continent’ (Economist, 2000). Unfortunately, the current collapse in oil prices, and other commodities like gold and copper, has however signalled the end of the super cycle with potential negative implications for growth (WB, 2015).

\(^3\) ‘Commodity Super-Cycles’ refers to a long period of stable high prices for commodities. The argument is that natural resource-dependent countries may be in the middle of a commodity super cycle and should take advantage of it before they begin to experience a decline in prices and a return to price volatility (see: Marcelo Guigale (Guigale, 2013-Accessed 18th May 2013).
The recent collapse of oil prices reflects the uncertainties of hydrocarbon-led development and the mixed recent development record of ‘resource-rich countries’ in Africa. In a study of 20 resource-rich African countries, by the International Monetary Fund (IMF), the African Progress Report notes that generally, resource-rich countries outperformed other countries on the continent, in terms of growth rates and increased per capita income. This stands in contrast to what had transpired in the 1990s, where resource-rich countries did not perform as well as expected, and in some cases were worse than non-resource-rich countries (Auty, 2001; Sachs and Warner, 1995). However, a closer look at the broader development record, beyond GDP and per capita income data, underlines the paradox of resource wealth and underdevelopment in some of these countries. For example, in 2011, African resource-rich countries collectively had some of the highest child mortality rates in the world, with 12 out of the 20 countries in the IMF survey recording rates in excess of 100 child deaths for every 1,000 live births (APP, 2013, p.19). This was equivalent to the average of 109 per 1,000 live births in Sub-Saharan Africa, the region with the highest child mortality rate in the world. A specific egregious example is Equatorial Guinea with a population of over 750,000 people. The country grew at an average of 17% between 2000-2011 and was the fastest growing economy in the world, it had a per capital income of $27,478 in 2011, was classified as a high income country and yet it was ranked 144 out of 179 in the Human Development Index (HDI) and recorded a child mortality rate of 104 per 1,000 live births in 2011.

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4 Resource-rich countries are either ‘export dependent’ meaning 25% of export revenues is derived from minerals or ‘fiscally dependent’, that is, their governments depend on minerals for 20% or more of domestic revenues (APP, 2013, p.15 citing IMF, 2012). Out of the 20 resource-rich countries covered by the IMF study, 13 countries depending on minerals for more than half of export earnings account for 56% of the region’s population, and 76% of GDP (p.15).
Generally, the evidence so far indicates that rising incomes and stable growth in resource-rich countries have not necessarily matched the pace of progress towards inclusive development (APP, 2013). Secondly, resource-rich countries continue to experience weak governance. For example, the 2013 report of the Resource Governance Index concludes that there is an endemic ‘resource governance deficit’ (RWI, 2013, p.7). Out of the 58 countries assessed, only 11 met the satisfactory standards for transparency and accountability. More than half of the sample did not even meet the basic standards in terms of even disclosing meaningful information about the sector (ibid.).

Notwithstanding the mixed development record of resource-rich countries, the opportunities offered by the current natural resource boom has led to the emergence of several international efforts to prevent or mitigate the effects of the resource curse phenomenon since 2000. From the beginning of the 21st Century, the international development community; including International Finance Institutions (IFIs) like the World Bank, the UK Department for International Development (DFID) and international Non-Governmental Organisations (NGOs), like Global Witness and Oxfam, have facilitated global mechanisms for improving transparency and accountability in the extractive sector. This had led to initiatives and campaigns such as Publish What You Pay (PWYP), the Extractive Industry Transparency Initiative (EITI), the Africa Mining Vision adopted by the African Union in 2009, the Resource Governance Index of the Revenue Watch Institute and Natural Resource Charter, and the Dodd-Frank Act 2012,
passed by the USA Congress among others\(^5\). The ideas and designs of these international initiatives have been largely influenced by ongoing scholarly research work by economists and political scientists since the 1980s. Leading scholars like Paul Collier, Jeffery Sachs, Joseph Stiglitz, Michael Ross and Terry Lynn Karl have been most influential in this respect, evidenced in their highly respected collaborative publication, *Escaping the Resource Curse* (see Humphreys et al., 2007), supported by the billionaire philanthropist, George Soros, who had set up the Revenue Watch Institute. In spite of these efforts and the vast literature on the incidence of the resource curse as well as ways to mitigate it; the resource curse phenomenon still persists, while understanding of why some countries are able to turn natural resources into a blessing while others experience a curse, remain unsatisfactory (Arellano-Yanguas, 2008, pp.13-14; Rosser, 2006, pp.23-24).

1.2 **Dominant Explanations of the Resource Curse Phenomenon and its Critique**

The dominant explanation for the resource curse comes from researchers who emphasise the role of institutions in explaining differences in the development outcomes of resource-rich countries. A key earlier contribution of institutionalist approaches to the resource curse literature was to move the research agenda from the determinism of natural resource dependency (see Auty, 2001; Sachs and Warner, 1995) to begin to explain variations in the development outcomes of resource-rich countries. As such, it is now clear that natural resource dependence does not always lead to adverse development

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\(^5\) The Dodd-Frank Act requires registered companies on the US stock exchange to publicly report on how much they have paid to governments for the exploitation of oil, gas and minerals. Also, in 2013, the Natural Resource Charter and the Revenue Watch Institute merged to form the Natural Resource Governance Institute (NRGI).
outcomes (Karl, 2004a; Ross, 2007, 2012, 1999; Rosser, 2006). There are two main strands of institutionalist explanations. The first strand argues that a state’s reliance on natural resource rents creates a ‘rentier mentality’, that is, an unhealthy reliance by the state on rents generated by natural resources, and leads to poor development outcomes (Ross, 2001). The second strand of institutionalist approaches, led by New Institutional Economists (NIE), argue that the extent to which ‘good’ or ‘inclusive’ institutions, particularly rules that protect private property rights, are present and enforced for the broad sections of society, help to explain the differences in economic development in resource-rich countries (Acemoglu et al. 2001a, 2001b). This is contrasted with ‘exclusive’ institutions where the population faces a high risk of expropriations of their private property from a narrow ruling elite and their agents (ibid.).

Increasingly, these statist/institutionalist explanations have been critiqued. Rosser (2006) notes that these resource curse explanations do not adequately explain the role of social forces and tend to suggest that elites exist and act autonomously from wider society. On the contrary, he argues that first; there is evidence to show that even in classic rentier states, like Saudi Arabia, policy makers are still subjected to social pressures (Okruhlik, 1999:309, cited in Rosser, 2006, p.21). Second, institutions are often shaped by long-standing social patterns and dynamics in society long before a natural resource boom occurs and this has a significant bearing on resource governance outcomes (also see Bet-Shlimon, 2012). This critique is echoed by Arellano-Yanguas, who notes that consideration of recent history, including the expansion of democracy and emergence of international initiatives like the EITI process, should provide new insights into the
incidence of the resource curse (2008, pp.13-14; also see Thorp et al., 2012a, p.6). Third, behaviouralist resource curse theorists assume the interest of individuals as rational utility-maximising individuals, which ignores the impact of structural characteristics of society, like class, ethnicity or religion, on the behaviour of individuals. Fourth, there is also a limited focus on transnational factors, particularly, the participation of resource-rich developing countries, in the global capitalist system. Lastly, most of the resource curse perspectives are highly deterministic. They do not account for variations in outcome, for it is not all resource-rich countries that experience corruption, rent seeking, civil war, low growth, or experience it in the same way. Though institutionalist perspectives try to highlight general tendencies, the inadequate focus on variations obscure the mediating factors that help explain why some countries avoid the curse (p.22). Following Rosser (2006), the limitations of an institutionalist reading of the resource curse has been exposed in the work of Poteete (2009). In her reinterpretation of Botswana’s success story with diamonds, Poteete argued, persuasively, that it was the broad and inclusive coalition politics, rather than institutional endowments in place before the discovery of diamonds, which shaped institutional performance and policies that led to development outcomes in Botswana (ibid.).

1.3 Going Beyond Institutions Matter: The Emerging Political Settlements Literature

Since 2009, the criticisms of the inadequacies of explanations of the resource curse phenomenon, particularly, its focus on institutional analysis has converged with a shift in the NIE literature, which now seeks to explain the variation in institutions and
development outcomes by looking at the differences in the social order of countries (see Acemoglu and Robinson, 2013; North et al., 2009). North et al. argue that the problem of development is, fundamentally, a problem of controlling violence in societies. Societies use control over political, economic and cultural resources to contain violence, which provides a ‘social order’ or the stability that underpins growth. Most societies are ‘Natural States’ or Limited Access Orders (LAOs) whereby an agreement exists among powerful individuals, who control violence to create special economic and political privileges for themselves, which helps limit the use of violence, but hinders broad economic and political development. In contrast, in Open Access Orders (OAOs) (that is, in most advanced economies), access to economic and political resources, and organisations, are open to all individuals through competition. OAOs tend to experience much less negative growth, have rich and vibrant civil societies, have more decentralised governments, and widespread impersonal institutions. Similarly, Acemoglu and Robinson (2012) argue that societies need ‘inclusive’ economic and political institutions to facilitate economic development. However, the emergence and performance of institutions are shaped by the distribution of power in society or a ‘political settlement’ (PS). This emerging literature on political settlements emphasises the need to go beyond the importance of institutions, to look more closely at the underlying distribution of power among elites in society, to understand the divergent development paths of countries (Abdulai and Hickey, 2014; Booth and Golooba-Mutebi, 2014, 2012; Di John and Putzel, 2009; Gray, 2016; Khan, 2010).
Khan describes a political settlement as a ‘social order’ brought about through an interdependent relationship between power and institutions, at the level of society, which is ‘compatible’ and ‘sustainable’ (2010, p.20). It is ‘compatible’ in the sense that the distribution of power among powerful elites is congruent with the benefits of economic development, which is supported by institutions, and it is ‘sustainable’ because it produces a minimum level of economic and political stability, that is, it avoids economic crisis or a return to the use of violence. Khan argues that developing countries have largely ‘clientelist’ political settlements’ because they have small productive sectors and the incomes generated from their formal institutions are not enough to support the broad distribution of power in the society that is largely informal (ibid.). As such, in developing countries, a significant part of those with ‘holding power’ (elites who can impose costs on others and absorb the costs of their competitors); whose actions can affect the production and reproduction of institutions, operate and benefit outside of formal institutions. These actors with informal power organise through informal organisations like patron-client networks, which interact with formal political institutions like political parties. This distribution of power within and outside the patron-client organisational structure, that forms the ‘ruling coalition’, matters to institutional performance and

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6 Khan uses ‘Clientelism’ in a broader sense to capture all informal relationships that exist as a result of the mismatch between the distribution of holding power and the structure of formal institutions.

7 Khan’s concept of power used in the framework has material characteristics based on “Games of Cooperation within Conflict” also known as ‘Chicken Games’. Here different groups want to cut the pie in ways that benefit them. Achieving a desired equilibrium for a group depends on how long it is able to holdout in costly conflicts, which is where the concept of Holding Power is derived. Holding power can be economic, based on wealth or income, or the political ability to mobilise, or organise, people to cause trouble Khan (2010, p.6).

8 By ruling coalition, Whitfield and Therkildsen (2011, p.16) mean “…the groups and individuals behind the rise of the ruling elites to power and/or those groups or individuals, who gave the ruling elite their support, typically in exchange for benefits.”
development outcomes. The political settlements framework thus provides a good leverage for analysing the ways in which power relations influence the emergence and sustenance of institutions and its impact on development outcomes.

1.3.1 \textit{Gaps in the Political Settlements Approach}

Though the political settlements approach provides an important step forward in interrogating the underlying politics behind institutions, it still has gaps that need to be addressed. Firstly, there is an over-concentration of methodological approaches on the national level, as a space of inquiry, whilst ignoring local and transnational spatial and scalar dimensions (Hickey, 2013). As stated earlier, these dimensions are particularly important when analysing power dynamics in the context of natural resource governance (see Arellano-Yanguas, 2008). Secondly, there is also too much focus on elite power relations to the neglect of broader progressive state-society relations, critical to the stability and durability of political settlements and the prospects of inclusive forms of development (DFID, 2010; WB, 2011). Thirdly, it ignores the emerging discourse on the role of ideas in explaining divergent development outcomes (Blyth 2011, 2003, 1997) and retains rational-actor explanations. Lastly, it does not entirely overcome some of the deterministic features of institutionalist approaches, in spite of its focus on shifting coalitions (Bates, 2010; Hudson and Leftwich, 2014). Leftwich, has cautioned against the dominance of structuralist analysis of development outcomes, without an adequate and equal consideration of agency factors, particularly the political agency of leaders, elites and coalitions (2010). Political agency was critical in the success of the developmental
states of Asia as well as the successful cases of Botswana, South Africa and Mauritius (ibid.).

1.3.2 Beyond Politics Matters for Institutions: The Role of Subnational Politics in Shaping Natural Resource Governance

As mentioned earlier, the importance of spatial analysis of power relations is important, particularly, when interrogating the relationships between resource extraction, institutions and development outcomes. Three research developments, in the broader resource governance literature, provide an entry point for deepening understanding of the causes of the resource curse, in this respect, and may help to rethink prevention and mitigation strategies. First, recent work within political ecology has thrown light on two forms of spatial and scalar analysis that inform the incidence of the resource curse phenomenon. One form of this analysis comes largely from Latin American academics, who are increasingly focusing their conceptual and empirical lens on the subnational arena, to explain natural resource-related social conflicts and their implications for inclusive development (Arellano-Yanguas, 2011; Bebbington, 2012a; Bebbington et al., 2008). They account for patterns of resource governance and development in the Andes, South America, by looking at the interactions of extraction and the political economy dynamics of national and subnational territories. The other form of analysis conceptualises space and scale as artificially produced through the processes of resource exploitation and ideas, which becomes constitutive of the power dynamics that foster or constrain the incidence of the resource curse (Bebbington et al., 2009; Watts, 2004a). These dynamics are underpinned by the materiality of ‘point source’ (geographically concentrated) natural resources, like hydrocarbons and hard minerals, which have significant externalities at
the point of extraction, which impacts extensively on local, social, geographical, economic and political structures and functions, which in turn impacts national level development (Bebbington, 2013; Karl, 2004b). This triggers a complex set of power and governance relationships between local communities, the state and transnational actors (ibid). Watts demonstrates this complex relationship by identifying three ‘governable spaces’ at the village, regional and nation-state levels, where ‘community’ interests are ‘imagined’ and ‘unimagined’ in contradictory forms, with very violent outcomes, in his case study of the Niger Delta area in Nigeria (2004a, 2004b). In respect of the transnational dynamics of natural resource governance, Watts (2004a, 2004b) also shows the ways in which transnational firms engage with the state and local actors in an ‘oil complex’ that produces significant negative externalities (violence, corruption, social conflicts, weakening of traditional institutions) in oil producing regions. Second, there is strong evidence that power relations between subnational and national elites have always been an important variable in understanding the behaviour of national elites and the state, particularly within the context of post-colonial Africa (Bayart, 1993; Boone, 2003; Mamdani, 1996). This is contrary to the portrayal of elites as autonomous of society, in terms of decision-making in the resource curse literature (Rosser, 2006). Rather, Bayart points to the spatialised and ‘networked’ nature of intra-elitist and non-elite interactions in a system that links ‘the lowest of the low with the highest of the high’ (Bayart, 1993, p. 220). A deeper look at the subnational dynamics of power is therefore necessary for understanding the actions of the state and the actors that exercise state authority. Thirdly,

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9 In Watts’ account, the community of Ogoniland was ‘imagined’ as it contradicted with actual ethnic identities on the ground. On the other hand, Nigerian citizenship a given identity was ‘unimagined’ as the state’s predatory activities alienated it from its subjects.
new resource curse mitigation efforts in developing countries are beginning to give the subnational prominence through the promotion of; transfers of rents to subnational governments, grassroots participation in decision-making and increased cooperation between local governments, transnational companies and communities (Ahmad and Mottu, 2003; Arellano-Yanguas, 2011; Karl, 2007). Initial assessment of the impact of these efforts from Peru, for example, shows an escalation of local political conflicts and increased inequality (Arellano-Yanguas, 2011). Increased appreciation of the dynamics of spaces and scales within which the resource extraction occurs can therefore shed some light on effective ways of delivering development to resource-producing regions specifically, and generally to the majority of citizens in resource-rich countries.

1.4 Research Aims and Questions

The study seeks to make a contribution to the ongoing discourse on the politics of development in developing countries, particularly, in resource-rich countries in Africa. Specifically, it will go beyond new institutionalist attempts to explain variation in institutions and development outcomes (Acemoglu et al., 2001a), which fail to adequately look at the forms of power and power relations that underpin institutions and shape their performance, and develop, further, the insights offered by post-institutionalist (Khan, 2010; North et al., 2009a; Poteete, 2009). It will also go beyond the focus on national-level and the rational actor, which characterise the latest generation of institutionalist thinking on the politics of development, to look at multi-scalar dynamics in terms of the often neglected subnational politics (Arellano-Yanguas, 2011) and discursive forms of power (Blyth 2011, 2003, 1997) and the implications it has for inclusive forms of
The research seeks to answer the following questions:

1. How are subnational forms of politics (including local and local-national relations of power) shaping the governance of natural resources?
2. How are ideas around oil governance framed or imagined and how do they shape the governance of oil?
3. What are the implications of the above for the politics of inclusive development?

I explore these questions in the context of the recent discovery of oil and gas deposits in Ghana, in 2007, focusing on the political bargaining between the resource-producing Western Region and national elites, as well as the ways in which subnational politics plays out overall in the emerging governance of hydrocarbons in Ghana.

1.5 The Case of Ghana

Ghana offers a very interesting setting for investigating how new resource-rich countries in Africa might respond to the recent natural resource boom and promote inclusive development. In this section, there is a brief discussion of the key characteristics that make Ghana a suitable case for applying some of the new conceptual and analytical frames for understanding the resource curse phenomenon.

1.5.1 Ghana: A Brief Profile

Ghana, a small West-African country with a population of over 26m people, was the first country south of the Sahara to gain independence, in 1957, from British colonial rule
The country, after independence, descended into a long checkered period of dictatorship, one-party rule and military rule, interspersed with three short periods of multiparty democratic rule, until a stable return to multiparty rule in 1992 (Throup, 2011). The 1992 Constitution and the Fourth Republic remains the longest surviving political arrangement since it attained independence in 1957 and has been accompanied by the longest period of sustained socio-economic and political progress. Ghana is seen as a showcase of “democratic deepening and paragon of at least good enough governance” (ibid.). It is reputed to have one of the freest media in sub-Saharan Africa with one of the most vibrant civil societies (see Freedom House ratings since 2002), has been growing at an average of 5.8% since 2003 (WB Data), has reduced poverty by more than half from 52.6% in 1991 to 21.4% in 2012 (Molini and Paci, 2015), and has met a number of important targets of the Millennium Development Goals (MDGs), including halving the rate of extreme hunger, full universal primary education and gender parity in primary education (GoG-UNDP-Ghana, 2015). The Fourth Republic has also ushered in a period of intense electoral competition that has produced two dominant parties, the National Democratic Congress (NDC) and the New Patriotic Party (NPP), and yielded two electoral turnovers, a rare feat in Africa (Gyimah-Boadi, 2009). This intense political competition is however thought to have locked Ghana in a ‘competitive clientelism’ mode with little prospect of achieving structural economic transformation (Throup, 2011; Whitfield et al., 2015).

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11 Ghana has also made significant strides towards reducing HIV prevalence and access to ICT. However, progress has been very slow in respect MDG target 4 on under-five mortality and target 5 on maternal mortality (GoG-UNDP-Ghana, 2015).
1.5.2 Ghana as a Good Case Study

The above characteristics provide a great opportunity for testing some of the new conceptual and analytical lens for understanding the resource curse highlighted above — for a number of reasons. First, Ghana is the first country, in Sub-Saharan Africa, to have discovered hydrocarbons while still a vibrant democracy, with relatively strong institutions. Following, institutionalist readings of the resource curse, one should expect Ghana to govern its natural resource wealth well and promote inclusive forms of development. Even more salient, compared to other democracies in Africa like Botswana, Tanzania and South Africa, where ruling political parties are dominant, Ghana represent one of the most competitive electoral democracies in the developing world. It recently completed its sixth, consecutive, successful election, a record that is rare in a troubled West Africa region. For example, the margin of victory between presidential candidates has dropped from about 28% in 1992 to 0.4% in 2008. It provides an opportunity to test Poteete’s findings in Botswana, in a highly competitive political setting, where coalition politics can be more challenging, in addition to looking at a different natural resource like hydrocarbons, which has been known to produce more adverse outcomes (Fearon and Laitin, 2003; Ross, 2006). Second, Ghana is the second largest producer of gold in Africa and tenth in the world. The country has been the site of intensive natural resource exploitation since colonial rule when other minerals like bauxite, manganese and diamonds were also mined. These extraction processes have produced institutions and

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imaginaries that are likely to impact the ways in which hydrocarbons will be governed. Third, it is also a good case for applying the political settlements framework. According to Khan, most developing countries have clientelist political settlements; and within that type of settlement, competitive clientelist political settlements are the modal settlement in Asia and Africa (2010, p.66). Ghana is described by Whitfield et al., (2015) as a Competitive Clientelist Political Settlement (CCPS) and will qualify as an ideal type in that sense. Whitfield argues that Ghana’s competitive clientelism mode hinders its prospect of achieving structural transformation (ibid.). Often, the advent of oil is greeted with elite and citizen expectations of socio-economic transformation (de Oliviera, 2007; Watts, 2004a), as such it will be useful to examine how these characterisations of politics, in Ghana, shape the emerging governance of hydrocarbons and its implications for inclusive development. Whitfield’s work is a key secondary source of data for this study. This study however seeks to go beyond the national level inter-elite bargaining to look at how subnational-national political interactions affect developments in the oil and gas sector. This is another strong point for Ghana as a good case site because of the long history of subnational-national relations around the appropriation of natural resource rents. Subnational-national relations have been shaped by different national elite imperatives in Ghana since the colonial period, but the one imperative that has led to challenges to state authority in the past has had to do with control over the appropriation of natural resources rent, particularly cocoa and land (Austin, 1964; Nugent, 2010; Ward, 1966). It will be interesting to see if the new oil boom will trigger or reignite these spatialised forms of contention and with what effects.
1.5.3 Ghana: The Emerging Governance of the Oil and Gas Sector

In 2007, Ghana discovered oil in commercial quantities, 63 km from its western coast in Atlantic waters and 132 km from Takoradi, the second port city of Ghana and, capital of the Western Region. Ghana's oil find from its Jubilee Field has proven reserves of 800m barrels, which could go up to three billion barrels (PIAC, 2011), though still relatively small, compared to big African producers like Nigeria with reserves of 36.2bn barrels (Gary, 2009). The Jubilee Field also contains significant gas reserves of about 800 million cubic feet (ibid). At a peak extraction rate of 120,000 barrels per day (bpd), Ghana is expected to generate about one billion US dollars annually (WB, 2009) representing about 25% of total government revenues and 10-12% of GDP as at 2010 (Asafu-Adjaye, 2010).

The map below shows the hydrocarbon resource discoveries along the Gulf of Guinea on the western coast of Ghana.
The discovery of oil in 2007 generated excitement among politicians, and the citizenry, as expected. During a BBC interview, John Kufuor, then President of Ghana, declared: “…with oil as a shot in the arm, we [Ghana] are going to fly” (BBC, 2007). He went on to predict that in five years Ghana would emerge as a true ‘African Tiger’. Since 2007, a number of important institutions and policies have been developed and established,
including the passage of a revenue management law to govern the management of the proceeds from oil and the establishment of a petroleum commission to regulate the sector with other regulations currently under consideration. These institutional developments have evolved from a largely inclusive and participatory process, sometimes led by government in collaboration with civil society groups at national and local levels (Amoako-Tuffour, 2011; Gyimah-Boadi and Prempeh, 2012).

Since 2010, the rate of production is yet to reach the optimum rate of 120,000bpd. Current production levels are averaging 103,000bpd. Total receipts from oil, from 2011 to the end of 2015, were in excess of $3bn. A significant amount of that money has been reinvested into the sector through the financing of the national oil company’s (GNPC) equity participation and operational cost (ACEP, 2013). The revenues that go directly to the central budget have been used to finance infrastructure projects, largely, road infrastructure and to service debt contracted to build a gas processing plant (PIAC, 2013). Though agriculture has been highlighted as key to an oil-led socio-economic transformation agenda, it has received very insufficient funding (Adam, 2014). The oil boom has also led to an increased appetite for borrowing, which began with an oil-backed $3bn loan secured from the China Development Bank (CDB) in 2011. Since then, the public debt has increased exponentially from 44% of GDP in 2007 to 70% of GDP in 2015 (MOFEP, 2015). The economic crisis this has generated has been exacerbated by the recent collapse in oil prices leading Ghana to seek an IMF bailout in 2014. Notwithstanding these challenges, Ghana’s total oil reserves is set to increase with the TEN project (Tweneboa-Enyenra-Ntomme) also operated by Tullow is expected to begin
production in July/August 2016 and Sankofa Oil and Gas field operated by ENI, an Italian oil company, is also set to begin production in 2017. TEN is estimated to contain about 200m barrels of oil, with a production estimate of 80,000 bpd and associated gas of 180 mmcf (million cubic feet), while the Sankofa has an estimated 1.3 Tcf of non-associated gas and 114m barrels of oil. Together, they are likely to increase Ghana’s daily production to 250,000bpd and significantly increase its access to cheap gas for fuelling its power plants.

These recent developments in the oil sector, in Ghana, has led commentators to suggest that Ghana may already be experiencing the effects of the oil curse including; an increasing fiscal expansion (Bawumia, 2011), the incidence of the Dutch Disease (CEPA, 2013) and deepening of clientelism and corruption (Gyimah-Boadi and Prempeh, 2012). Other commentators have examined the early impact of Ghana’s oil economy in terms of the prospects for youth employment (Darkwah, 2013) and the livelihood of women in the coastal communities of the Western Region (Adusah-Karikari, 2015); both take a similarly dim view of the early impact of Ghana’s oil economy on the lives of the local people. In terms of political economy analysis, there has been a proliferation of recent articles. In particular, Obeng-Odoom (2015, 2014a, 2014b), in the last few years, has deployed a political economy lens to look at various debates around oil-led development, including the relationship between education/training, human capital and economic development, the impact of oil boom on the labour conditions of food and fish farmers, and the framing of success or failure in the oil sector. His critical analysis highlights the complexities and dynamics that an oil boom unleashes in a society and the importance of
considering power-relations in any analysis of the sector. Similar work by Chalfin (2015), analysing the emerging regulatory contours of Ghana’s offshore oil enclave, Hardus (2014), looking at the brokerage of Chinese State capital, and Phillips et al. (2016), looking at how the Ghanaian state framed and exercised sovereignty, in relation to oil companies, all point to the inherently political nature of oil exploration and the agency of domestic actors in shaping outcomes. In terms of the specific deployment of political settlement approaches, Whitfield et al. (2015) systematically analyse the political dynamics of Ghana’s CCPS and how it continues to shape industrialisation policy. Whitfield and her colleagues look at other natural resources, like cocoa and palm oil exports, and conclude that the short time horizons of elites within the current settlement have significantly undermined Ghana’s prospects for economic transformation. They offer some insights into the emerging oil economy, as a postscript. In respect of oil, they conclude that the size of oil rents that will accrue to Ghana is unlikely to change the political settlement. The political approaches of these authors, particularly in terms of interrogating power relations, spatial dynamics and ideas are consistent with the conceptual and analytical tools employed in this thesis. Though some of the work by Obeng-Odoom, noted above, examines the subnational, it does not consider, systematically, how institutions that are emerging to govern the sector (and likely to shape future engagements with the state) are being established and enforced. Moreover, most of the analysis does not systematically differentiate amongst various actors within and outside of the state and how their relations of power and ideas shape outcomes in the oil sector. Whitfield et al. (2015) do a better job of systematically unpacking the contestation within the state, but focus on the macro level of elite decision-making and
not interactions between elites at different levels and spaces. In addition, they do not look at oil governance in detail. This thesis focuses on subnational-national bargaining over oil and helps to extend their work. Using the political settlements approach as a starting point, I incorporate spatial and discursive dynamics of power to interrogate the ways in which politics, oil and gas extractions processes, institutions, and ideas interact to shape the emerging governance of hydrocarbons in Ghana.

1.6 Towards a Conceptual Framework for Analysing the Relationship between Natural Resource Extraction, Subnational-National Power Relations, Ideas and Inclusive Development

In response to the above research objectives, I draw on the political settlements framework (Khan, 2010, Whitfield and Therkildsen, 2011), Boone’s historical institutional theory of social structuration focusing on subnational-national bargaining and how it informs the deployment of state institutions (2003) and conceptions of ideas and how it shapes decision-making, including Blyth (1997, 2003, 2010), Schmidt (2011, 2008) and Bebbington’s expositions on ways in which ideas emerge and influence institutional and inclusive development outcomes, particularly in the natural resource sector (2013); to construct a conceptual framework for analysing natural resource extraction, politics, institutions and inclusive development.

In the framework discussed, in detail, in Chapter two, Boone’s framework and political settlements approaches are used to provide conceptual and analytical leverage for understanding the relations of power at local levels and for identifying and framing the bargaining processes between local and national politics. Ideas are conceptualised as both constitutive of power and power relations and also tracked as independent causal agents.
that shape human interaction and social outcomes. Lastly, institutions are conceptualised as mediating agents between politics and inclusive development outcomes. This thesis is unable to fully explore the impact of the relationship between natural resource extraction, politics and institutions on inclusive development outcomes because of the short period of oil extraction in Ghana. As stated earlier, Ghana discovered oil in 2007 and began commercial production in 2010. Instead, the thesis will look at the implications of subnational-national political bargaining around oil on inclusive forms of development, in Ghana, by looking at the emerging development strategies being adopted and the mechanisms for delivery of those development goals. The development strategies and mechanisms of delivery, including whether the state is dominant in the delivery of development, or co-produces development with civil society or the private sector, affects development outcomes (Booth, 2012; Hickey, 2013).

1.7 Thesis Structure

Flowing from the above, the subsequent chapters of this thesis will be organised as follows:

Chapter 2 will initially sketch the evolution of the literature on the resource curse phenomenon and then take an in depth look at the emerging alternative readings of the resource curse from the larger literature on politics of development, identify how spatial, scalar and discursive dimensions of power have been used as conceptual and analytical tools and how they can strengthen any analysis looking at resource governance in new resource-rich countries in Africa. The chapter also covers the methodological approaches to this study, including ontological and epistemological issues. Drawing on the
outstanding gaps in the literatures, a conceptual framework is developed that builds on Mushtaq Khan’s (2010) political settlements framework, by incorporating subnational-national and discursive dynamics of power.

**Chapter 3** traces the historical evolution of the distribution of power within the Ghanaian society using the political settlements framework. It will look at ways in which the distribution of power and institutions emerged from the colonial period, through to its birth as an independent state in 1957, and account for any changes, highlighting in particular how the evolving settlement shapes the governance of natural resources, generally. It will also account for the history of subnational-national bargaining to ascertain the extent to which pre-oil power relations structure elite interactions. Lastly, it will lay out the overall political settlement and subnational-national political dynamics and ideas before the discovery of oil in 2007 to provide a baseline for interrogating the effects of pre-oil politics on the emerging governance of hydrocarbons in Ghana.

**Chapter 4** is the first of three chapters, which draw on original empirical research, interrogating the extent to which subnational-national political dynamics and ideas shape resource governance in new, oil resource-rich countries. The first of three cases looks at the elite bargaining that emerged, in 2010-2011, over the demand by Chiefs of the oil producing Western Region, for ten percent of oil revenues to be reserved and placed in a fund for the exclusive use of the Western Region—perpetually. Using the extended political settlements framework constructed in Chapter 2, it traces the political
underpinnings of the institutional arrangements that emerged following the cessation of agitations.

Chapter 5 presents a second case involving the Western Region district of Jomoro. Here the chapter investigates the political bargaining between national and local elites, in Jomoro, over a decision to relocate a gas processing plant from Jomoro to the neighbouring district of Atuabo. Again, it traces the ways in which local configuration of power and ideas, as well as the national political settlement structures elite incentives and strategies and shapes the outcomes of the bargaining process.

Chapter 6 presents the last of the three empirical chapters, by shifting focus to national elites and the political factors that influence the allocation of oil revenues to subnational territories. Drawing on data produced by the Public Interest Accountability Committee (PIAC), a creature of Ghana’s new petroleum revenue management law, the chapter tracks oil revenue expenditure and, in particular, spending on road infrastructure to ascertain the extent to which political settlement dynamics and ideas influence allocation decisions.

Chapter 7 draws conclusions on the empirical analysis and reflects on what it means for the extended political settlements framework presented in Chapter 2. It also examines the implication of the analysis for theory.
Chapter 8 examines the implications of the analysis for policy and provides pointers to a possible future research agenda.
Chapter 2: Constructing Pathway(s) to Natural Resource-Led Inclusive Development: The Role of Subnational-National Political Dynamics and Ideas

2.1 Introduction

The aim of this chapter is to construct a conceptual and analytical framework for analysing the ways in which one can think about how politics might shape natural resource governance and the prospects of inclusive development in Ghana. In this respect, this thesis operationalises and extends the political settlements approach, to address the limitations identified in both the institutionalist and emerging political settlements literature, to understanding the resource curse. The chapter is divided into five main parts. The first part sketches the evolution of the resource curse thesis and the policy prescriptions that have flowed from institutionalist approaches, which tend to dominate this thesis. Part two reviews the critiques that have been made about institutionalist approaches and shows how a new body of thinking has emerged to address specific aspects of this critique, particularly, with regard to the need for a stronger focus on politics and power. Part three takes the focus on power and politics forward and pays particular attention to dynamics of subnational-national power relations and ideas, and how that dynamic can further illuminate understanding of resource governance and the politics of inclusive development in developing countries. Part four of the chapter develops a conceptual framework that incorporates subnational dynamics of power and ideas into the political settlements framework for exploring the research questions presented in Chapter 1. Lastly, the methodological approaches employed here are elaborated upon.
2.2 The Evolution of the Resource Curse Thesis and its Policy Implications

Prior to the 1980s, the conventional wisdom of development economists, in respect of the relationship between natural resources and economic development, was the exact opposite of the resource curse (Ross, 1999). Abundance of natural resources was rather associated with ingredients for industrial take-off in developing countries (ibid.). It was suggested that the problem of the developing world was that there was a surplus of labour, but a shortage of capital (Lewis, 1955). With natural resource abundance, developing countries could export primary commodities and attract foreign investment to provide the needed capital for industrialisation (ibid.). Even during this period, there were sceptics who argued that—in the contrary, resource-rich countries were more likely to face declining terms of trade, because of the unequal global capitalist system they had been forced into, and struggle to control their budgets as their reliance on natural resources made them susceptible to commodity price volatilities (Prebisch, 1950). In the 1980s, the concerns of the ‘sceptics’ were subsequently confirmed (see Auty, 1993; Gelb, 1988; Nankani, 1980; Sachs and Warner, 1995). For example, relying on a large dataset of 95 resource-rich countries, Sachs and Warner found a statistically significant relationship between economies with a high ratio of natural resource exports to GDP and low growth rates, between 1971 and 1989. Other adverse economic effects, including the incidence of the ‘Dutch disease’ (Corden and Neary, 1982) further disproved the earlier optimism about resource abundance. Since then, natural resources have been associated with other adverse effects, including increased poverty and inequality (Ross, 2004), civil

13 The Dutch disease produces two effects. First, commodity booms lead to the appreciation of the real exchange of resource abundant countries and second, it causes a shift in labour and sometimes in capital from the manufacturing and agriculture sectors to the oil sector, causing the collapse of non-oil sectors.
war (Collier and Hoeffler, 2004), authoritarianism and weak accountability (Jensen and Wantchekon, 2004; Ross, 2001). The turn in the literature, from an ideological debate over development paths in the 50s and 60s, to a focus on empirical work continued into the 1990s (Ross, 1999). The question was: Why were some countries able to avoid or manage the economic and political effects of the resource curse and others were not? The challenge, taken up by political scientists and some economists, focused on explaining policy failure. Several theories have since been offered as explanations for the failure of policy makers to promote good policies and consequently achieve economic growth and development.

2.2.1 Institutionalist and State-Centred Approaches to the Resource Curse and the Impact on Mitigation Strategies

As stated in Chapter 1, in spite of the employment of a plethora of conceptual and analytical tools, including behavioural and public choice theories, Marxism, fiscal sociology and dependency theories (Rosser, 2006, p.14), the dominant analytical approach has come from institutionalist (ibid., Poteete, 2009, p.546). The two main variations of the institutionalist and statist theories are the rentier state theory and the ‘good institutions’ theory. A rentier state is a state that relies heavily on external rents, where only a few people are involved in the generation of rents, while the majority of people are involved in its distribution and utilisation and, the government is the principal recipient of external rents in the economy (Beblawi, 1987, p.51). The rentier state creates a ‘rentier mentality’ in three important ways (see Beblawi, 1987; Ross, 2001). First, the ‘taxation effect’—natural resource exports generates large external rents for the state and makes the state less likely to tax its citizens and therefore the citizens are less likely to
demand accountability from their governments. Secondly, the ‘spending effect’—the state spends excessively on social provisioning and patronage and this dampens the citizens’ appetite for demanding democratic reforms. Thirdly, the ‘group formation effect’—the state uses its largess to prevent the formation of groups independent of the state and stifles the space for the demand of political rights. Karl (1997) provides a detailed and influential account of the impact of oil, on the state, in the case study of Venezuela. In Venezuela, dependence on petroleum began at the beginning of the 20th Century, amidst a weak and authoritarian state. By the close of the 1940s, the long years of oil dependence had cultivated a new urban middle class and social force that was able to overthrow the military regime and begin a process of democratic reform. However, the years of ‘structured contingency’, that is, the processes by which elite preferences are formed within structures of incentives facilitated by oil dependence, reinforced pre-existing political and economic pathologies (ibid, pp. 7-12). The 1970s boom exacerbated these tendencies and by the latter part of the 1980s, Venezuela was in financial and political crisis. The second variant of the institutionalist approach argues that economic performance is determined by the adoption of ‘good’ or ‘inclusive’ institutions. In countries where good institutions exist, the broad sections of the society have effective private property rights that are protected by the state (Acemoglu, Johnson & Robinson, 2001, 2003, p.6). In a case study of Botswana, Acemoglu, Johnson and Robinson (2003), argue that Botswana had been able to avoid the resource curse and sustained the highest per-capita growth in the world in the last 35 years, because of its pre-colonial inclusive institutions, limited colonial intervention and the agency of its independence leaders. This institutional legacy, combined with the economic interest of the elites (as cattle farmers),
created incentives for developing the beef industry and distributing its benefits fairly. These impacts reduced the opportunity for other powerful groups to contest the ruling elite. Lastly, the agency shown by Seretse Khama, the independence Prime Minister of Botswana, and other leaders of Botswana, facilitated political stability, the adoption of good institutions and, consequently, development. On the contrary, Lesotho with a similar pre-colonial institution, similar ethno-linguistic and cultural features, as Botswana, did not achieve a successful economic performance because it had more colonial intervention, while its leaders undermined its inclusive pre-colonial institutions. This interpretation has since been challenged by Poteete (2009) and forms the basis for rethinking approaches to understanding the differences in development outcomes in resource-rich countries. This new thinking is elaborated on subsequently in this chapter.

Statists/Institutionalist explanations began to feed into international efforts to prevent or mitigate the incidence of the resource curse in developing countries. From its own account of how EITI was founded in 2003, the organisation notes that expanding literature on the resource curse, by such ‘acolytes’ like Jeffery Sachs, Joseph Stiglitz and Terry Lynn Karl, highlighted the paradox of resource wealth and the many adverse outcomes associated with it. In 2001, following the publication of signature bonuses paid to the Angolan government by British Petroleum (BP), and subsequent threats by Angola to cancel BP’s oil license, the UK government intervened to propose a mechanism that would enable both companies and governments to disclose revenues from resource wealth. The initial campaign for full disclosure had been started by Global Witness, who in 1999 published a report on the bad governance of oil in Angola and called for the full
disclosure of payments made to the Angolan government by oil companies. The efforts of the UK government and other international bodies led to a conference in London in 2003, and the launch of the EITI, a voluntary international mechanism that allowed for countries and natural resource companies to disclose revenues, which have been paid, with the objective of promoting transparency and accountability and the expectation that it will in turn lead to better development outcomes. Some of the key academics mentioned earlier continue to play important roles in these international efforts. For example, Paul Collier sits on the governing board of the Natural Resource Governance Institute, while Michael Ross sits on the Advisory Council of the same institution.

In the 2000s, however, the limitations of the institutionalist and statist approaches began to receive sustained critique. First, in a survey of the resource curse literature, Rosser (2006) argued that the absence of social forces and other societal characteristics, like class, ethnicity and religion, in the analysis of the factors that shape the incidence of the resource curse, was a limitation. Citing Okruhlik (1999), he noted that there was evidence to show that social forces had a role in shaping spending decisions, even in rentier states like Saudi Arabia (Rosser, 2006, pp. 21-24). In her investigation of the extent to which oil rents insulate the state in Saudi Arabia from social pressure, Okruhlik (1999) observed that oil wealth spending decisions of the Saudi ruling family did foster opposition from religious groups (political Islamists), business classes and university intellectuals. This was in spite of the extensive attempts of the regime to co-opt different groups and placate demands for fair redistribution of the benefits of oil, social justice and accountability. Similarly, social groups were able to capture the state in Iran in 1970, in spite of the large
rents the regime relied upon (Rosser, 2006, p.21). A second important rethink of statist/institutionalist approaches comes from Amy Poteete’s reinterpretation of the Botswana success story with diamonds (2009). In her critique of the Acemoglu, Johnson and Robinson (2003) explanation of Botswana’s success, she notes that the Acemoglu et al. explanation overestimates the importance of Botswana’s pre-colonial institutions in checking the rentier behaviour of the political elite and also, it does not show how the pre-colonial institutions were merged into Botswana’s modern institutions. Further, it underestimates the extent of the British colonial influence on traditional authority (p.556). Instead, she argues that it is the coalition building efforts of the ruling Botswana Democratic Party in managing cross-regional and multi-ethnic political competition, responding to the changing political and economic pressures brought on by high investment in education, health, infrastructure, as well as the changing foreign threat of South Africa that determined institutions and policies in Botswana and can also explain Botswana’s recent ‘ambiguous’ economic performance (pp.556-564). Third, the spectacular failure of the World Bank’s efforts to implement prescriptions that flow from institutionalist approaches in Chad strengthens Rosser’s critique of these prescriptions as lacking ‘political feasibility’ (2009, p.26). In the Chad case, the World Bank agreed in 2000 to support the construction of a $3.5bn Chad-Cameroun pipeline to enable Chad to extract and sell its 900m barrels of oil reserves, despite significant political instability in Chad (Massey and May, 2005). To cure the governance challenges of incessant conflict, factionalism, rebellion, corruption and a generally weak state, the Bank set up “an unprecedented regulatory arrangement designed to ensure transparency and accountability through sound revenue management and sensitivity to human and
environmental concerns” (p. 254). This included the establishment of a special account, located at Citibank in London, to receive all revenues that accrue to Chad from oil extraction to be allocated to social sectors like health and education and infrastructure among others, towards poverty alleviation. In addition, an independent oversight committee made up of civil society actors and other stakeholders was set up to vet and authorise expenditures together with other elaborate institutional safeguards. The first sign of trouble began when it was discovered that President Idriss Deby had used part of the sign-on bonus received from oil companies to purchase arms as he faced rebellion from the oil producing southern region backed by his neighbour Sudan (Carmody, 2009). It was also found that the President had appointed his brother-in-law to the oversight committee, and the government had created phantom NGOs and activists in an elaborate process to nurture a more compliant oversight committee (ibid., pp. 357-358). In the end, the revenue management law was rewritten to allow the Chadian government more discretionary powers over access to and allocation of oil revenues, which it largely used to purchase more arms (ibid., also see Frank and Guesnet, 2010; Smis and Kingah, 2007). In essence, as Okruhlik rightly points out, in the context of Saudi Arabia, “Life did not begin, as many imply, in 1973 with the quadrupling of oil prices. Rather, oil enters into an ongoing process of development and constellation of identities” (309). These criticisms have intensified the calls for the research focus of the resource curse to go beyond institutions. Poteete (ibid., pp.545-548) argues that, “behind policies, institutions, and state building lie political coalitions” because “political coalitions link social actors to institution building and policies”.

2.3 Going Beyond ‘Institutions Matter’: The Converging Literature on the Importance of Politics

In the last few years, a number of influential publications, on the origins of institutions and development led by post-institutionalist (Acemoglu and Robinson, 2013; North et al., 2009a) and from historical political-economy approaches (Khan, 2010), have emerged and re-inserted politics, particularly power relations, at the centre of the development discourse. North et al. (2009), for example, approach the challenge of explaining a divergent development path by looking at the central problem of violence. They argue that societies contain violence, by creating institutions that initially grant privileged access to political, economic and social resources to powerful individuals and groups in society, who specialise in violence to extract rents. Enforcement of these institutions is carried out by ‘organisations’ that consist of groups with shared beliefs who either rely on self-enforcing agreements to coordinate social behaviour, or on a third party to enforce social contracts. The result of this form of social organisation is referred to as a ‘social order’. North et al. (2009) offer a framework for analysing the emergence and operation of social orders (pp.13-16). Two main types of social orders are noted based on a review of recorded human history, that is, Limited Access Orders (LAOs) and Open Access Orders (OAOs). LAOs, also known as the ‘natural state’ are characterised by slow growth, susceptibility to shocks, a limited number of ‘organisations’, centralised governments, rule through personalised social relationships (organised around personal lineage), unequal enforcement of law and insecure property rights. OAOs on the other hand, show patterns of progressive political and economic development, low experience of negative growth, vibrant civil society, large number of organisations, more decentralised government and widespread impersonal social relationships including rule
of law, secure property rights, fairness and equality. LAO countries can transition to OAOs, but need three ‘doorstep conditions’: rule of law for elites around the certainty of contracts, the proliferation of ‘perpetually lived’ (impersonal) forms of organisations and the consolidation of political control of the military.

For violence to remain contained in LAOs, there has to be a ‘double balance’ — a balance between the “distribution and organisation of violence potential and political power on one hand and the distribution and organisation of economic power on the other hand” and it is this power-relation that structures the social order (p.20). The World Development Report 2011 (WB, 2011) builds on the framework in trying to explain repeated cycles of violence in countries around the world and proffer ways of tackling the problem. They acknowledge the importance of power-relations in containing violence, but note that arrangements that rely on coercion and patronage risk a return to violence if the agreements among power elites do not ultimately lead to transformations in state-society institutions which are inclusive and produce better governance outcomes (pp.86-88).

The turn to politics has triggered the emergence of a body of research that reinforces the salience of power relations in explaining the sources of variation in institutions and development outcomes in developing countries using a ‘political settlements’ framework (Di John and Putzel, 2009). Khan (2010), the leading theoretician in the political settlements literature, argues for a move beyond institutional analysis; he notes: “… there are limits to how far a purely institutional explanation can take us. Eventually, we have to
explain why formal institutions do not emerge or change without referring back to the presence or absence of other formal institutions” (p.15; also see Poteete, 2009). Using a political settlements framework, he highlights the importance of the ‘enforcement cost’ associated with informal institutions, often neglected in the treatment of ‘transaction cost’ by NIE scholars. Khan describes a political settlement as a ‘social order’ brought about through an interdependent relationship between power and institutions at the level of society that is ‘compatible’ and ‘sustainable’ (p.20). The political settlements framework places a premium on the role of elites and elite bargaining in facilitating an end to violence and the emergence and maintenance of a social order that distributes power and resources among powerful social groups (Parks and Cole, 2010, p.7). However, in spite of the focus on elites it is seen as a ‘two level game’ with a horizontal relationship between elites and a vertical relationship between elites and their supporters (Laws, 2012, p.11). The wider state-society is, however, seen as critical to the sustainability and stability of political settlements (DFID, 2010; Evans, 2012, p. 4). Indeed, Fritz and Menocal, (2007) conceptualise a political settlement in the broader sense of a state-society social contract from the onset, contrary to the broader consensus that it starts with elite distribution of power. The feasibility of such an initial political settlement is, however, contested. It is argued that it is unlikely that a political settlement will achieve the wider process of legitimisation from the onset (see DFID, 2010; WB, 2011). Inclusive political settlements are also likely to be more stable and sustainable, but inclusiveness that focuses on participation, rather than outcomes of bargaining (rights and entitlements), may not necessarily stabilise a political settlement, neither will inclusiveness necessarily guarantee pro-poor development (Di John and Putzel, 2009,
Elections may offer a more inclusive settlement, but it is a double-edge sword because though it can allow for the participation of wider society, it may fail to provide the kind of ‘double balance’ that matches distribution of power in society with economic benefit rendering the settlement vulnerable to destabilisation by excluded powerful groups (Whaites, 2008, p. 12). Laws (2012), is even more sceptical about inclusiveness as a pre-condition to stable political settlements. He argues that the inclusiveness of Nigeria’s 1976 Constitution, through the ‘Federal Character’ provision that promoted ethno-regional balancing in public service appointments did not prevent Nigeria from falling into a cycle of violence and political crisis. As such, he argues that sometimes, political exclusion can be a key factor in explaining stability. Nonetheless, there is general consensus that inclusive political settlements are important for stabilising the political settlement and making it durable. This is best exemplified in Poteete’s (2009) case study of Botswana.

Another feature of the political settlements framework is the importance of informal institutions and organisations in shaping the performance of institutions and policies, as well as the critical influence of capitalist production and rents in coalition building and sustainability of settlements. Khan (2005; 2010) focus on the lack of capitalist development in developing countries or North et al’s (2009) focus on the personalised nature of inter-elite bargaining takes the research agenda beyond NIE analysis of informal institutions. In Khan’s conception, powerful actors with informal power organise through informal institutions like patron-client networks, which interact with formal political institutions like political parties. The distribution of power within and
outside the patron-client organisational structure, which forms the ‘ruling coalition’\(^\text{14}\), therefore matters to institutional performance in two ways. First, the horizontal distribution of power between the ruling coalition and excluded factions (elites and supporters outside of the ruling coalition) impacts on the time horizon of political leadership and the stability of the coalition. Secondly, the extent of control that ruling elites\(^\text{15}\), in the ruling coalition, have over lower-level factions (followers or clients) impact on the capacity of ruling elites to enforce decisions. So, the stronger excluded factions are, the more vulnerable the ruling coalition and the shorter their time horizon for implementing policies. Similarly, the stronger lower-level factions are, the weaker the capacity of the ruling coalition to enforce institutions, because ruling elites will have to dispense significant patronage resources to pay off opposition to policies from such strong lower-level factions. Furthermore, the technological and entrepreneurial capabilities and the holding power of productive entrepreneurs in relation to the ruling elite can also impact on the implementation and outcomes of growth-enhancing strategies. In cases where productive entrepreneurs are powerfully networked into the ruling coalition, and are also highly capable, they can be important for driving growth, but may be difficult to discipline if they decide to block measures that affect their profits and monopolies, which can undermine the implementation of industrial policy. In instances where entrepreneurs have low capacity, but are powerfully networked, then the

\(^{14}\) Khan defines the ruling coalition as “the factions that control political authority and state power in different societies” (2010, p.8). Whitfield and Therkildsen define it as “the groups and individuals behind the rise of the ruling elites to power and/or those groups or individuals who gave the ruling elite their support, typically in exchange for benefits (2011, p.16). I adopt the latter in its broader scope to accommodate the multiple social and political groups that facilitate the organisation and rule of particular ruling elite factions.

\(^{15}\) The political leaders who are at the top of the incumbent regime (ibid.).
orientation of the ruling coalition becomes important in helping to build that capacity to promote industrialisation.

Based on how different patron-client power configurations structure the ruling coalition and impacts institutional performance, Khan identifies two main types of modal settlements; capitalist and clientelist. This dichotomy is equivalent to the OAOs and LAOs typology advanced by North et al. (2009), though Khan takes capitalism more seriously than North and colleagues. In capitalist political settlements, there is a clear equilibrium between formal institutions and the distribution of economic benefits. Powerful elites, like the business and professional classes, rely substantially on formal systems, like management of interest rates by the banking sector and taxation policy, to conduct their economic activities. In terms of clientelist political settlements, he further identifies four types: developmental coalition, weak dominant party, vulnerable authoritarian coalition and competitive coalitions. A developmental coalition has the biggest potential for impacting positively on institutional performance. This is because, excluded factions are weak (so the ruling elites have a longer-term view of development) and ruling elites have control over weak lower-level factions (so they have strong enforcement capabilities). Competitive clientelist political settlements are considered as the “state of entropy of the clientelist political settlement” (Khan, 2010, p.67), and have the most adverse growth-stability trade-off. Ruling coalitions are more vulnerable in power and are fragmented because they face a strong excluded faction and are beholden
to lower-level factions\textsuperscript{16}, who are important to securing votes during elections (Whitfield, 2011a). Policies pursued by ruling elites, therefore, tend to have a short-term horizon and satisfy the needs of elites and lower-level factions, rather than pursue the long-term development of productive sectors.

2.3.1 \textit{Power Relations and the Politics of Inclusive Development}

Though the Khan conceptualisation and framework looks specifically at growth and structural transformation, it is consistent with the broader work on the role of power relations in development processes, including development aimed at achieving broad-based benefits for the majority of citizens, especially the poor, marginalised and excluded (DFID, 2010; Hickey and Du Toit, 2007; Milanovic, 2003; Moncrieffe, 2004). This development objective is often referred to as inclusive development. Though, the term inclusive development remains contested, the concept is generally associated with sustaining growth and reducing poverty and inequality (Chibba, 2008; Vom Hau, 2012) or achieving social justice through building human capabilities (Hickey et al., 2015b). There are several reasons why existing power relations can perpetuate forms of exclusion and poverty. Parks and Cole succinctly capture the core issue when they argue that in many instances the poor and marginalised remain poor because they “do not have the power to influence or shape institutions to their benefit” (2010, p.7). As such, it often requires a large coordinated social effort to cause a change in relations of power (Bebbington, 2013). Bebbington et al. suggest four pathways through which institutions

\textsuperscript{16} According to Whitfield (2011b), lower-level factions of the ruling coalition in Ghana included ‘foot soldiers’—an exceptionally devoted corps of party workers who canvass votes for the ruling party and neutralise the activities of rival parties. They have been a feature of party activity since decolonisation in Ghana.
for offsetting inequalities, for example, may emerge: 1. Where there exists a process of ‘consciousness raising’ or ‘reflexivity’ amongst disadvantaged groups about inequalities that encourages resistance and influence changes in institutions, 2. Social mobilisation and protests that force institutional change. However, they note that there is no guarantee that protest will always lead to change. In some cases, the response to a power challenge has been repression and authoritarianism. 3. The work of policy networks that help in designing new institutions and 4. Growth patterns of natural resource exploitation that lead to the emergence of a middle class whose demands for redistribution reduce inequality and force the design of new social arrangements (2009). In the context of natural resource extraction, Bebbington argues that the channel with the most potential for promoting inclusive development runs from extraction through taxes and royalties to social spending including social policy and social protection (Bebbington, 2013, p12; Lynn Karl, 2007). This is because point-resource natural resource exploitation provides very little in terms of direct employment or local private sector development.

2.4 The Importance of Subnational-National Power Relations and Ideas in Explaining Institutional and Development Outcomes

The turn to power relations is important, but which relations of power are important? In his review of North et al., (2009), Bates notes the ‘absence of agency’ in the explanation of how economic development succeeds, or fails in societies (Bates, 2010). He states: “I wished to be introduced to active agents, be they politicians, merchants, farmers, or kinsmen. I wanted to be informed about the problems they faced, the constraints they encountered, the beliefs they entertained, and the strategies they devised”, in essence “a notion of the forces that might account for the patterns that they [North et al.] describe”
Bebbington takes this critique of the political settlements framing further when he notes that if the goal of an inquiry in development outcomes was to explain institutional persistence, then the political settlement characterisation, as it stands now, works. However, it is less helpful if the challenge is to explain how such institutions might change, in that respect other literatures on social mobilisation, shifting coalitions and policy networks are important (2013, pp. 6-7). This is because “as underlying politics change, outcomes can change dramatically even in the context of stable institutions” (Poteete, 2009, p. 546). Thus, it is important to the understanding of how politics shapes patterns of development in society, if one can place the actors and ideas that shape politics and institutions in the communities and societies where they inhabit. Watts (2004a, 2004b) work on resource governance in the Niger Delta provides frames to responding to these concerns by looking at actors at different levels and spaces within society. I return to Watts’ work later in this chapter. In the next section, I review the utility of incorporating these dynamics in an interrogation of resource governance outcomes.

2.4.1 Subnational – National Power Relations and Elite Decision-Making

There is strong evidence that often, it is the scalar, spatial and non-rational dimensions of power (usually neglected in the analysis of power) that provide depth to the analytical strength of power-relations in explaining both institutional and development outcomes, particularly, in the context of natural resource exploitation (Arellano-Yanguas, 2011; Bebbington, 2013, 2012b; Watts, 2004a, 2004b). The literature on state formation and state building in Africa, particularly, captures the importance of spatial and scalar dimensions of power in explaining development outcomes. Scholars argue strongly that
elite decision-making is conditioned by subnational-national configurations of power (Bayart, 1993; Boone, 2003; Mamdani, 1996). Boone (2003) has argued that to understand the institutional choice of national elites, one has to understand the configuration of power at the subnational level and between subnational and national elites. Power configurations are embedded in deep patterns of social organisation, including class, communal organisation and modes of production (ibid), and in many respects were reproduced through Africa’s colonial experience, which reinforced and promoted traditional forms of authoritarianism through a system of ‘decentralised despotism’ (Mamdani, 1996). Bayart (1991) is even more forceful as to the integrated and often complex nature of African political systems and relationships. He argues that “the dichotomy between the ruler and the ruled is less sharp than the institutional appearances suggest” because African societies are spatially networked (p.41). African networked systems “promote alliances between the elites of different regions and which link the towns to the rural areas through a vast number of demographic, material or symbolic exchanges” (ibid.). For Bayart, therefore, ethnicity is a product of state building because it serves as a means of participation for actors and communities to demand a share of the political and economic cake. Though as Mamdani (1996) shows, this form of ethno-regional mobilisation was closely linked to colonial policies aimed at developing and maintaining a native administration system in rural Africa. To draw on the state building literature on Africa is not to argue African exceptionalism in respect of the importance of subnational-national power relations in explaining development outcomes, the importance of spatial and scalar dimensions of power are also consistent with findings

2.4.2 *Subnational-National Power Relations in the Context of the Resource Curse*

The importance of subnational-national relations of power is also well documented in the resource curse literature, particularly in interrogating some of the most adverse effects of resource abundance, including the onset and duration of civil wars (Collier and Hoeffler, 2002a; DFID, 2010; Collier and Hoeffler, 2002; DfID, 2010), protracted violence (Watts, 2004a, 2004b), and social conflict (Arellano-Yanguas, 2011; Bebbington et al., 2008). In a study of the abysmal performance of Oil Producing Area Development Commissions in Nigeria, Idemudia (2012) notes the spatial and web-like relationships of power and patronage between powerful actors at the Federal government level, the Ondo State and the oil producing communities within the state and how it undermines efforts to tackle endemic poverty in oil producing communities. Similarly, Arellano Yanguas (2011) finds that Peru’s adoption of a ‘localist’ policy paradigm, whereby almost 70% of natural resource revenues are redistributed from central to subnational governments, has led to an increase in social conflicts and worsening spatial inequality. This is because of the capture by private business of the central state, increasing disengagement of local political leaders from national politics to pursue independent strategies of maximising resource transfer to their communities and the inability of the weak central state to mediate local conflicts between diverse groups, interests and movements. Bebbington et al. (2009) show, in the case of both hydrocarbons and hard minerals, how forms of natural resource exploitation derived from pre-existing historical inequalities of power reproduces existing and new forms of inequities and constrain the opportunities for
territorial collective action in poor communities or between the central and local state. This is largely because first, natural resource exploitation led by transnational firms introduces a new power dynamic spatially (in the resource producing region, at national government level and even between countries). Secondly, through its extraction activities, transnational firms alter control over local and national access to resources like land and water. Lastly, the generation of new economic resources like employment and local services can further entrench existing power-relations and reproduce inequalities (Bebbington et al., 2009, pp.7-9; also see Watts, 2004a). The production of externalities by these point-source resource extraction activities tend to be localised and trigger political struggles over cost and benefits of extraction, which influences discourses about development, inclusion and institutions. As such, “national-subnational dynamics need to be central to any analysis of the ways in which extraction, governance and inclusion relate to and co-constitute each other” (Arellano-Yanguas, 2011; 2012 cited in Bebbington, 2013, p.20).

2.5 Problematising Interests: The Role of Ideas

Another important gap in the analysis of power relations within the political settlement literature is the preponderance of rationalist/materialist-based explanations of power to the neglect of discursive aspects of power. So for example, the political settlements framework assumes that powerful elites who agree to end violence and distribute power and resources are rational actors driven by the pursuit of economic and power interest (Parks and Cole, 2010, p.8 ). Blyth argues that this is a fundamental flaw in social science inquiry (2011). That contrary to mainstream approaches, which see social settings as equilibriums, linear, interrupted by exogenous factors and normally distributed, it is
individual agency that drives stability in social settings, where change is normal and stasis is an exception (ibid.). It is in this context that he considers ideas to be central to social interaction and causation of social outcomes (p. 13).

The importance of non-material and discursive dimensions of power to the understanding of power, and how it is exercised, has received significant attention in the last 50 years led by two leading proponents, Antonio Gramsci and Michel Foucault. Gramsci, through his theory of ‘Cultural Hegemony’ tried to explain the persistence of social and economic structures that systematically advantage particular groups (Levy and Newell, 2002). He argued that these hegemonies persisted because they were embedded in a system of compromises and coalition formation shaped by political, material and ideological interests between the state and societal forces. In this system, civil society and its institutions, like the church, universities and media (as an extension of the state), play a central role in reproducing ideologies that legitimise the rule of the small elite (pp. 86-88). Foucault on the other hand, through his theory of ‘governmentality’ or the ‘analytics of government’, challenged prevailing theories of state and state-society formation and the exercise of power (Lemke, 2007). Tracing the history of government praxis, he argues that both statehood and citizenship are co-determined, though the state dominates power relations in society through its strategic and instrumentalist character (ibid.). A key feature of these processes of co-determination is the employment of ‘political knowledge’ (including discourses and narratives) that is both important for constituting the state as well as for the state to dominate power relations (p. 48). In spite of the long scholarly tradition on the importance of ideas in the treatment of power, work on ideas has remained marginal to traditional disciplines, though significant changes have occurred in
the last two decades (Blyth, 2003). Blyth acknowledges the increasing efforts of rationalist and historical institutionalist to incorporate ideas into research programs, but argues strongly that “ideational scholarship rests implicitly or explicitly, on a particular way of looking at the world, a distinct social ontology” pursued genuinely by constructivists (2011, p.1; also see Hay, 2011). This is because constructivist ontology assumes that social reality is a social construction shaped primarily by ideational factors, particularly, collectively held or ‘inter-subjective’ beliefs like norms, identity and ideology among others (Beland and Cox, 2011; Finnemore and Sikkink, 2001). As such, the deployment of ideas as an epiphenomenon or ‘functional filler’ by rational actor perspectives is a less convincing attempt to fully appreciate the centrality of ideas to social inquiry. Historical institutionalist, on the other hand, frame ideas as being mutually constitutive of the social structuration process that shapes human agency and political action (Schmidt, 2008). This facilitation role does not, however, isolate ideas fully as an independent causal variable limiting their empirical contribution, particularly, as ‘interests’ are seen as ideational in terms of being perceived rather than being real (Blyth, 2003; Hay, 2011). Finnemore and Sikkink, however, observe that there are still challenges even with the work of constructivists. The use of ideational factors often offer a framework for thinking about social life and structures and, therefore, ‘ideational factors do not in themselves produce specific testable predictions about political outcomes and have to be coupled with more specific understanding of the actors involved, their needs and the existing social structures’ (2001, p. 393). To tackle that problem, constructivists have relied on theories on discursive power (such as Focaualdian and social movement theories) to explain the ways in which identities and interests are mutually
constituted using methods like process tracing and discourse analysis (ibid.). More recent work from Schmidt (2011, 2008) tackles the role of ideas in shaping political actions from an institutionalist perspective and seems to provide good analytical leverage in terms of analysing institutional outcomes. Her concept of ‘discursive institutionalism’ examines both the content of ideas and interactive process of discourse, in which actors engage in, to generate and legitimise ideas about political action (ibid.). The gradually expanding literature on ideas has also been embraced in spatial and scalar analysis of natural resource extraction, expansion and development outcomes.

2.5.1 Ideas and Resource Curse Explanations

Watts (2004a, 2004b) case study of the Niger Delta exemplifies the ways in which ideas have been used in the resource governance literature. Drawing on Anderson (1998), he argues that ‘community’ is not a pre-given identity, but imagined outside of the confines of the village (Anderson, 1998 cited in Watts, 2004b, p. 201). He argues that this process of imagining and the changing forms of community are associated with the rise of capitalism and explores this conceptual framework in the context of exploitation of oil in Nigeria. He notes that ‘petroleum capitalism’ operates through an ‘oil complex’ that is made up of the statutory monopoly over resource exploitation, a nationalised oil company working in joint venture with multi-national firms, public and private security apparatus whose objective is to protect oil investments, the oil producing communities and the political mechanisms for rents sharing. The ‘oil complex’ shapes the character and dynamics of oil, which among other things attains ‘fetishistic qualities’ where “it is the bearer of meanings, hopes, expectations of unimaginable powers” (ibid., p. 203). Petro-capitalism also contains a ‘double movement’ (contradictory tendencies). The rents it
generates helps the centralising capacity of the state and the imagining of a resource-led prosperous, modern and united Nigeria, but at the same time drives an ‘unremitting logic of ethnic claims-making’ that leads to fragmentation and the undermining of the state and citizenship (p. 204). These relationships produce simultaneous forms of rule, or ‘governable spaces’, at the level of village, indigenous ethnic identity and the nation-state, which are contradictory. At the level of village, governance is marked by privatised violence, mobilised through youth groups competing over control of rents, which displaces the gerontocratic leadership of chiefs. At the level of indigenous ethnic claims-making, elites like Ken Saro-Wiwa, chiefs and youth groups ‘imagined’ the ‘community’ of Ogoniland to engage in political action, through narratives of marginalisation of minorities, ethnicity, environmental degradation, and stolen land rights. The same Ogoniland ‘community’ ‘unimagined’ the state of Nigeria and their citizenship. Watts (2004a, 2004b) account of the Niger Delta demonstrates the challenge of overcoming the forms of rule produced by petro-capitalism. As discussed earlier, institutions are generally difficult to change when they are institutionalised and, therefore, it often requires forms of social mobilisation, like social movements, coalitions and policy networks, to challenge and contest existing power relations and institutions (Bebbington, 2013). It is here that ideas play an important role. Ideas can serve as a form of ‘mobilising discourse’ for the formation of social movements and coalitions because it can legitimise the quest for restructuring power and also to overcome problems of collective action (Hagmann and Péclard, 2010). At the same time, the product of ideas can themselves produce narratives and ‘repertoires’ as to the type of institutions and power relations that should exist. To understand the forms of resource governance that
might emerge at the onset of a resource boom, there is, therefore, a need to understand how social forms of mobilisation emerge and that understanding should pay particularly attention to ideas and the worldview of the different actors (Bebbington, 2013, p.8).

2.6 A Conceptual Framework for Analysing the Relationship between Natural Resource Extraction, Subnational-National Power Relations, Ideas and Inclusive Development

In this section, I construct a framework for analysis that draws on political settlements approaches and incorporates spatial and ideational dynamics of power. Before proceeding with the framing processes, there are a few important preliminary issues to deal with. First, any attempt to incorporate ideas, in particular, into a political settlements framework does require an acknowledgement of the ontological tensions it generates. Blyth (2003, 2011) has argued forcefully that the use of ideas to explain the social world has an underlying constructivist ontological bias. This bias clashes with the rationalist bias of Khan’s concept of power (2010, p.6) in spite of the fact that it implicitly accommodates non-material forms of power, that is, the ability of actors to “mobilise prevalent ideologies and symbols of legitimacy” (p.20). Boone similarly acknowledges material and discursive power as mutually constitutive (2003, p.27). The challenge in resolving this tension has to do with the ways in which ideas are incorporated into these frameworks. Fortunately, Khan and Boone come from a historical political economy and historical institutional approaches respectively that are ontologically closer to constructivist approaches than NIE/rational actor perspectives (Blyth, 2003, 2010; Finnemore & Sikkink, 2001). Also, Finnemore and Sikkink (2001), Blyth (2003), Watts (2004a, 2004b) and Schmidt (2008) provide important insights into ways in which ideas and interest can be mutually constitutive or tracked independently, I carefully construct
the framework below, conscious of these challenges. A second preliminary issue has to do with the concept of power deployed in Khan’s framework. The concept of ‘holding power’, that is, ‘the capability of an individual or group to engage and survive conflicts’ represents a one dimensional view of power, where the focus is on the observable exercise of power during conflicts over preferences/interests by individuals and/or groups who are rational (Lukes, 2005, p.17). In this thesis, however, I have adopted Lukes’ broader three-dimensional concept of power as ‘power over’, ‘agenda setting’ and ‘preference shaping’. It allows for an analysis of the exercise of power in both situations of conflict and non-conflict. For example, the first two case studies of this thesis involve conflicts between subnational and ruling elites. However, the third case study, looking at the allocation of oil revenues, is a non-conflict situation where power is also exercised. Adopting the three dimensional concept of power also allows for a closer examination of the agenda-setting characteristics of actors, which provides a sharper focus on the institutional and ideational context of decision-making (p. 22). This is consistent with the structural dynamics of power that both Khan and Boone allude to in their frameworks. Third, Khan uses the concept of clientelism, in a broader sense, to capture all informal relationships that exist as a result of the mismatch between the distribution of holding power and the structure of formal institutions (2010, p.55). This is different from ways in which clientelism, particularly, in the context of democratic accountability has been defined (Kitschelt, 2000). In terms of the latter, clientelism involves the exchange, or dispersal of material favours between politicians and prospective voters before or after an election, as part of political strategy to win power (pp.849-850). This can overlap with corruption, which involves the use of public resources for private gain. However, others
have argued that in the context of provision of public goods, where politicians provide what may be considered as collective goods, or club goods at the local level, like a community borehole, or improve local road projects to persuade voters to vote for them, it is not clientelism (Weghorst and Lindberg, 2013). This is because such club goods are not excludable, or divisible, and not provided in exchange for private gain (p.721). The Khan use of clientelism does encompass all these variations of clientelism and, in a way, provides a spectrum from pure Weberian impersonal accountability relationships, to pure corruption-fuelled personalised relationships. This is not problematic for analytical purposes, as it allows for analysis of different types of informal or personalised relationships of power that shape decision-making and interact with formal rules of the game. However, it becomes much more contentious when one has to make a judgment on the desirability of any of those variations of political clientelism for the emergence of inclusive forms of development (see Kelsall, 2012). Lastly, when I refer to politics in this thesis I mean “..all the activities of conflict, cooperation and negotiation involved in the use, production and distribution of resources, whether material or ideal, and whether at local, national or international levels” (Leftwich, 1994, p.365). This definition encapsulates the multiple dynamics of power that I seek to interrogate, to understand the ways in which subnational-national politics might shape the governance of oil in Ghana.

Having mitigated some of the ontological concerns and defined the way in which the concept of power and clientelism are used in this thesis, I draw on the work of Khan (2010) in particular, but also the emerging political settlements literature (Di John and Putzel, 2009; Parks and Cole, 2010; Whitfield and Therkildsen, 2011), Boone (2003)
work on subnational-national political dynamics and the emergence of institutional outcomes, Blyth (2011, 2003, 1997) work on the role of ideas in decision-making, Bebbington’s (2013) insights on the use of ideas in the natural resource sector and Schmidt’s deployment of ideas within institutionalist thinking; to construct a framework that builds on the political settlements framework, but incorporates spatial/scalar and discursive dimensions of power. These dimensions are explored through a focus on subnational-national power relations and the role of ideas in the constitution and exercise of material and discursive forms of power. I seek to overcome two broad challenges in constructing the framework: 1. *What are the underlying causal pathways, from politics to institutions, to inclusive forms of development, prior to discovery of oil?* 2. *How and why might the existing pathways be altered or be sustained at the onset of a resource boom.* In tackling the first main challenge, I try to answer five sub-questions 1. How are power and power relations constituted and operated at the subnational level? 2. What is the role of ideas in the constitution of power and power relations at the subnational level? 3. How is power exercised during subnational-national bargaining processes, and through which pathway(s) do power-relations, once configured at subnational level, interact with national politics? 4. What is the role of institutions? 5. What may be the implications for the emergence of inclusive forms of development? For the second broad challenge, I construct a hypothesis of key variables of politics and institutions that might be varied by the introduction of new power dynamics brought on by the onset of a resource boom, and the effects it may have on the politics of inclusive development. I tackle these issues below.

2.6.1 *Constituting and Reproducing Power and Power Relations at Subnational Level*
In her 2003 work on state building in Africa, Boone sought to explain variations in centre-local relations and how they have been institutionalised in post-colonial African states. She argued that contrary to the argument that one could account for differences in state building, by looking at the ideology of political leaders or colonial institutional inheritance, the research agenda needed to go beyond ‘institutional logic to obtain a better account of institutional origin and change’ (p.20). Using a historical institutionalist theory of social structuration, she argues that institutions are a product of political bargaining that is embedded in deep patterns of social organisation. Social organisation and control was constructed by communal structures, determined by settlement patterns, land tenure, inheritance regimes and, relations of cooperation and dependency in the organisation of production, which shaped politics at the local level (pp. 20-21). These characteristics of social organisation are interlinked with institutions that distribute political power, govern access to land and productive resource, and enforce cohesion. To compare different communal structures, one has to look at the extent of control over ‘political assets’ (that is, control over people, assets and markets) (ibid). If elite control over political assets is more concentrated, then the communal structure is more hierarchical and if dispersed, then it is less hierarchical. Also, if the hierarchy is more legitimate, then the combination of legitimate authority and the communal institutions elites enforce, lower the cost of social control. It is thus the extent of rural social hierarchy and legitimacy that determines the bargaining power of rural elites with the state. The more hierarchical and legitimate communal structure elites have, the more bargaining power they have (p.23). However, in their bargaining with the state, the extent to which rural elites use their power in progressive ways depends on their interest, which is shaped by agrarian property
relations. If rural elites have to rely on the state for coercive and legal powers to appropriate rents, it means they are likely to be allies or collaborators of the state. On the other hand, if they are more autonomous, they may seek to challenge the state (ibid.). Thus, to determine the relative bargaining power of rural elites in relations to the state, one must look at the extent of hierarchy, legitimacy and economic autonomy. So, for example, a broad hierarchical rural area that is concentrated geographically with shared beliefs about community and tradition and which has capacity for collective control and mobilisation, as well economic autonomy, will have a stronger bargaining power in relation to the state. Such rural elites can resist the state’s attempt to control resources and can even become rivals to the state (p.29). It is this aspect of Boone’s framework that I borrow. This relational concept of power provides a suitable frame for capturing the range of actors, like traditional authority, that are active in the struggles over the processes of natural resource governance (Watts, 2004a, 2004b) and have often reproduced their privileges and power in African societies over time (see Mamdani, 1996).

Based on the above, I identify three main types of power relations that are important for determining the underlying configuration of power at the subnational level and, consequently, the relative bargaining power of local elites in relation to national elites. The first type of power relations draws on the assertion that rural elite power is grounded in social organisation and control, which are constructed by communal structures, including elite access to both socio-economic and political resources. One can argue that the preponderance of these assets, amongst rural elites, can provide clues to the potential
collective socio-economic and political resources available to subnational elites, if they were to engage in any conflict with the state. Thus to borrow Khan’s concept of holding power, the concentration of economic holding power and mobilisation holding power (that is, the ability to mobilise supporters and ideas “to consolidate mobilisation and keep members committed” (2010, p.20)), is likely to shape the relative bargaining power of rural elites. Whitfield and Therkildsen refer to these mobilisation capabilities as ‘Organisational Holding Power’ (2011, p.19), a much simpler label which I use subsequently in this thesis. Even though I retain Khan’s use of holding power as stated earlier, I maintain the broader conception of power as three dimensional (Lukes, 2005), which allows for a broader investigation of the relations of power and how power is exercised.

The second type of power relations relates to the determinants of the relative bargaining of subnational elites that Boone discusses above. I combine the focus on the hierarchical nature of the subnational area, in terms of the control over political assets, with the legitimacy of the hierarchical structure, plus communal institutions, as an assessment of the extent of social control by local elites. Thus, it is expected that the ‘thickness’ or ‘thinness’ of social control is likely to shape the relative bargaining power of subnational elites. In addition, I adopt the focus on the economic autonomy of subnational elites as another key determinant of bargaining power. Boone’s framework was applied to the state building efforts of African post-colonial states in the immediate post-independence era. Since then, other political dynamics like elections that require the mobilisation of subnational elites and citizens to win national power have become a feature of African
politics. Khan notes the importance of elections in his framework. He observes that the majority of developing countries, particularly in Africa and Asia have a CCPS, where competitive elections are a common feature (2010, p.68-69). The driving motivation of ruling elites is, therefore, to retain power by winning elections and maintaining/broadening their coalition (Whitfield and Therkildsen, 2011). The electoral importance of the subnational entity can, therefore, impact on the bargaining power of subnational elites.

The third important element that can shape the relative bargaining power of local elites is the presence and relative strength of social moments at the subnational level. Bebbington and Valencia (2009) have argued that social movements are a key condition for institutional change. Social movements can also be considered a source of organisational holding power. However, because their constitution and operation can overlap both the concentration of holding power and the extent of social control, including linkages to national and international policy networks, they need to be considered as a separate element of the power configuration at the subnational level. In this framework, the overall combination of the preponderance of holding power, extent of social control, economic autonomy and electoral importance, and the presence and relative strength of social movements are expected to shape the relative bargaining power of the subnational area in relation to the state.
2.6.2  *Incorporating Ideas*

To incorporate ideational factors, I rely on Blyth’s (2003) argument that there is a need to problematise the interest of actors and not to assume them. I am also informed by Bebbington’s (2013) argument that ideas can act as a mobilising agent for institutional change and Haas’ (1992) observation that the delivery mechanism for ideas are as important as the ideas themselves, particularly, when the promoters of ideas are able to penetrate power structures. In sum, ideas can play three important roles in an analysis of power; it can influence how power and power relations are constituted, how power is exercised and it can shape the kinds of interests that are pursued in the process of bargaining. So, for example, the work of Watts (2004a) and to some extent Arellano-Yanguas (2008) suggest that resource exploitation may trigger the emergence of different narratives about identity, histories of marginalisation and injustice that foster the emergence of a social movement to agitate for institutional change. Ideas in this instance, facilitate the constitution of a social movement, which can be an organisation that has holding power. Subsequently, the ideology and discourse pursued by that social movement around resource rent sharing, development and social justice can then be used in the bargaining process and can shape the institutions that emerge (see Schmidt, 2008). However, the framing of the ideas that shape interest during the bargaining process is also embedded in the underlying material power relationships and is shaped by it. This ‘embeddedness’ of material and non-material sources of power, which mutually constitute power, is already captured in Khan and Boone’s sources of power articulated earlier. Blyth, Bebbington and Schmidt’s insights provide the space to fully track the role
of ideas substantially. At the end, the interest and ideas that are pursued is a product of a contestation of both material and discursive power-relations.

2.6.3 The Mediating Role of Institutions

There are three key characteristics of institutions (defined as both the formal and informal ‘rules of the game’) that are considered in this framework. Firstly, in the pathway from extraction to inclusive development, institutions are proximate conditions for development outcomes (Acemoglu and Robinson, 2013; Bebbington, 2013; Khan, 2010; North et al., 2009a). However, institutions are slow to change once bargains have been institutionalised (Bebbington, 2013; Poteete, 2009). Thirdly, because they are slow to change, institutions are likely to slow the effect of political action and require a large coordinated social effort to change it (Bebbington, 2013; Bebbington et al., 2009). Whitfield and Therkildsen for example note that in nominal democracies, institutions have a significant effect on the characteristics of the ruling coalition (2011). This is because, formal institutions such as the electoral rules, rules governing political parties and representative organs like parliaments and the presidency and informal institutions like patron-client relationships create incentives and limitations on the behaviour of the ruling elite (pp.18-19). As such in the framework offered by Whitfield and Therkildsen, the strategies of the ruling elites to retain power by winning elections and broadening their coalition is mediated through formal political institutions and shapes the characteristics of the ruling coalition (p.20). Institutional arrangements are thus considered part of the political settlement in the strict sense of Khan’s definition; subnational-national bargaining is expected to occur within this institutional setting. This may be altered at the onset of a resource boom, where there are prospects for new
institutions to emerge. However, to track the emergence of new institutions with the onset of a resource boom, the existing institutional arrangements need to be isolated to track the new institutions that will emerge, as well as those that will stay the same.

2.6.4 Pathway from Subnational Politics to National Politics to Inclusive Development at the Discovery of Oil

On the arrival of oil, the ‘unusual properties of oil’ (Ross, 2012) and the prevailing configuration of power at the subnational level will begin to shape the relative bargaining power of subnational elites. Ross (2012) has argued that the key factor that explains the persistence of an ‘oil curse’, particularly in the Middle East and North Africa, is the uniqueness of oil extraction processes and the large rents it generates, which passes through national government treasuries that are not transparent. Bebbington (2013) has also argued that the territorialised externalities produced by hydrocarbon, and hard mineral extraction activities, introduce new power dynamics that can alter or perpetuate underlying power relations. As such, the properties of the oil discovery, like the location of the discovery (if it is in a subnational area with a strong relative bargaining power), the scale of the operation (if it covers significant areas of the subnational area), the potential rents to be generated, considering the timing of the discovery and potential externalities, are considered in the framework. Combined with the prevailing configuration of power, one can assess the relative bargaining power of subnational elites. However, effects of the properties of oil discovered are likely to affect both the characteristic of subnational power configuration and national political settlement at the same time, even as the subnational–national bargaining process is ongoing. This is because the state is almost certain to have legal and physical control over the extraction activities, as well as a direct
relationship with the new power entrant, that is, transnational oil firms. The expectations generated by the discovery will also begin to shape power relationships within the ruling coalition. The most variable characteristic of the political settlement is the distribution of power (vertical and horizontal) within the ruling coalition. The key relationship that is akin to a spatial/scalar analysis is the power relationship between higher-level factions and lower-level factions. Khan argues that this power relationship is organised like a pyramid within a patron-client organisation, with the bigger patrons (national elites) at the top, ‘intermediate classes’ (those with organisational power to organise other people with holding power) in the middle, and local patrons and non-elite clients at the bottom (2010, p.61). The local patrons and non-elite clients benefit from the local economy by engaging in local enforcement and dispute resolution. The intermediate classes or ‘local elites’, Khan finds, in some country contexts, to be made up of rich peasants, middle class peasants, urban petty bourgeoisie and educated middle classes. Whitfield, however, contends in a case study of the contemporary competitive clientelist political settlement in Ghana that the power of lower-level factions do not come from the social groups that Khan describes in the Asian context, but from political party delegates and party constituency leaders (known as ‘foot soldiers’), who choose parliamentary and presidential candidates and deliver votes during elections (Whitfield, 2011b, p.11). In the Ghana case study, repeated electoral cycles have strengthened the power of lower-level factions and increased the importance of ‘floating voters’ \(^{17}\), thereby strengthening excluded factions. This has shortened the time horizons of regimes, which prioritise the

\(^{17}\) ‘Floating Voters’ are not party loyalist and can change their vote in each election, Whitfield (2011b, p.12)
distribution of resources to a wide range of actors combined with side payments to lower-level factions and rent seeking by higher-level factions, as a way to win elections and hold on to power. In using this aspect of the political settlements framework, it is expected that the configuration of power relations at the subnational level, as well as expectations generated by the properties of the oil discovery, will impact on the vertical and horizontal relationship of the ruling coalition and the initial emergence of natural resource governance institutions.

The discovery of oil also triggers ideas and discourse around identity, rent-sharing and development strategies. These ideas and discourse delivered and framed through the activities of social movements (that may have emerged because of ideas and discourse), policy networks, and ruling elites, help to determine the interests and ideas that are pursued. The bargaining process of both material and discursive power is mediated through formal and informal institutions that can constrain or facilitate political action. Robinson et al. (2006) suggest that key political institutions like institutions of accountability and transparency that constrain the patrimonial tendencies of the ruling elites are important. As such, it is useful to consider the extent to which institutions are inclusive and impersonal. Lastly, the outcomes of the bargaining process, mediated through formal and informal institutions, is likely to impact on the development strategies of ruling elites or the interests and ideas they pursue, as well as the mechanisms they are likely to use, with implications for the inclusive development. In Diagram A below, I show the outcome of the foregoing discussions.
Diagram A:

Framework for Analysing Natural Resources, Subnational-National Power Relations, Ideas and the Implications for Inclusive Development

Before Oil

At the Arrival of Oil

Subnational Political Configuration
1. Preponderance of holding power (economic power relations & organizational)
2. Local-National Power Relations (extent of economic autonomy, thickness of rural elite social control & electoral importance)
3. Presence and strength of social movements

Relative Bargaining Power of Subnational elites
1. Strong allies and ideas
2. Weak allies and ideas

Political Settlement
1. The balance and distribution of power within the ruling coalition
2. Institutions (formal and informal institutions of restraint on power and natural resource governance institutions)

Implications for Inclusive Development
1. Development strategy for spatial growth, social provisioning, tackling inequality and fostering citizenship
2. Delivery mechanisms (state, non-state, co-produced)

Arrival of oil
1. Properties of discovery (size of endowment, potential rent, and scale of externalities).
2. Prevailing subnational configuration of power

Relative Bargaining Power of Subnational elites
1. Strong allies and ideas
2. Weak allies and ideas

Character of Ruling Coalition
1. Inclusiveness of ruling coalition
2. Intra elite and elite-follower power relations within ruling coalition

Institutions
1. Institutions of restraint on power and natural resource governance institutions
2. Emergence of new institutions

Ideology and discourse about identity, natural resource rent sharing and development

Networked transnational/national and subnational policy coalitions and pacts

Implications for Inclusive Development
1. Development strategy for spatial growth, social provisioning, tackling inequality and fostering citizenship
2. Delivery mechanisms (state, non-state, co-produced)

Feedback Loop
The framework only tries to track possible implications for the outcome variable ‘inclusive development’ because of the nascent nature of the development of institutions in the selected country for this study. As indicated earlier, Ghana just discovered oil in 2007 and began production at the end of 2010. New institutions are emerging to govern the oil and it might take a few more years to measure the impact of institutions and development outcomes of struggles around it. At this stage however, it is feasible to track the forms of politics underpinning the emergence of the institutions and the implications it may have for the broader goal of inclusive development.

2.7 Research Design and Methodology

To explore the three research questions listed in Chapter 1, I used primarily a qualitative approach and made limited use of secondary quantitative analysis for this study. The qualitative method involved undertaking a case study of how subnational politics is shaping the governance of oil in Ghana, with a focus on actors (local elites) in the oil producing Western Region of Ghana and how they engage with national elites. Also, broadly, how national elites factor subnational politics into their oil revenue allocation decisions. I track these engagements through three sub-case studies involving subnational-national bargaining around natural governance institutions and decisions. In pursuit of this objective, I rely on additional qualitative data collection techniques, including desk-based research and analysis and face-to-face semi-structured interviews, based on purposive and snowball sampling techniques. In terms of analysis, I principally use process tracing, except for Chapter 6, where in addition, I utilise a framework developed by Abdulai (2012) and Abdulai and Hickey (2016, 2014) to assess the distribution of holding power in Ghana as a first step of analysis to investigate the political calculus that underpins patterns of oil revenue allocation in Ghana. My quantitative techniques involve the secondary analysis of nationally representative public
opinion survey data, which I use to gage the congruence or otherwise of elite decision and popular opinion. I discuss and justify the methodological approach below.

2.7.1 Philosophical Foundation of the Research Study

As highlighted earlier, adapting the political settlements framework, by incorporating ideas and spatial dynamics of power presents philosophical challenges (p.61). Thus, a careful consideration of the philosophical foundations of any social science inquiry is critical to choosing the best research strategy for achieving the research objectives (Blaikie, 2000, p.122). These philosophical questions involve the researcher’s assumptions about the nature of social reality (ontology) and how to generate knowledge of the social reality (epistemology) (Blaikie, 1993, p.6). For the purposes of this study, I adopt a ‘critical realism’ ontology and a ‘retroductive’ epistemology with a bias towards constructivist/interpretative approaches within this tradition. Critical realists consider social reality to be socially constructed by unobservable underlying structures and mechanisms produced by the material and non-material (cognitive) resources of social actors (Blaikie, 2000, p.108). Critical realists use retroductive approaches by building models of the mechanisms or hypothetical descriptions of ways in which these underlying structures and mechanisms might work in the real world and go to the field in search of the mechanism (ibid., p.109).

I adopt the above ontological and philosophical grounding for the following reasons: 1. I am currently persuaded by the logical assumption that social reality is socially constructed, but to the extent that the realities produced by actors, facilitated by underlying structures and mechanisms, may be independent of social actors. The research questions and relationships being considered in this research study fit with this way of understanding the world. 2. This approach is eclectic and accommodative of the underlying multiple philosophical foundations
of the theories and conceptual framework (for example, political settlements, social structuration, ideas) and mixed method approaches relied on for this study. 3. It is also particularly suited for one of the key research objective of identifying mechanisms and causal pathways in this study.

2.7.2 Methods

In pursuit of a qualitative approach to the study, a case study method is used. A case study method allows for a detailed examination of an aspect of a social phenomenon to develop or test explanations that may be generalisable to other similar events (George and Bennet, 2005, p.5) and are often delimited in space and time (Gerring, 2007, p.19). I have chosen a case study approach for a number of reasons. First, the political settlements framework adapted for this investigation is still a work in progress and undergoing empirical testing, a case study method can help in generating new theoretical insights (George and Bennett, 2005, p.19). There is also a possibility that the application of the framework to the governance of natural resource (hydrocarbons) and the subnational context may generate insights for comparable or contrasting cases in Africa and for developing countries generally, though single case studies can only achieve external validity, if they are carefully selected, or through cross-case studies (Gerring, 2007). As stated earlier, Ghana can be considered a suitable type of competitive clientelist political settlement, which according to Khan is the modal type of settlement among developing countries (2010, p.18). Second, a case study approach also lends itself to unravelling causal paths or mechanisms (p.38), a key objective of this study. Third, the complexity and developing nature of the political settlements framework requires a focused arena for careful interrogation and for securing the internal validity of the research (ibid). Apart from the number of variables that require tracking, the subject matter of the study is also complex. Natural resources governance involves an intricate process that brings together different actors, including the state, transnational and local actors. These actors interact at
different levels and within different spaces to produce institutions and development outcomes that are enforced and also contested (see Watts, 2004a, 2004b). Finally, a case study approach is consistent with the retroductive research strategy adopted for this study. This allows us to go into the field with hypothesis to test, based on an understanding of the underlying structures and mechanism, but provides the space for inductively modifying the way we understand that social reality.

2.7.3 Data Collection

The data collection for this research strategy relies on two main data collection techniques. Using largely desk-based research and analysis, it draws on secondary sources like historical accounts, including political, economic, social and electoral developments in Ghana and the Western Region since the colonial period, newspaper reports of events and actors involved in the bargaining processes around oil and gas decisions, official parliamentary records capturing debates on oil governance, public statements of national and subnational elites involved in the bargaining process from radio and TV sources and other grey material like reports of government, non-governmental organisations and ministries, or agencies, responsible for oil governance. For the newspaper, a special effort was made to catalogue news items generated around the various periods of dispute, drawing on five national newspapers (one state, incumbent regime-aligned, opposition-aligned, and two independent newspapers). The rest of the newspaper reports were sourced online. In terms of the use of quantitative methods, I undertook a secondary analysis of a number of selected questions in the Afrobarometer surveys. The Afrobarometer survey was used to test popular opinion during the debates over the governance of oil revenues to ascertain the extent to which those

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18 The Afrobarometer is a popular opinion survey conducted in 35 countries including Ghana. Ghana has been part of the countries that have been surveyed since 1999, over five rounds, providing national representative trend data on attitudes to political and socio-economic conditions in those countries. This data can be disaggregated at regional level. Other opinion surveys can be disaggregated at district level.
opinions were aligned to elite opinions and whether that facilitated local mobilisation, or shaped elite response, during the bargaining process. The review of extensive secondary sources enabled the understanding of the ways in which power and power relations have been constituted and how ideas have been framed, at the subnational and national level, before oil and supplemented with interview data for the story after oil. Two key periods were of interest in this regard—before oil was discovered in 2007 and after 2007, through to 2010 and beyond when production began. The second data collection strategy involved the conduct of face-to-face semi-structured interviews with actors who have participated in these subnational-national engagements and have special knowledge of the politics surrounding these contestations. Interviewing techniques, particularly elite interviews are useful in extracting information about the beliefs and ideologies of social actors, which are difficult to examine in documents and books (Richards, 1996, p.200). Potential informants were sampled purposively and also through snowballing techniques. A first step was to undertake a mapping exercise, drawing on information obtained from newspapers reports, assistance of journalists, conversations with other informants to undertake a possible mapping of actors, social organisations, and networks, with holding power in the Western Region and the Jomoro district (the site of the second sub-case study) engaged in the political production of the natural resource institutions within the Western Region or linked to it. Using the mapping exercise, I used purposive and snowball sampling methods to identify key informants who were involved in the contestations, from a sample of 45-60 respondents for interviews at both the regional and district levels. I then proceeded to undertake a profiling of some of the key respondents in preparation for the interviews. I again used the desk analysis, public statement reported in newspapers or radio, commentaries written about the selected respondents related to the natural resource governance, as a way of sketching their ideas about interest and identity. Based on that exercise, I conducted thirty-five (35) in depth face-to-face interviews
using a semi-structured questionnaire (see Appendix 2). The questionnaire was designed to empirically investigate who informants considered to have holding power, how it was distributed and how it worked; how the power dynamics between subnational-national bargaining played out in the conflicts over oil governance; how ideas were imagined and framed, including individuals own beliefs and values; and finally looking at the future of oil natural resource governance in Ghana. I also undertook a follow-up trip after the first batch of interviews to conduct further interviews with key informants to fill in gaps and pursue certain critical leads.

2.7.4 Analysis

Drawing on the conceptual framework developed for this study as captured in Diagram A, I use process tracing to test the consistency, or otherwise, of the ways in which the configuration of power, within the Western Region of Ghana, interact with the existing political settlement and shape the emerging governance of oil. The use of different qualitative techniques for data collection and analysis creates a challenge for merging multiple sources of evidence. Process tracing, therefore, offers a good technique for connecting the links between different sources of information to show clearly the causal mechanism and internal validity of causal factors (Gerring, 2007, p.173). It also helps to ‘identify intervening causal processes that link causal mechanisms between independent and dependent variables’ (George and Bennett, 2005, p.206). Drawing on Mahoney (2012), primarily, the first step of the process tracing involved establishing that a set of events around the subnational-national political bargaining over oil governance occurred. I relied on triangulation in addressing that challenge using respondent statements from interviews and newspaper reports to corroborate specific events, times, places and actors involved. The second step was to establish that there is a relationship between different events and lastly that the sets of relationships explain the outcome (ibid). In Chapter 6, however, I do employ an additional analytical frame developed
by (Abdulai and Hickey, 2014) to explore the political determinants of regional oil allocation patterns in Ghana between 2011-2013. I consider and test this framework in Chapter 6 because it was recently developed by Abdulai (2012) as part of his PhD work to explain the political calculus behind regional allocations in the social and productive sectors that continue to marginalise the poorer northern parts in favour of the richer southern parts of Ghana. The exercise was to test if the ways in which politics worked in that context, held in the case of oil revenues or not. Also considering that the work is quite recent and regimes examined have not changed significantly it was useful to draw on it.

2.8 Conclusion

The development literature is converging on the importance of power relations through the emerging literature on political settlements that goes beyond institutionalist explanations of institutional and development outcomes to emphasise the distribution of power and resources between powerful elites in society. This turn to politics is however still limiting. It does not adequately consider the increasing turn to spatial and scalar dimensions of power or the importance of ideas in shaping human interaction. To deepen understanding of the politics of inclusive development, in Ghana, in the context of the oil extraction, I developed a conceptual framework that incorporates scalar, spatial and discursive dimensions of power. This framework is developed drawing on the Khan (2010), Boone (2003), Blyth (2003) and Bebbington (2013). Lastly, the research is grounded in a tradition of critical realism and uses a mixed method approach for data collection and analysis.
Chapter 3: The Evolution of Ghana’s Competitive Clientelist Political Settlement before Oil

3.1 Introduction

The historical political economy of Ghana is well documented (Austin, 1964; Austin and Luckham, 1975; Chazan, 1983; Gyimah-Boadi, 1993; Hutchful, 2002; Kimble, 1963; Nugent, 1995). Nonetheless, apart from the recent work of Whitfield et al. (2015) and Oduro et al. (2014) there has not been a systematic colonial and post-colonial interpretation of Ghana’s political economy, using a political settlements framework. The objective of this chapter, therefore, is to establish a baseline of Ghana’s political settlement and its operation before oil was discovered in 2007. This will provide the basis for interrogating the effects of pre-oil politics and ideas on the emerging governance of hydrocarbons. In addition, by establishing a baseline, it also provides the platform for tracking any changes to the character of pre-oil politics and ideas by itself that may feedback into the processes of institutional development and overall governance of the hydrocarbon sector. Using Khan’s political settlements framework (2010), I trace and analyse the ways in which the character of holding power and institutions in Ghana has evolved to shape pre-oil politics and institutions. A historical account of power relations and the structuring of institutions matter for both an understanding of how power is constructed and reproduced in society and shapes development processes (p.56). In the context of African societies, long-run historical social and political processes, like colonisation, become salient to the organisation of power (Acemoglu et al., 2001a; Mamdani, 1996). History also matters for understanding the emergence of governance processes around natural resources (Bebbington, 2013; Thorp et al., 2012b). In my analysis of the evolution of the political settlement in Ghana, I note that for 79 years, from 1902 through to 1981, Ghana functioned predominantly as a Vulnerable Authoritarian Clientelist Political Settlement (Authoritarian Coalition), where the ruling coalition largely used force and
coercion to create and enforce institutions. During that period, excluded factions always remained strong, while lower-level factions were relatively weak. The character of the political settlement, during this period, was occasionally interrupted by brief periods of competitive clientelism, where both excluded and lower-level factions were strong. From 1982 to 1992, Ghana under the rule of the quasi-military regime of Rawlings, continued as a vulnerable authoritarian coalition. Following the return to multiparty democratic rule in 1992 and the opening up of the public space (that is, including associational life, media and political competition), the country settled into a stable, competitive clientelist political settlement before the discovery of oil in 2007.

Through these periods, three features account for changes to Ghana’s political settlements, they include; the presence of strong excluded factions, except briefly in the middle years of the Rawlings regime; the consistent expansion of actors with holding power that incentivised the expansion of coalitions—which in turn made coalitions more vulnerable; and competing ideas around the role of the state in economic and political life. It is also important to note that the character of ethno-regional distribution of power and the emergence of a competitive de facto two-party system, which existed at the time of oil discovery, were all constructed in the immediate pre-independence period under Ghana’s first political settlement. In the following sections of the chapter, I look at the three periods described above that shaped Ghana’s contemporary political settlement and analyse the historical distribution of power and operating institutions, highlighting the ways in which it shaped natural resource governance in Ghana. Also, I look at subnational-national relations over these periods, to analyse the ways in which this feature of political bargaining has shaped institutional and development outcomes in the past. Lastly, I also track the evolution of ideas, including those related to natural resource extraction.
3.2 Ghana: A Predominant Authoritarian Political Settlement (1902-1981)

In this section, I look at the distribution of holding power and evolution of institutions during the colonial period, from 1902 to 1946, the accelerated process of decolonisation from 1947 through the attainment of independence in 1957, which ushered into being a decade of quasi-competitive clientelism, supervised by British colonialists, and a period where the character of the NDC and NPP coalitions, which existed in 2007 before oil was shaped (Morrison, 2004); then to the period after independence and the rule of the Convention People Party, under the leadership of Kwame Nkrumah, Ghana’s first President, until his overthrow through a violent coup in 1966. The fourth period looks at the military regimes between 1966 and 1981 as well as two civilian regimes during this period, highlighting key features of the political settlement that changed, and ultimately shaped, the contemporary settlement at the time of oil discovery. All through this period, Ghana operated a predominant authoritarian coalition that was largely vulnerable, except in the 1950s and in two post-independence civilian regimes, where a semblance of a CCPS existed, but was short-lived. Even though the analysis focuses on specific time periods, a political settlement approach directs attention to the moments of elite agreement, or disagreement over the rules of the game that determines the establishment and functioning of the political settlement.

3.2.1 An Authoritarian Coalition under Colonial Rule

By 1902, the Gold Coast Colony (the Colony) consisting of the coastal areas of present day Ghana and parts of the Eastern Region, the Ashanti Protectorate (consisting of present day Ashanti and Brong-Ahafo regions and the Northern Territories (consisting of the three northern regions) had been brought under one single unit of British control (Buah, 1998; Kimble, 1963). Between 1874 and 1900, the British colonial forces fought three Anglo-Ashanti wars and finally neutralised the only remaining threat to British colonial rule in the Gold Coast. Once Ashanti became a protectorate, the British had secured the monopoly of
violence that enabled a political settlement to emerge. British colonial rule in the Gold Coast was headed by a governor appointed by the monarch in Britain and answerable to the Secretary of State for the Colonies. The Governor was advised by an Executive and Legislative Council, the latter drawing on British parliamentary practice to curb the largely absolute powers of the governor (Kimble, 1963, p.404). All through the colonial period, the composition of the Executive Council was restricted to white British military officers, administrators and merchants until 1946. However, the Legislative Council reflected an alliance between the colonialist and the Gold Coast ruling class, what Austin refers to as the ‘a triple ruling elite’ composed of officials, chiefs and the intelligentsia (Austin, 1964, p.9). The composition of the ruling elite also defined the distribution of holding power under colonial rule.

The British had implemented indirect rule in the Gold Coast, a system of colonial governance that relied on the existing systems of pre-colonial traditional rule to administer the colony. In the context of the Gold Coast and in many other African colonies, these privileged traditional rulers, mostly at the local government level where chiefs were formally entrusted with powers to administer their territories under the supervision of district commissioners. However, in the Legislative Council until 1925, the colonialists preferred to align with educated Gold Coast elites and merchants. This ‘bifurcated’ rule created two forms of citizenship, in the rural areas the masses remained subjects, while in the municipalities they were citizens (Mamdani, 1996). From 1901 onwards, representation in the Legislative Council was dominated by members of the Aborigines Rights Protection Society (ARPS), created in 1897 in Cape Coast and Sekondi to protest the Crown Land Bill of 1894. The colonial government sought to introduce the land bill to vest all wasteland, forestland and minerals in the British monarchy to control rapid exploitation of natural resources and better manage lands in the Gold Coast (Kimble, 1963, pp.333-340). The ARPS successful protest
and the subsequent withdrawal of the land bill was the first nationwide political mobilisation of its type and established the association as the de facto voice of the elites and masses in the Gold Coast. Increasingly, however, traditional rulers began to directly play an important role in the Legislative Council as its membership was expanded in response to pressure for more elected representation. With the arrival of Gordon Guggisberg in 1919 as governor, these processes were accelerated, but not in the way that educated elites had envisaged. Guggisberg created Provincial Councils of Chiefs for the three protectorates of the Gold Coast in recognition of chiefs as the natural representatives of the people. The direct elevation of chiefs pitted them against the educated elites. Apart from educated elites and merchants, the power of chiefs was also threatened by the Asafo groups, a traditional organisation under the Akan chieftaincy system, made up of young men whose task was to supply warriors for war and defend the state. The expansion of economic activities like cocoa and gold mining empowered them and with their wealth, they were able to mobilise and de-stool chiefs who were unpopular, creating a situation where several chiefs had to rely on the colonial government to stay in power (ibid., p.471). These factions, with holding power together with British colonial elites in the Gold Coast, constituted an authoritarian ruling coalition though excluded factions, at various points, were always strong and ruling elites were forced to expand their coalition to accommodate them. The capacity of the ARPS to stop the land bill affirms the extent of the strength of these factions. It is important to note that during this period, the spatial distribution of holding power was concentrated in the Colony (coastal areas and parts of the interior). The territories of the north, Asante and British Mandated Togoland, which eventually became part of the Gold Coast in 1956, through a referendum, were administered separately. As the Gold Coast entered and emerged out of the Second World War (WWII), the ruling coalition of colonialists, chiefs and educated elites and
merchants came under increased threat and within a short period had been displaced, as new actors with holding power emerged and accelerated the process towards independence.

Events in the immediate post war era in the Gold Coast precipitated ‘a shift of power within Ghanaian society’ and reshaped the distribution of holding power (see Austin, 1964, pp.9-12; Buah, 1998, pp.152-158). First, a new constitution for the Gold Coast, promulgated by Governor Alan Burns in 1946, which set out to significantly ‘Africanise’ governing structures of colonial administration (including the civil service), was received with deep dissatisfaction by the intelligentsia. J. B. Danquah19, a leading figure of the intelligentsia led the protest against the Burns governance reforms and in 1947, their frustration with the unwillingness of chiefs to relinquish power led him and others like Pa Grant, a Sekondi timber merchant, to form the United Gold Coast Convention (UGCC) with the aim of preparing for self-government in the ‘shortest possible time’. The UGCC wanted a full-time organising secretary, so they invited Kwame Nkrumah from London to take the position. Unlike the members of the UGCC, Nkrumah was from a humble background, young, had studied and taught in the USA, where he was exposed to racism and also socialist ideas. In that sense, he was more radical in terms of the strategies for achieving self-government20. Initially, Nkrumah used his charisma and organisational abilities to broaden the grassroots organisation of the UGCC. However, following a divergence in opinion between Nkrumah and leaders of the UGCC, on how to respond to the breakout of riots in Accra and Kumasi after the killing of three World War II Gold Coast ex-service men, during a protest over

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19 J. B. Danquah was the younger brother of Nana Ofori Atta 1, Chief of the Akyeam Abuakwa Kingdom, who was a fixture of the Legislative Council over the years and among the one of two Africans to be appointed to the Executive Council for the first time in 1946 (Austin, 1964, p.8). Danquah’s family ties with the Abuakwa stool allowed him to maintain a truce between the triple alliance all throughout the 1930s (p.50).

20 When Nkrumah left the USA, he spent a further two years in the United Kingdom where he studied law, political economy and socialism. He was also involved with the leadership of the West African Students Union (WASU), several Pan-African and anti-colonisation movements, including the Manchester Pan-Africa Congress of 1945, attended by a number of future African and Caribbean leaders (Buah, 1998, p.153-154).
benefits in 1948, Nkrumah with the support of radical youth groups in the southern part of Ghana and Ashanti, including some of members of the UGCC, formed the Convention People Party (CPP) in 1949 with the objective of achieving ‘full self-government now’. By 1951, when the first election in Africa to be held on an adult franchise took place, the rule of the triple ruling elite of chiefs, colonial officials and the intelligentsia had been displaced by the ‘educated commoners’ and created a new ruling coalition of educated commoners and colonialists. According to Austin, two key conditions made this possible (1964). First, the expansion of education in the Gold Coast, particularly at primary level, had produced an ‘army’ of elementary school educated people with limited opportunities in the new country (ibid., p.13). These elementary school leavers were now petty traders, teachers, store keepers, local contractors, railway workers, clerks, drivers, ‘veranda boys’ (school-leavers from the villages, who slept on the verandas of the rich), and so on, who came from a humble background and identified with the CPP leaders like Kwame Nkrumah. Second, these same groups and other young people at the local level were engaged in an on-going struggle with the authoritarian rule of chiefs at the village level (p.17). Thus, in essence, in the eyes of educated commoners, the triple ruling elite had become an impediment to the advancement of the ‘ordinary man’.

3.2.2 Competitive Clientelism in the Shadow of Colonial Rule

Following the promulgation of a new constitution and elections in 1951, the CPP secured a majority in the Executive Council and a substantial minority in the Legislative Council. Nkrumah became Leader of Government Business and later Prime Minister, but heads of the civil service at the ministries were still British. During this period, and through to the second elections in 1954, the CPP ruling coalition had to deal with a relatively strong excluded faction, now mobilised under one banner, the Ghana Congress Party (GCP), which had built an alliance made up of anti-CPP forces in the northern territories, British Togoland, rebels
from the CPP, the UGCC and chiefs. Though excluded factions had a common enemy in the CPP, they also had multiple interests, which weakened their front. The Northern Peoples Party from the northern territories was seeking to contain the dominance of southern states and achieve parity in development after years of marginalisation of the northern regions. The Togoland Congress was engaged in internal conflicts between Ewe tribes (Anlo, Peki, Some, Tongu) and non-Ewe tribes (Dagomba, Gonja and Buem) over the future of British Togoland (Buah, 1998, pp.163-165). Mostly coastal or southern Ewes wanted a reunification with French Togoland, while northerners wanted to be part of the future Gold Coast for fear of being dominated by the better educated southerners (ibid.). Lastly, the chiefs had been alarmed by CPP pronouncements, particularly by Nkrumah, who had remarked during the 1951 election campaign that if the chiefs did not co-operate with the masses, the time would come when they would “runaway and leave their sandals behind” (Austin, 1964, p.134). This was significant, since symbolically a chief will be deemed to have been de stooled if his sandals were removed. The chiefs were thus aware of the long-term threat the CPP posed to their power, at least at the local level. Meanwhile, inside the CPP ruling coalition, the ruling elite and lower-level factions were engaged in a bitter conflict over party nominations for elections. The CPP leadership, with Nkrumah now as Life Chairman, tried to control the nomination of candidates for elections and were challenged by local constituencies, who felt that their power was being taking away. Eventually a number of leading members of the party resigned or were dismissed from the party for indiscipline. In the 1954 election, the lower-level factions, in Ashanti in particular, were the most affected. The leadership of the party, and Nkrumah in particular, were now seen as dictatorial. This strength of lower-level factions and excluded factions meant that there was continuous expansion of coalitions. For example, Ashie Nikoe, who was leader of the Ghana Farmers Congress, an affiliate of the CPP and a member of the CPP Central Committee (highest governing body of the party) resigned in
1952 and later joined forces with the opposition GCP. In a similar vein Ako Adjei, who had brought Nkrumah to the UGCC and contested against Nkrumah for the Accra seat in 1951, joined the CPP and stood as a candidate in 1954 for the same Accra seat (p.220). In spite of the challenge to the growing strength of the CPP coalition, from excluded factions and strong lower-level factions, the CPP won 72 out of 104 seats, with 55.4% of the vote in the 1954 elections and entrenched their position as a ruling coalition during this period. However, events following the 1954 elections threatened to pierce its invincibility and shaped three key features of Ghana’s contemporary political settlement: that is, the character of subnational-national relations, the character of natural resource governance, and ideas related to the character of the state.

The CPP rule between 1951 and 1954 can be characterised as a form of personalised rule where institutions were enforced in a clientelist manner. The period witnessed a significant rise in the prices of cocoa beans on the world market. For example, the price of cocoa was £139 per tonne in 1948/9 and increased to £301 per tonne in 1952/53 (p.157). This allowed the government to increase the wages of civil servants and embark on an extensive social welfare programme, which increased its popularity. However, it used this opportunity to also build an extensive patronage and party financing system through the operation of the Cocoa Purchasing Company (CPC), set up as a subsidiary of the Cocoa Marketing Board (CMB) to compete with overseas cocoa buying companies and eventually replace them (pp.172-173). The CPC, headed by Chairman of the Finance Committee of the CPP, used the network of agents, buying stations and the support of the United Ghana Farmers Council, an affiliate of the party, to dispense patronage to supporters and buy the votes of farmers. In the three-year period the CPC dispensed as much as £1,900,000. Furthermore, CPP ministers were engaged

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In 1946, the Colonial Government established the Cocoa Marketing Board (CMB) which fixed prices to be paid to farmers for their produce (Buah, 1998, p.120).
in acts of corruption, awarding contracts and receiving monies in return, while others were living flamboyant lifestyles (p.164)\textsuperscript{22}.

Following the 1954 election, the Finance Minister Komla Gbedemah submitted a proposal, asking the Legislative Assembly to freeze for four years the price paid to cocoa farmers for a load of cocoa, at 72 shillings when the world price was £450 per tonne and £12.10s per load. This policy was to deal with rising inflation. This was contrary to promises made by CPP politicians during the elections. In Ashanti, where nearly 50% of the Gold Coast cocoa was grown, there was internal revolt by even CPP farmer associations who demanded £7, 10s per load. The cocoa issues provided the catalyst for wider mobilisation against the CPP in Ashanti. Though the CPP had won 18 out of 21 seats in the region, over 41% of voters had voted against the party. Moreover, the region had borne the brunt of the CPP leadership attempts to stamp its authority on the selection of candidates and dismissed several members in Ashanti. The issue was seized upon by opposition forces, CPP rebels, together with the chiefs under the leadership of Baffour Osei Akoto, a wealthy cocoa farmer, businessman and a senior linguist to the Asantehene (King of Ashanti), formed the National Liberation Movement (NLM) in 1954. The NLM, bolstered by prominent opposition leaders like K. A. Busia, who had led the Ghana Congress Party, J. B. Danquah, the doyen of Gold Coast politics, all members of the previous triple ruling elite and other CPP leaders, who were now rebels, called for a “Federal Constitution for the Gold Coast”. Subsequently, the Ashanti State Council and later on the Asantehene formerly endorsed the NLM and sanctioned £20,000 from the Ashanti state coffers for its activities. Though the NLM was largely an Ashanti-based party, it received support from Akyeam Abuakwa Kingdom, in the Southern Colony, where Danquah was related to Nana Ofori Atta II, the Paramount Chief, together with the

\textsuperscript{22} For example, J.A. Brimah, a member of the Northern Peoples Party, who was made a minister by Nkrumah confessed to having received £2,000 from an American Contractor as a bribe for an award of a contract. Other CPP ministers were known to have built mansions during the short three-year period (ibid).
parties in the Northern Territories, Togoland and rebels in the CPP, they presented a serious challenge to the CPP. Moreover, their call for a federal constitution threatened to scupper plans for the granting of independence by the British after the 1954 election, as agreed. Several attempts to find a solution between the CPP and the NLM failed, leading the Secretary of State for the Colonies to call for another election to determine the legitimacy of the CPP ruling coalition. In the 1956 election, the CPP won 71 out of 104 seats with 57% of the vote. The NLM won 13 out of 21 seats in Ashanti and other ethnic-based parties also won majority seats in their territories. Subsequently, an agreement was reached between the CPP and the opposition, brokered by Alan Lennox-Boyd, Secretary of State for the Colonies, which made provision for five regional assemblies to be created with delegated powers over budgets, education, health, infrastructure, housing and appointment to statutory boards among others areas, under the 1957 Constitution. However, overall legislative and Executive power was to remain at the centre. The agreement paved the way for the promulgation of the 1957 Constitution and independence of the Gold Coast now called Ghana.

These provisions of the 1957 Constitution, and subsequent actions of the CPP, shaped the character of subnational-national relations and ideas that underline Ghana’s contemporary political settlement. By 1952, a new local authority system had replaced the old native authority system. In this new system, two-thirds of the local assembly were elected and one-third filled by members representing traditional authorities, however, the districts were supervised by CPP party District Commissioners. For the chiefs, whose power had been significantly whittled down, the new power arrangement led to constant conflicts at the local level. The proposal for regional assemblies, following the NLM agitations and the 1957 constitutional provisions, provided an opportunity to regain some of that power. Yet, in 1958, after a series of legal and administrative moves to weaken the mobilisation base of opposition forces, the CPP government engineered an amendment of the 1957 Constitution that allowed
it to remove the provisions for ‘partial devolution’ through the regional assemblies. A year later, a new Brong-Ahafo region had been created in fulfilment of a CPP promise to the Brong tribes and as a strategy to weaken the power of the Ashanti state, which considered Brong-Ahafo to be part of its territory. This decision further entrenched Ghana as a unitary state that was protected at all cost. This decision was taken, in spite of warnings against triggering inter-tribal conflict between Brongs and Ashantis and, contrary to the CPP’s own anti-tribalism proclamations. Instead, the party saw the opportunity to secure an electoral foothold in Ashanti by stoking the Ashanti-Brong fire (Austin, 1964). It showed that where ideas clashed with the objectives of securing power, national elites were likely to choose the latter. Compared to the colonial period where, local governments were allowed some independent power through chiefs, here power was concentrated and directed from the centre. The CPP appointed party functionaries as Regional Commissioners to administer the regions, having brought forces with holding power in the region under its control. In addition, through the dispute over the sharing of the benefits of natural resources, like cocoa, it established the principle that natural resource revenues were to be centralised and distributed by the state and that the state was well placed to distribute these resources fairly and equitably.

3.2.3 A Vulnerable Authoritarian Coalition under Nkrumah and the CPP

Khan notes that in terms of the central tendencies of an authoritarian coalition, the ruling coalition is likely to resort to ‘institutional mechanisms’, like legal and constitutional measures, backed by the threat of force to control excluded groups where they are strong (2010, p.66). These measures can include the banning of political activity outside of the ruling coalition. However, the more vulnerable an authoritarian coalition, the more likely it will resort to force to keep excluded factions from threatening its authority. To succeed, it will have to keep its lower-level factions happy because the strength of excluded factions will give lower-level factions more bargaining power and any alliance between dissatisfied lower-
level factions and excluded factions can lead to the fall of the coalition (ibid., pp.66-67). What Khan describes above mimics what had happened to the Nkrumah regime from 1957 to 1966, when it was overthrown through a coup d’état. Ghana’s independence in 1957 had strengthened the hand of the CPP, but it failed to quell the growing rivalries and challenges to the CPP rule. Further agitations arose within the CPP, as key members of the Accra branch of the party broke off to form another ethnic-based party, the Ga Shifimo Kpee (Ga Steadfast Party), on the basis of the discrimination of the Ga people within the CPP and the dominance of Akan groups, who were accused of appropriating Ga lands controlled by the state. The public gatherings of the Ga party attracted other regionalists from the northern territory, Trans-Volta and leaders like J. B. Danquah. These activities led to violent clashes and moved the CPP, which was concerned about the break-up of Ghana, along ethno-regional and religious lines, to counter such mobilisation with a raft of legislation. Austin provides a useful categorisation of the range of ‘institutional mechanisms’ used by the CPP to counter the strength of excluded factions and secure the unitary state (1964, pp.377-386). First, legislation was passed to weaken the regional base of opposition forces through the passage of the Avoidance of Discrimination Act 1957 (in December) prohibiting the formation of regional/tribal/religious based parties. Also, a number of Commissions of Inquiries were set up to investigate the activities of powerful chiefs, like Nana Ofori Atta II of the Abuakwa State Council, other chiefs in the Ashanti state and Moslem chiefs in Ashanti, who as members of the Moslem Association Party had aligned with the opposition. The CPP used state power to formally recognise chiefs, remove opposition chiefs and replace them with CPP sympathetic chiefs. Second, measures were taken to strengthen the CPP control, in the regions, through the appointment of Regional Commissioners. Third, measures were taken to centralise state authority with the repeal of the 1957 provisions for the establishment of regional assemblies. However, provisions for the Regional House of Chiefs were kept. Fourth,
measures were taken to target individual opposition members through the Deportation Act 1957 (in August) to remove and weaken the financing of opposition forces by Muslim leaders and businessmen in Ashanti as well as anti-CPP Syrian and Lebanese businessmen in the Ashanti state, the Emergency Powers Act 1957 (in December) to deal with activities considered to threaten the state, and the Preventive Detention Act (July 1958). The Prevention Detention Act (PDA) became the main instruments for targeting opposition members. It allowed the state to detain a person for up to five years, without trial or right of appeal, for ‘conduct prejudicial to the defence and security of the state and its foreign relations’ (the detention period was later extended to ten years). By 1960, out of the 32 opposition members of the Legislative Assembly at independence in 1957, three were detained, Busia, leader of the opposition, was in exile, 12 members had crossed party and joined the CPP and others were either in prison or in self-exile (p.386). In 1961, J. B. Danquah, the veteran opposition leader was arrested under the PDA, for inciting labour strikes, and released in 1962. He was again arrested in 1964 under PDA for plots to overthrow the government and died in prison from a heart attack. The CPP and Nkrumah succeeded in weaving a ‘web of power’ using the United Ghana Farmers Council, the TUC and the National Cooperative Council, who were all designated as the sole representative organisations for traders, farmers and professionals by law and had become official organs of the CPP, in addition, the CPP organised ex-servicemen, women and youth groups. The CPP’s increasing authoritarianism and repression intensified through the early 1960s, as threats and suspicions of a possible violent overthrow of the regime became more likely. In 1960, a new republican constitution was passed, making Nkrumah a president with more extensive power, including the power to revoke the appointment of a Chief Justice at any time (Art.44). In 1962, Nkrumah survived an assassination attempt at Kulungugu, while visiting the Upper Region; three CPP members were arrested and tried for treason. After a lengthy trial, the
Supreme Court acquitted the accused. In 1964, Nkrumah submitted and received approval to make Ghana a one-party state proscribing all parties except the CPP. Under the new rules, the President had the power to remove and appoint judges at his discretion. He exercised this power to dismiss the Chief Justice and appoint a new Supreme Court that duly convicted the Kulungugu suspects. Nkrumah was also made Life President under the new rules. In February 1966, while on a state visit to Vietnam and China, Nkrumah’s government was overthrown by Lieutenant General Emmanuel Kotoka, leader of the National Liberation Council (NLC). The NLC would rule for three years and hand over power to a civilian government in 1969. However, what was to follow was a swing between military and civilian rule, until 1982, when stable quasi-military rule began to emerge, under Rawlings, which would take the form of a vulnerable authoritarian political settlement.

3.2.4 The Military Years: In Search of a Stable Political Settlement

The overthrow of Nkrumah and the CPP sparked off a long period of political instability and uncertainty, driven by the inability of powerful elites to agree on the basic rules of the game. This tested the stability of the prevailing authoritarian clientelist political settlement in post-independent Ghana. The military/police junta of the National Liberation Council (NLC) that overthrew Nkrumah ruled for three years; and as promised when they took power, handed over to the civilian government of K. A. Busia and the Progress Party (PP), following the promulgation of a new constitution and multiparty elections in 1969. The Progress Party ruled for two and a half years and was overthrown by the National Redemption Council (NRC) under the leadership of Colonel Kutu Acheampong, who established another military/police regime in 1972. Midway through its rule, the now General Acheampong, restructured the regime under the exclusive control of the military under the new name of Supreme Military Council (SMC I) in 1975. In 1978, Acheampong was forced to resign, after a bloodless palace coup and was replaced by Lieutenant-General Fred Akuffo under a new
SMC II. On June 4th 1979, barely eleven months later, as the country prepared for a promised return to multiparty rule, the SMC II, itself, was violently overthrown by a group of junior army officers supported by rank and file soldiers and led by Flight Lieutenant Jerry Rawlings, under the banner of the Armed Forces Revolutionary Council (AFRC). The AFRC promised to oversee elections scheduled for that month and hand over power to a civilian regime. True to its word, within two weeks of taking power and conducting what it termed as a ‘house cleaning’ exercise, which included the summary trial and execution of several senior military officers, the AFRC supervised free and fair elections, held on 18th June 1979. The election was won by the People’s National Party (PNP) led by Dr Hilla Limann. The PNP, however, ruled for just over two years before it was overthrown by Rawlings again in December 1981, this time under the banner of the Provisional National Defence Council (PNDC).

This period of military rule, interspersed with short periods of civilian rule, reflected the legacy of inter and intra elite conflict that had characterised the immediate pre and post-independence era and had become violent in the 1960s. This continuity was also evident in the distribution of power within the political settlement during this unstable period, which was dominated by the emergence of a broad ‘educated class’ across both sides of the post-independence political divide (that is, ex-CPP and United Party, the alliance of opposition forces during Nkrumah’s regime)\(^\text{23}\). Ideologically, most regimes were pro-market, or just pragmatic, having experienced the failed experiments of the state-led and planned economy policies of Nkrumah and the CPP. However, in the rhetoric of political elites, there were nominal differences, particularly amongst factions that held on to CPP socialist ideas related to the extent of state intervention in the economy, social protection policies and foreign policy. Power during this era also remained at the centre, was clientelistic, and enabled by the

\(^{23}\) Luckham, for example, observes that the number of lawyers (the most important occupational group of the intelligentsia) had increased from 60 in 1948 to 600 by 1969 (1975, p.63).
fortunes of Ghana’s natural resource exports on the world market, control of which was also centralised through the state-owned Cocoa Marketing Board. Resistance to calls for partial devolution and the entrenchment of elite hegemony at the centre under Nkrumah, as well as the ascendance of ethno-regional groups, also persisted and at times these resistance strategies were implemented with force, particularly under military regimes. These policy responses and strategies hardened and conditioned more ethno-regional mobilisation of excluded groups. As such, national elites were forced to complement their anti-tribalism strategies with an extensive process of incorporation and co-optation of various factions within society in an effort to contain the persistently strong excluded factions. In terms of institutional arrangements, elites strived to find a balanced set of rules that provided for a strong executive, but one that also provided restraints and accountability, after the experience of the Nkrumah CPP era. In the ensuing paragraphs, I examine the broad distribution of power that persisted through this period and the continuities of powerful elites. Linked to the ways in which power was distributed during this era was the way in which elites were incorporated and the emerging salience of ethnicity in political mobilisation strategies and bargaining. I also look at the integral role of natural resources, particularly cocoa exports, to regime survival and the political economy of state-society relations. Lastly, I note the failed attempts to implement new rules of the game and how that contributed to the fall of several regimes during this period.

By the time of Nkrumah’s demise, groups like the Trade Union Congress (TUC), farmers’ associations, civil servants, teachers, religious bodies, academics and professional bodies, like doctors, accountants and engineers, who had been mobilised by and against the CPP from 1951, and institutionalised through the early 1960s, had strengthened their holding power. As such, all ruling coalitions were mindful to ensure they were incorporated to prevent, excluded groups from mobilising them against the regime. Military regimes like the
NLC and Acheampong’s National Redemption Council (NRC) all formed alliances with the bureaucracy and used advisory committees and bodies to offer representation to these groups (Austin and Luckham, 1975; Chazan, 1983). Particularly, under military regimes, a form of ‘embedded autonomy’ was established with the bureaucracy to secure the integrity and security of the state and to isolate previous ruling coalitions, similar to strategies of military-led authoritarian coalitions (see Thailand military regime in the 1960s and 70s, Khan, 2010, pp.78-81). The continuous courting of what Chazan define as groups who occupy ‘horizontal’ social structures of Ghanaian society, that is, groups who are interest-oriented and voluntary, were combined with groups who occupy ‘vertical’ social structures and linked by blood ties, affiliation and territory representing ethnic and regional interest (1983, p.24)\textsuperscript{24}. In the latter respect, old politicians, with deep roots within local areas and networks at the centre of power, were able to constantly reproduced their power and project their influence across regimes during this period, interchanging as collaborators or opponents. This observation is best exemplified by the longevity of one political actor. Komla Gbedemah shot to national prominence as Chairman of the Committee on Youth Organisation (CYO), set up by Nkrumah in 1948, when still General Secretary of the UGCC. The CYO was used as a base to form the CPP in 1949, where Gbedemah become the Vice Chairman. Under the reign of the CPP Gbedemah, from 1951, was a Member of Parliament and cabinet minister until 1961 when he fell out with Nkrumah over the application of the Prevention Detention Act. After a period of self-imposed exile in England, Gbedemah returned to Ghana after the overthrow of Nkrumah and contested the 1969 election as presidential candidate of the National Alliance of Liberals (NAL). He continued his opposition politics throughout the Busia and Acheampong era, but then teamed up with emerging leaders like Nana Akuffo Addo and other ex-Progress Party leaders, under the banner of the People’s Movement for Freedom and

\textsuperscript{24} Horizontal groups also include chiefs and the security services.
Justice (PMFJ), in 1978 to oppose General Acheampong’s plan to establish a Union Government made up of military, police and civilians.

The hegemony and bargaining power of these actors was also enabled by the increasing salience of ethnicity in Ghanaian politics. Chazan, citing Donald Rothschild, notes that “of all the highly significant cleavages of modern Ghana (sub-region, age, class, income, education, and so forth), none is more salient than that of ethnicity”, by the end of 1980 (1983, p.218).

First, the colonial administration of the northern territories and Trans Volta as distinct entities had already enabled ethno-regional mobilisation and identities as the process towards decolonisation began. This was reinforced after the emergence of the National Liberation Movement in Ashanti in 1954. In trying to suppress tribal politics and possible breakup of the unitary state, Nkrumah and CPP’s use of policy and coercive forces further alienated excluded factions. After the coup d’état, the NLC attempted to address the problem, but it was itself mired in ethnic conflict when it was perceived to be Ewe-Ga dominated to the exclusion of the Akan majority (Dowse, 1975). This perception carried over to the Busia regime, which emerged out of the 1969 elections, with a majority Akan alliance made up of Ashanti, Brong-Ahafo, Eastern and Central regions elites and supported by some northern elites. The opposition National Alliance of Liberals, led by Gbedemah, was largely an Ewe and Ga alliance, which won the majority of seats in the Volta Region, Ga and the Ga-Adangbe areas of the Eastern Region. Busia won only two seats in the multi-tribal northern Volta areas and as such, under a Westminster parliamentary system where all ministers came

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25 Akuffo-Addo, whose father was a member of the Big Six, detained after the 1948 riots, founding member of the UGCC, Chief Justice and later President under the Busia regime in 1969, will eventually win the mandate of the New Patriotic Party in 2007 and contest the 2008 elections around the time of the discovery of oil in Ghana.

26 The NLC leadership was made up three Ewes (from Volta Region), two Gas (from coastal Accra), one northerner, a Fanti and an Ashanti. To offset the imbalance, it appointed more Akans (six) into its influential 8-member Economic Committee (p.18). Other events during the regime of the NLC, like an abortive coup in 1967 which killed E. A. Kotoka, principal architect of the 1966, was also perceived by some Ewe elites to be sponsored by another architect of the coup, Afrifa, an Ashanti.
from parliament, he was unable to appoint any representative from southern Volta into his Cabinet. Ayensu and Darkwa argue that this was one of the considerations that informed the design of a hybrid constitution in 1992, which allowed the Executive President to appoint only the majority of ministers from Parliament (2006). Other policies of Busia, particularly the dismissal of 568 civil servants upon assuming office, was considered to be a direct attack against Ewes (Brown, 1980, p.585). The Ewe groups’ sense of marginalisation and attack triggered more mobilisation even after the Busia regime was overthrown and continued throughout the Acheampong regime, where such groups were violently suppressed. However, when the military excluded all groups during the SMC I and II, ethnic rivalries were put aside and elites mobilised together under the People’s Movement for Freedom and Justice (PMFJ) in 1978, to resist the continuation of the military junta in power. This did not last for long, briefly, during the short reign of the AFRC, which was led by Rawlings, an Ewe, with other Ewe principals, tribal politics returned and featured strongly in the elections of 1979. The PNP, under Limann, established a coalition of minority tribes, while the PFP, under Victor Owusu, built an Akan alliance. The United National Convention (UNC), led by William Ofori Atta, was dominated by Ewe-Ga groups, which reflected in the final election results. The PFP and UNC had emerged out of a leadership dispute between ex-Progress Party forces, which also had ethnic undertones.

The success of regimes during this period, in terms of managing horizontal and vertical groups, was strongly linked to the performance of the natural resource sector, particularly revenues from cocoa exports. Cocoa, timber and logs, gold, manganese and diamonds, constituted 98% of Ghana’s export earnings in 1957 and was 80% in 1972 (Esseks, 1973, p.53). Ghana, during this period of the 60s and early 70s, accounted for about a third of world cocoa production. High export earnings, therefore, engendered rapid economic growth and financed state expansion, which had been accelerated under Nkrumah. For example, by 1965,
Ghana had as many as 38 state-owned factories, in addition to state-owned insurance, banking, trading, transport and agriculture companies (p.40). The expansion also created a large public sector and an extensive welfare system, benefiting the large array of horizontal groups who had now acquired holding power as well as a large patronage network system, which also benefitted the ‘amorphous’ horizontal group of peasant farmers, traders and workers (Chazan, 1983, pp.95-96). Khan argues that within clientelist political settlements, authoritarian coalitions are very difficult to sustain, because the ‘strength of external factions provide bargaining power to internal factions and if ruling elites are unable, or unwilling, to pay the price’ then lower-level factions may leave, which further weakens the ruling coalition and threatens their survival (2010, p.67). The only exception is where there are ‘special factors like natural resource rents or external military support’ (ibid). One can argue that this potential linkage between resource rents and regime survival seems to play out during this period, particularly in the case of cocoa. For most part of the Nkrumah era, high world prices for cocoa financed state spending. For example, world cocoa price was as high as £450 per tonne in 1954, as noted earlier this financed a lot of welfare initiatives (p.78). By the 1965-66 crop year, when Nkrumah was overthrown, it had dropped to £185. It jumped up to £365 per tonne in 1968-69 during the NLC period, but dropped again, during the Busia period to £260 in 1970-71, just before Acheampong’s coup d’état. Chazan notes that the success of early policies of Acheampong’s NRC regime were made possible by good prices and increased export of cocoa, gold and timber (1983, p.168). Commodity price volatility, and impact on state revenues, affected the benefits of horizontal groups, including the wages of civil servants and shortage of imported goods, which horizontal groups had become accustomed to. It also affected the producer price for cocoa farmers. For example, the producer price dropped from £134 to £75 from 1957-58 to 1965-1966 (Esseks, 1975, p.56). Public sector strikes during this period were very common, in 1970 alone, there were 55 strikes. The discontent of
such lower-level factions inside the ruling coalition was exploited by excluded factions and strengthened their capacity to displace the ruling coalition.

This period also involved a significant effort to change the formal rules of the game around the distribution of power, via the promulgations of new constitutions. The uses and abuses of power under Nkrumah and the CPP became the point of departure for both the 1969 and 1979 Constitutions. The 1969 Constitution returned a Westminster-style parliamentary system, however, it divided the Executive between the President and a Cabinet headed by a Prime Minister. It also introduced a new body known as the Council of State and vested judicial power in an independent Judiciary headed by the Chief Justice. It also established an Ombudsman service to protect fundamental human rights of citizens. Luckham argues that this was an ‘elitist strategy’ to insulate state institutions from populist party politics and to create guardians of the constitutional order (1975, p.79). For example, the Council of State was to represent a council of wise men, who were above politics, to ensure that the state does not harm its institutions and citizens, a throwback to the rule of the intelligentsia during the colonial period. In practice, however, the Busia regime that inherited the 1969 election could not adhere to the dictates of the constitution. In 1971, as opposition from student groups and the TUC grew, Busia disbanded the TUC and the National Union of Ghanaian Students (Chazan, 1983, p.228). Furthermore, as a direct blow to the regime’s rhetoric on the rule of law, Busia refused to reinstate one of the dismissed 568 civil servants after the Supreme Court decided in his favour for wrongful dismissal (Goldsworthy, 1973, p.14). Similarly, the 1979 Constitution wanted to take the American inspired doctrine of separation of powers even further than the 1969 Constitution, to ensure that the executive and legislature did not connive to trample over the human rights of citizens. This meant that the President was to be directly elected and was able to pick his own ministers. If the President nominated a minister from Parliament, then that minister had to resign. Also, for the first time, guiding principles
for the conduct of government in the shape of the Directive Principles of State Policy were included. This covered guidelines to national objectives that governments and all state institutions should promote, including national integration and unity, equal distribution of resources, protection of human rights and public accountability. Yet again, when the PNP regime, under Limann, was confronted with threats from horizontal groups, particularly the military in this case, it decided to purge the military at its senior and middle levels and also targeted members of the AFRC under Rawlings (Chazan, 1983, p.309). The failure of both military and civilian ruling coalitions, to implement new formal rules of the game, reflect a persisting disequilibrium between the distribution of power and the distribution of benefits under Ghana’s prevailing authoritarian political settlement. The new formal rules in 1969 excluded significant vertical and horizontal factions with significant holding power, who were not benefitting from formal institutions and were not compensated by informal institutions. The only times of stability during this period occurred during military regimes when there was an attempt to incorporate all horizontal and vertical groups as was done in the early years of Acheampong under the NRC. As soon as Acheampong excluded these factions under the SMC, the regime became more vulnerable. It is therefore not surprising that Acheampong attempted to push through the concept of a Union Government, which was to provide a no-party form of government that included a role for the military. Unfortunately for him, his exclusion of all groups outside of the military enabled the mobilisation of a significant excluded faction against the SMC that led to its overthrow. The poor performance of formal rules during this period lends credence to Khan’s arguments that informal rules are critical to understanding the performance of institutions within clientelist political settlements. The overthrow of Limann, by the PNDC in 1981, ensured the continuation of Ghana’s authoritarian political settlement until 1992, however, the ‘second coming of Rawlings’ did signify a critical change in the character of the distribution of power, subsequently.
3.3 The Contemporary Political Settlement of Ghana: From Authoritarian to Competitive Clientelism

The June 4th revolt by junior officers marked the beginning of a significant shift in the distribution of power since Nkrumah and the CPP overthrew the triple ruling elite of the colonial period with an alliance of the verandah boys and the educated commoners. Rawlings had built a much stronger alliance outside the junior ranks of the military when he returned the second time through a coup on the last day of 1981. In pursuit of a ‘peoples’ revolution’ the PNDC attempted to disrupt and redistribute power. Its first few years as an authoritarian coalition were highly unstable, riddled with counter-coups and ideologically battles, as it struggled to forge an identity, rebuild state legitimacy and the economy. By 1985, it had however established a coherent and stable ruling elite and embarked on economic recovery with the help of international support. For a few years from 1985, excluded factions and lower-level factions were temporarily weak and the PNDC had the potential to operate as a developmental coalition. This did not last, as excluded factions regained their strength and with international pressure for a return to multiparty elections, the PNDC formed the National Democratic Congress with Rawlings as the presidential candidate in 1992 to contest elections in 1992. Rawlings’ NDC defeated the New Patriotic Party, which was formed by ex-Progress Party factions, led by Professor Adu Boahene, but the NPP boycotted the parliamentary elections scheduled a few days later on the basis that the NDC had rigged the elections and did not participate in parliament for four years. Between 1993 and 1995, there were intense inter-elite negotiations, supported by international actors, to find a political solution. Following the revision of electoral rules and the opening of civic space, the elections of 1996 marked another significant shift in the character of the political settlement to competitive clientelism and also changes in the distribution of power. Four years later in 2001, Ghana witnessed the first alternation of power from one civilian regime to another when the NPP defeated the NDC in the second round of voting after Rawlings had served his
constitutionally mandated two terms in office. President Kufuor, who succeeded Rawlings, will also serve two terms in office. It was during the last two years of Kufuor’s second term in office that oil was discovered in commercial quantities in the Jubilee Field. In this section, I continue to trace the evolution of Ghana’s political settlement from the beginning of the 1980s to before the discovery of oil. I note the shifts in the distribution of power and the character of the political settlement during this period and how it has shaped the features of the pre-oil politics. Here, also, I discuss the ways in which the prevailing politics, including subnational-national politics, shaped natural resource governance.

3.3.1 Authoritarian Rule under the PNDC (1982-1992)

By the time of the AFRC revolt, the long period of economic crisis and political instability had created a legitimacy problem for politics, politicians, party politics and the state (Whitfield, 2011a). Groups at the margins of politics who were constantly being excluded from the distribution of state resources, particularly workers in the several non-performing state enterprises and students were now becoming radicalised and calling for a complete overthrow of the existing political system (Chazan, 1983; Nugent, 1995). The AFRC revolt was the first time that the ‘grassroots’ of the military had taken power and aligned with the anger of other low income groups outside the army. Though they resembled the mobilisation of lower classes against middle/upper classes this was more complicated than that and the PNDC would later come to understand the challenges of pursuing a class-based revolution.

The AFRC revolt was also the bloodiest coup in history and shattered the image of politics as non-violent in Ghana.27 Even at this time, Rawlings who was the leader of the AFRC was convinced that the problem was not the system, but the people who were in power that

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27 Even at the dictatorial height of Nkrumah’s reign and during the periods of military rule, under Acheampong, death sentences imposed on political prisoners were commuted to life imprisonment. During the short period of AFRC and later PNDC, this changed as execution by firing squad became a common form of punishment for all crimes including those accused of plotting a coup against the military regime. A particularly egregious incident involved the kidnapping and gruesome murder of three high court judges and a retired army officer in 1982.
needed to change (Folson, 1993). When he returned in 1981 with the PNDC, he was now convinced of a total overhaul of the system (ibid).

The first few years of the PNDC were tumultuous. The 31st December coup had been enabled by an alliance between the military, radical factions within the labour movement and students who had emerged during the AFRC revolt. The June 4th Movement formed largely by students from the northern regions of Ghana at the University of Ghana was emblematic of such groups.28 Led by Chris Atim, it reached out to other left-wing radicals in the TUC like Amartey Kwei and later invited the AFRC leader Rawlings who had been retired by Limann to be nominal chairman, as well as Captain Retired Kojo Tsikata who became the key architect of the coup d’état in 1981 (Nugent, 1995, p.32). Thus the first seven members of the PNDC leadership included Atim and Amartey Kwei. However, the PNDC was split between two groups. On one hand were the Marxist radicals made up of lecturers and students, who were deeply convinced of Latin American theories like Paul Baran’s Dependency Theory as a “coherent explanation for [ongoing] national crisis in terms of a compact between imperialism and the indigenous ruling class” (ibid). On the other hand, were the pragmatists who were more at the centre-right of politics and acknowledged the evils of capitalism, but believed that the national crisis could only be brought to an end with international capitalist support. Between 1982 and 1983, these factions fought a bitter battle for control of the revolution, involving two counter coup attempts. After the radicals have failed to secure financial support from the Soviet Union and other socialist countries, and following an attempted counter coup, they were purged from the PNDC, giving control to the pragmatists.

The internal political problems were also compounded by a severe famine in 1983 and the return of about a million illegal immigrant Ghanaians expelled from Nigeria. It was in the

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28 Nugent argues that the attraction to socialist ideas by northern radicals is driven by the belief that Nkrumah’s socialist educational policy was responsible for the access to university education for poor Ghanaians and regions (1995, p.32).
midst of this political and economic deterioration that the PNDC sought to implement its revolutionary plans through a number of strategies to secure grassroots political control and legitimacy of the regime.

First, in spite of its revolutionary fervour, it was very aware of the political realities and, therefore, responded to the socio-political dynamics of building and maintaining a secure ruling coalition. As such, it factored in the incorporation and representation of vertical and horizontal groups. Thus, the composition of the PNDC from 1982 was always sensitive to ethno-regional and interest group dynamics. Unlike the AFRC that was made up of mainly junior ranks, the PNDC incorporated the military hierarchy, trade unionist and traditional authority. Furthermore, it also appointed former established politicians, from the 1979 elections, including John Kufuor of the Popular Front Party as Secretary for Local Government. Second, despite its path dependency, in terms of mobilisation strategies, it was determined to reorganise power and institutions in Ghana. Mimicking Libya’s Jamahiriyya model of popular government, contained in Muammar Khadafy’s ‘Green Book’, the PNDC called for the formation of People’s Defence Committees (PDCs) and Workers Defence Committees (WDCs) in all localities and work places. This was an attempt to superimpose a new power structure on existing power structures and networks across the country including traditional authority. Eventually, these structures served the regime as organs of mobilisation when it established a political party in 1992. The PDCs and WDCs proved unruly, as there were no clear guidelines as to their powers, which

29 John Agyekum Kufuor, who later became President of Ghana in 2001 as candidate for the NPP, resigned after 8 months when the three high court judges were killed by individuals linked to the PNDC (Agyeman-Duah, 2006).
30 The Green Book predicated on Khadafy’s ‘Third Theory’ was proposed as an alternative to capitalist-communist dichotomy. Under this system, the masses were expected to rule themselves through popular committees with little interference from the central regime. This was seen as giving power to the masses to have a say in their own destiny (Agyeman-Duah, 1987, p.619). But as Agyeman-Duah notes at the end of the experiment, both Khadafy and Rawlings were still dominating politics at the center (ibid.).
led to several abuses. The PNDC tried to restructure these new organs and to ensure that they remained under the control of ruling elites, particularly Rawlings, by bringing them together under the Committees for the Defence of the Revolution (CDRs). Though in many places, it created new actors with holding power, particularly amongst government workers and students; in other places old actors with holding power filled the power vacuum that had been created. Third, these strategies were complemented with the establishment of public and military tribunals to deal with profiteering, corruption and abuse of power. This had the dual strategy of imposing military discipline, but also targeting the wealth of the old ruling class, who were blamed for the economic crisis and for exploiting the oppressed and the masses in league with imperialist forces; but also to redistribute such wealth, subsequently, to a new corps of domestic capitalists linked to the regime (see Opoku, 2010). Bank accounts were frozen and properties seized and re-appropriated by the state. Fourth, as threats to the regime, in terms of attempted coup d’états, continued even after increasing signs of economic recovery from 1985; in 1987, the PNDC launched a ‘Blue Book’ that contained reforms of the local government system. The Local Government Law (PNDCL 207), passed in 1988, paved the way for local government elections in 1988-89. Principally, PNDCL 207 created a three-tier system, which included the Regional Coordinating Council (RCC), the district assembly and town/area/unit councils. It kept the 1960s rule of electing two-thirds of the district assembly and appointing one-third. However, unlike the 1960s where the one-third nomination was left to chiefs, here they were going to be appointed by the PNDC in consultation with traditional authority and other organised bodies in the district (Ayee, 1993). Moreover, the RCC had been weakened, reduced to a coordinating bureaucratic organisation. It was made up of district secretaries, and the regional secretary, working with bureaucrats with no participation of groups outside the government machinery. This was to strengthen grassroots control, which had proved elusive to previous regimes (ibid., p.126). Though
these institutional reforms allowed the ‘revolution’ to penetrate urban areas, it did not change politics among the rural population. The conflict between chiefs and commoners was taken up by the CDRs, who recruited from the same sources of opposition to traditional authority (Nugent, 1995, p.75). Moreover, the expectation that the CDRs will mobilise peasants against landowners and large farmers failed. In the beginning, chiefs and business owners were prevented from joining the CDRs, but by the time of local government elections, 20% of PNDC appointees were chiefs (Ayee, 1993, p.122).

From 1983, after failed attempts to secure international financial support from Russia and other socialist regimes and following the purge of left-wing organisations within the ruling coalition, the PNDC turned to the IMF in spite of its ideological differences. The purging of radical left wing forces, particularly those in the TUC and the intensified efforts to weaken the labour movement later on, paved the way for the effective implementation of the IMF Economic Recovery Programme (ERP) and Structural Adjustment Programme (SAP) (Gyimah-Boadi and Essuman-Johnson, 1993)\(^{31}\). The IMF assistance, which began in 1984, sought to rebuild state finances, focused on economic recovery by reviving Ghana’s export sector (Hutchful, 2002). Cocoa, gold and timber were targeted for these purposes. By 1983, cocoa production had dropped from 600,000 tonnes in the 1960s to 150,000 tonnes. The ERP focused on improving the incentives for farmers, many of whom had abandoned cocoa cultivation for foodstuffs, by increasing the percentage of the Free On Board (FOB) price paid to farmers, which was 20% in 1983 to between 65-90%. In addition, the ERP also worked on reducing the operating cost of the state cocoa marketing and purchasing company, Cocobod. Impressively, by 1988-89, cocoa production had reached 300,000 tonnes. Gold

\(^{31}\) Gyimah-Boadi and Essuman-Johnson argue that the purging of key labour figures, like Chris Atim and Amartey-Kwei, and the divide and rule tactics employed by PNDC paved the way for the implementation of ERP targeting mass public sector retrenchment and tough fiscal measures. Some of the divide and rule tactics were to set up new unions like the Ghana Private Road Transport Union (GPRTU) and work with alternative unions to discredit established ones.
production also increased from 10,200kg in 1983 to 51,330kg in 1995. A decline in world cocoa prices and a corresponding boom in gold prices meant that by 1992, gold had overtaken cocoa for the first time as Ghana’s prime export earner. The success of the mining sector was enabled by a new Minerals and Mining Law in 1986 that liberalised the sector and allowed for the repatriation of profits as well as promotion of the small scale mining, all regulated by a new Minerals Commission. These new institutional mechanisms strengthened the central state’s control over the governance of natural resources and reasserted the old principle of rent accumulation and redistribution since the 1960s. These measures allowed the PNDC to consolidate its power and rebuild the legitimacy of the state.

As the regime approached the end of the 1980s, the calls from excluded factions and international supporters, for a return to democratic rule, was growing (Jeffries and Thomas, 1993; Ninsin, 1998). The PNDC used the National Council on Democracy (NCD) to test the pulse of the nation as to its readiness for multiparty rule. Though, Rawlings favoured a non-partisan system of government, the NCD report submitted in 1991 concluded that there was popular demand for a multiparty system of government (Opoku, 2010, p.106). A Committee of Experts appointed to formulate proposals for a draft constitution submitted their report later that year which led to the establishment of a Constituent Assembly to deliberate on the proposals, the holding of a referendum to approve the constitution and a return to multiparty elections in 1992, transitioning Ghana from an authoritarian political settlement to a competitive clientelist political settlement.

3.3.2 Competitive Clientelism before Oil: 1993-2007

As with previous constitutions, the 1992 Constitution that emerged out of the deliberations of Constituent Assembly reflected the tortuous search for an institutional fix to the distribution of power problem, in terms of finding a balance between implementing the separation of powers doctrine and sustaining the effectiveness of government. In particular, it opted for a
hybrid separation of powers doctrine that allowed the President to select the majority of his ministers from Parliament, allowing him the discretion to select from both parliament and outside of parliament. It was thought that this will reduce the hostility experienced in the past, between the Executive and Legislature, build consensus and facilitate government business (Asante and Debrah, 2015, p.3). A hybrid arrangement also responded to the practical effect of the 1979 constitutional arrangement that denied powerful elites, who had worked as MPs to get the President elected, the opportunity to benefit from control over state resources, as ministers. This had threatened intra-elite harmony and made ruling coalitions vulnerable. Furthermore, the dominance of the Executive and the President was maintained while the on-going concerns about the ills of party politics, since the Acheampong regime, were partially resolved with the maintenance of a formal non-partisan local government system. Elections were held in November 1992, in which Rawlings, contesting as presidential candidate of the newly formed National Democratic Congress (NDC), won 58.3% of the vote. The opposition NPP boycotted the parliamentary elections, citing several irregularities and abuse of incumbency, thereby creating a, virtually, one-party rule with the NDC controlling 95% of seats in Parliament (Jeffries and Thomas, 1993; Oquaye, 1995). The NPP boycott of Parliament created an uneasy stalemate after the elections. The PNDC was motivated to remove doubts about its legitimacy to rule, created by the contested 1992 elections, and consolidate its rule (Jeffries, 1998). Moreover, it was also worried that its reliance on international support could undercut its survival if international aid was withdrawn (ibid.). Immediately after the 1992 elections, negotiations between NPP opposition and the NDC began in an attempt to find a solution to the political stalemate. This revolved around a string of reforms to the formal rules of elections, between 1993 and 1996, related to improving the transparency and integrity of the electoral system (Debrah et al., 2010). These measures included: the establishment of the Inter-Party Advisory Committee, an informal dispute
settlement forum, for political parties, on elections hosted by the Electoral Commission of Ghana, which became the main forum for political dialogue; the replacement of opaque ballot boxes with transparent boxes; the gradual switch from a thumb print voter identification system to a photo identification system; and the passage of a comprehensive election management legislation. The reforms, however, did not address the informal rules of the game around clientelism. On the contrary, electoral competition raised the political stakes and intensified clientelist politics (Lindberg, 2003). This reinterpretation and revision of the terms of the 1992 formal arrangements deepened political competition and opened up civic space, paving the way for a substantive move into the current competitive clientelist political settlement that now characterises Ghana politics and institutions today.

Whitfield rightly argues that though Ghana returned to a Competitive Clientelist Political Settlement (CCPS) in 1993, the contemporary political settlement is rooted in the 1981 revolt and the emergence of the PNDC (Whitfield et al., 2015). The PNDC and its new grassroots organisations like the CDRs and the 31st December Women’s Movement, run by Rawlings’ wife, Nana Konadu Agyeman Rawlings, was transformed into a potent political party in 1992. Having gradually co-opted and weakened Nkrumahists factions and individuals, it was to become the principal alternative political home to the Danquah-Busia tradition, which was inherited by the NPP from 1992. The two parties, since 1992, won every election with the smaller parties barely managing 3% of the votes in any of the elections so far. It is the structure of the ruling coalitions and ideas that characterise the two parties, together with the underlying political settlement that shaped institutions before the discovery of oil in 2007.

There are a number of key features that characterise the current political settlement and represent the continuity and the structuring effects of history. First, as noted earlier in this chapter, a stable two-party system made up of the NDC and the NPP has emerged since the 1992 election. These parties are a feature of the process of decolonisation that occurred in
1951 and two political traditions, Danquah-Busia and Nkrumahists (Fridy, 2007; Morrison, 2004; Whitfield et al., 2015). The NPP represents the former, while the NDC, since 1992, have gradually come to mobilise around the latter after borrowing personnel and ideology from Nkrumahists forces throughout its rule as the PNDC (Whitfield, 2009; Whitfield et al., 2015). The stability of the two traditions mean that any other parties organising outside these traditions have remained insignificant. In addition, it has also meant that there is very little cycling of factions (that is, coalitions do not form and reform) under Ghana’s CCPS, compared to other historical periods before 1992, and other CCPS like Bangladesh (Whitfield, 2011a, p.10). Even when ruling elites are unable to keep higher and lower-level factions happy and they exit the coalition, they are unlikely to cross to the other tradition. However, the threats to ruling coalitions, by the departures of factions and individuals, are the same in spite of the fact that excluded factions are not able to absorb them. The stable two-party system has intensified electoral completion, as such a ‘divided house' weakens the party’s capacity to mobilise votes and thus its ability win elections. For example, the departure of Goosie Tanoh, a PNDC stalwart, one of the favourites to succeed Rawlings and who went on to form the National Reform Party (NRP) contributed to the NDC’s demise in the 2000 elections (Nugent, 2001).

The clashes between Rawlings and other leading members of NDC, over issues of succession and control of the party, is emblematic of persistent fragmentation and weak discipline of

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32 Renamed the Danquah-Busia-Dombo from Danquah-Busia tradition by the NPP in 2008 to acknowledge the pre to early independence alliance with the then Northern Peoples Party led by Chief Dombo.
33 There are 23 registered parties in Ghana; however, none of the parties outside of the NPP and NDC have obtained more than 3% in any election since 1996.
34 Breakaway parties like the National Reform Party (NRP) and Democratic Freedom Party (DFP) all related to conflicts between Jerry Rawlings, the de facto Founder of the party, and other leading members of the party have not sought to join with the NPP. Similarly, in 2008, the Reform Patriotic Democrats led by some NPP party members in its Ashanti stronghold was formed, but also did not align with Nkrumahists factions. On the other hand, old Nkrumahists factions in the form of Nkrumah’s old party, the CPP, as well as Limann’s party, the PNC have formed alliances with NPP, particularly during the 1996 elections and in the second round voting in 2000 that unseated the NDC.
ruling coalitions, a second feature of Ghana’s current CCPS. Both the NDC and NPP have exhibited a high degree of intra-elite fragmentation, built around personality and faction conflicts grounded in ‘historical factional cleavages (Whitfield, 2011, p.11). One of the longest running conflicts revolves around former President Kufuor and the current leader of the NPP, Nana Akuffo-Addo. The Kufuor-Akuffo-Addo conflict is rooted in a conflict that erupted within the Danquah-Busia tradition in the 1979 election, when an unresolved leadership contest between William Ofori Atta (Danquah faction) and Victor Owusu (Busia faction) led to the formation of the UNC and PFP respectively and the subsequent defeat of former Progress Party forces. Agyeman-Duah provides a good account of how this conflict persisted throughout the political career of Kufuor (2006). The conflict dragged on throughout the 1992 and 1996 leadership contest of the new NPP, between Professor Adu Boahene and Kufuor and then in the 2000 contest where Kufuor defeated Akuffo-Addo, who had been one-time Campaign Director for Adu Boahene. This conflict also took on an intra-Akan ethnic dimension between Ashantis (Kufuor) against Akyeams (Akuffo-Addo) and drove a wedge at the core of the Danquah-Busia alliance (Bob-Milliar and Bob-Milliar, 2010). The rivalries and conflict festered even during the rule of the NPP coalition, during the 2005 congress, when Akuffo-Addo forces took control off the party hierarchy and in the 2007 leadership congress, when Kufuor’s candidate Alan Kyeremanteng was defeated by Akuffo-Addo (Bob-Milliar and Bob-Milliar, 2010; Kennedy, 2009). Alan Kyeremanteng briefly resigned from the party after he lost the nomination, citing intimidation and violence against his supporters by Akuffo-Addo’s supporters. Gyimah-Boadi argues that the NPP’s intra-party conflict was one of the reasons why they lost the 2008 elections (Gyimah-Boadi, 2009).

In terms of ideology and mobilisation strategies, the parties mimic the two post-independence traditions. The NPP, like its forebears continue to profess a liberal democratic political ethos and promotion of private enterprise. It continues to attract supporters from the urban elite,
professionals, middle classes and business elite. In addition, it built on the Akan alliance of the Progress Party of 1969 and the PFP of 1979, with a strong base in Ashanti and Eastern regions, while competing strongly in Western, Central and Brong Ahafo regions (Fridy, 2007; Morrison, 2004; Whitfield, 2009). The Danquah-Busia historical association with the Northern Peoples Party from 1954 onwards also gave it a base in the northern regions, particularly the Upper East Region (Bob-Milliar and Bob-Milliar, 2010). The NDC, on the other hand, emerging as a new political force, has strategically occupied the space that Nkrumahists forces once occupied in Ghana. By co-opting several leading Nkrumahists and going into alliances with smaller Nkrumahists parties, has allowed it to gradually capture their strongholds. It has constructed an image of a leftist, populist, statist party and now formally ascribes to a social democratic philosophy. All throughout the middle of the PNDC rule and subsequently as a political party, it has favoured state-led capitalism (Hutchful, 2002). Spatially and in ethnic terms, it has built an alliance of minorities (Asante and Gyimah-Boadi, 2004), and have appealed to lower income groups along its revolutionary ideas of representing the common man (Fridy, 2007). The ethnic origins of its leadership allowed it to build a strong base in the Volta Region and northern regions and also targeted other minorities in Eastern Region like migrant workers in cocoa growing areas. Though, a stable ethnic electoral pattern has emerged since 1992, the NDC only dominates its strongholds in Volta and the three northern regions and NPP in Ashanti and Eastern regions with the rest of four remaining regions up for grabs (Fridy, 2007). Ethnicity thus remains salient, but is not a deciding factor in elections, which means parties are forced to build broad-based coalition to secure a win (Arthur, 2009; Lindberg and Morrison, 2008; Morrison and Hong, 2006). Moreover, constitutional injunctions proscribing the formation of ethnic-based or regional parties and requirement for parties to have a ‘national character’ provide

35 See Article 55 of the 1992 Constitution.
additional motivations for political parties to mobilise support from all ten regions of Ghana. Lastly, in spite of the differences in their nominal ideologies and the profile of their supporters, both parties have promoted the similar policies since 1990 (Whitfield 2009, p.630).

As with other CCPS, lower-level factions have also been strong, thus impacting on the implementation capacities of the ruling coalition, but in different ways from the mechanisms described by Khan (2010). First, the strength of lower-level factions made up of party constituency and polling station executives, as well as foot soldiers, are rooted in the power they hold during candidate selection and not in the power of social groups to disrupt ruling elite policies as in the Asia cases described by Khan (2010) (see Whitfield, 2011b). As inter and intra electoral competition has increased, so has the bargaining power of lower-level factions who are critical to mobilising votes for the parties\(^\text{36}\). They often exercise their power during party primaries, as delegates to elect parliamentary and presidential candidates. Ruling elites have attempted to curtail their holding power during these periods, but it has led to electoral failure (Ichino and Nathan, 2012). Second, the value of lower-level factions has incentivised ruling elites to expend significant patronage resources to motivate and reward them through the distribution of private goods like public sector jobs, cash handouts to cover personal expenses, small business loans, roads contracts and kickbacks from state contracts (Lindberg, 2003). However, elites have also focused on providing club goods like boreholes, feeder roads, school buildings and clinics and public goods like the rolling out of a universal health insurance scheme. It is argued that ruling coalitions in Ghana are increasingly providing more club and public goods than private goods because of the need to attract

\(^{36}\) For example, the winning margin between presidential candidates reduced from 28% to 0.46% over 5 elections (1992-2008) with two electoral turnovers. At the same time, internal competition within the parties has led to three breakaway parties in NDC and one in the NPP one.
‘floating voters’, who are becoming increasingly important in tight elections (Weghorst and Lindberg, 2013). The strong holding power of lower-level factions means that ruling coalitions struggle to enforce discipline, which impacts on policy implementation. Moreover, unlike higher-level factions, lower-level factions are less loyal to traditions and can be courted by excluded factions. As such, ruling elites are constantly seeking to capture rents and distribute it to guarantee their stay in power, which in turn undermines policy implementation (Whitfield, 2011, p.12). Ruling elites under Ghana’s CCPS have had to continue to rely on natural resources to generate rents and finance this redistribution. The revival of the cocoa and mining sector during the PNDC rule continued during the NDC and NPP period with cocoa production reaching 900,000 tonnes for the first time in the 2010/2011 crop year (Whitfield et al., 2015). In fact, though the composition of GDP has changed since the 1960s, where now the services sector has overtaken the agriculture sector as the main contributor to GDP, there has not been any change to the structure of the economy as it is still reliant on primary products as in 1960 (Jedwab and Osei, 2012). This means that control of rents in the natural resource sector remains critical to the survival of regimes and continues to be centralised. State-business relations has however remained largely based on short to medium-term goals of primitive accumulation and party financing and has undermined the emergence of a domestic capitalist class in Ghana (Whitfield et al., 2015). From 1993, the NDC continued with the objective, during the PNDC quasi-military era, to build up domestic capitalists who were loyal to the party as a financial resource base for party financing and to compete against existing capitalists aligned with the excluded elite NPP faction (ibid., Opoku, 2010). This continued in the NPP era, even though the party could rely on domestic capitalist financing and had incentives to strengthen capitalists broadly. Rather, the orientation of both domestic capitalists and the NPP ruling coalition remained directed towards short-term extractive goals because of the vulnerability of the ruling
coalition (ibid). This consequently has weakened incentives for long-term investments in productive sectors and improvements in technological capabilities critical for economic transformation (Kelsall, 2012; Whitfield et al., 2015).

The structural features of the CCPS have impacted on the performance of formal institutions, including those agreed under the 1992 Constitution around checks and balances, as well as accountability (Oduro et al., 2014). Parliament remains weak, particularly as the fusion between executive and legislature roles has rendered the legislature as an appendage of the executive (Prempeh, 2003). Clientelist politics is rife, as ruling coalitions seek to expand and maintain their coalitions by rewarding foot soldiers even in the distribution of formula-based subnational transfers (Banful, November 2011a). Oduro et al., notes those elites and groups with high holding power, including political party elites, labour unions, security services, bureaucracy, foot soldiers and others with low holding power like traditional elites and local politicians, have strong incentives for maintaining the status quo (2014). The groups who are keen to change the system like NGOs, youth groups and farmers have low holding power. As such they conclude that:

In the short- to medium-term, it is unlikely that Ghana will escape all the Levy (2012) broadly defined features of competitive clientelist political system—that in a competitive clientelist political system electoral competition is primarily patrimonial rather than programmatic; that the bureaucracy is likely to be dysfunctional and weak; that the state checks and balances and commitment mechanisms are ineffective; and that rent offers the currency of politics and the foundation of stability. All these elements do have implications for general development outcomes, and in particular inclusive development (p.24).

3.4 Conclusion

At the time of the discovery of oil in 2007, Ghana’s political settlement could be described as competitive clientelist. The incumbent NPP coalition faced a strong challenge from the
excluded NDC coalition, making it vulnerable and shortening its time horizon. In addition, there was intense conflict between higher-level factions, grounded on personality clashes and historical factional cleavages. Also within the ruling coalition, lower-level factions were strong and limited the implementation capacities of the ruling elites. These characteristics of Ghana’s CCPS and the ruling coalitions that dominate politics had been shaped by the processes of political evolution since 1951, through the Rawlings revolt in 1981, and to the present time. In particular, these historical political economy processes have shaped the emergence of a stable de facto two-party system, core characteristics of the two political traditions, represented by the NPP and NDC, their nominal ideologies as well as the paradigmatic idea of the Ghanaian state, subnational-national relations and the governance of natural resources. Whitfield et al. (2015, pp. 203-205) argue that in the context of the emerging oil economy in Ghana, these incentives generated from the political settlement will shape elite decision-making. Though the oil boom exposes elites to new sources of rents it is not likely to alter the political settlement, that is, transition it into a dominant party or authoritarian settlement as has happened in other resource-rich countries. This is because the extra revenues are being reinvested in the oil sector through the national oil company, GNPC, while other sources of financing, like aid and concessional loans, are dwindling. As such, the ruling elite will continue be motivated by a short-term horizon to finance party politics and secure power. However, if the investment in the sector continues it may spawn the emergence of a domestic capitalist class. In the next three chapters I use the extended political settlements framework, presented in Chapter 2, to interrogate two case studies of subnational-national bargaining over oil resources and one case study on the allocation of oil revenues.
Chapter 4: Western Chiefs Demand Ten Percent (10%) of Oil Revenues

4.1 Introduction

This chapter is the first of three empirical chapters of this thesis, looking at ways in which subnational forms of politics and ideas are shaping the governance of oil and gas resources in Ghana. In this first empirical chapter, I test how the extended political settlements framework introduced in Chapter 2 fares, when applied to an actual incidence of subnational-national negotiations over oil resources in Ghana. The objective of the chapter, therefore, is to clearly showcase the mechanisms through which subnational and national political dynamics interact to produce the institutions that emerge to govern oil at the onset of a resource boom, with implications for inclusive development. At the same time, we explore the role of ideas in influencing political action and the emergence of institutions. As argued in Chapter 2, the importance of the subnational in explaining the institutional choices of ruling elites in Africa, particularly, in the context of natural resource exploitation, is justified for three reasons. First, as Boone contends, “the political authority of government is conditioned by micro-level political economies of property relations, personal dependency, and social control” (2003, p. 12). It is, therefore, the differences in the social organisation of rural societies in Africa that determine the bargaining power of rural elites, which in turn shapes the institutional preferences of ruling elites (ibid.). Secondly, Bayart reminds us that “the dichotomy between the ruler and ruled [in Africa] is less sharp than the institutional appearance suggests because the African post-colonial state is more integrated; a system which links the lowest of the low with the highest of the high” (1991, p. 41). Lastly, particularly in the context of resource governance; because natural resources are point-source resources, their exploitation produces externalities that trigger political struggles and discourses around the cost and benefits of extraction, which influences institutional and development outcomes (Bebbington, 2013). These authors highlight an important observation in the study of politics and natural
resources in Africa; that is—to understand the decision-making of national elites, one needs to understand local and local-national dynamics of power. In the sections following this introduction, I provide a short summary of the configuration of power and politics in the Western Region before oil was discovered in 2007. This is to set the stage for understanding the bargaining power of subnational elites at the moment of the oil boom before their engagement with the state. I elaborate on these dynamics throughout the chapter. The next section introduces the background, key events and actors involved in the case of the Western Region Chiefs demand for ten percent of oil revenues (the ten percent case). The extended political settlements framework is then applied to the case to ‘process trace’ the subnational political determinants of oil governance institutional outcomes and to also showcase the framework’s analytical advantages. The last two sections will analyse the role of ideas in influencing the strategies adopted by both local and national elites and lastly the implications for the emergence of inclusive forms of development in oil-rich Ghana. The focus on a case study of this type of revenue-sharing is appropriate, since poor relations between the central government and resource regions, at the time of a natural resource boom, remain a key driver of conflict (Bebbington, 2012a; Collier et al., 2004). In addition, transfers of a percentage of the revenues from natural resource rents to the resource region remains a popular mechanism for responding to the risk of conflict and consequent resource curse effects (Brosio, 2003; Karl, 2007).

4.1.1 The Political Configuration of the Western Region at the Discovery of Oil

At the time that oil was discovered off the shores of the Western Region, the relative bargaining power of subnational elites, in that territory, is best characterised as ‘Weak Allies’. This is because the configuration of power in the region consisted of the following: the pervasive presence of elites with organisational holding power and the near absence of
elites with economic holding power; elites with ‘thin’ social control over people in their territory, who lack economic autonomy from central government; although there was the presence of a social movement in the Western Region, they were not strong enough to alter power relations or change existing institutional arrangements. The strongest advantage of the region was its status as an important swing region in national elections, which still provided its elites enough holding power to bargain with ruling elites. By the beginning of 2009, the majority of elites in the region could be described as allies of the NDC ruling coalition, after delivering a majority vote in the second round of elections in 2008 in their favour.

The Western Region lies in the southwestern corner of Ghana, on the border with the Republic of Cote D’Ivoire with its southern-most point, facing the coast of the Gulf of Guinea, 40 km from the Jubilee Oil Field. The main ethno-lingual groups in the present day Western Region are the Ahanta, Nzema and Evalue along the coast, the Wassa and Awowin in the forest areas and the Sehwis in the north of the forest, bordering both the Brong Ahafo and Ashanti regions. The Ahanta area borders the Central Region along the coast, while the Awowins and Wassas share a boundary with the Denkyiras in the inland part of the Central Region. The historical evolutions of the groups, including their relationship during colonialism, have created different identities and disunity among elites in the region, which has shaped present day identities (interviews with Western Region elites). Apart from moments in the 19th Century involving the Fante Confederacy and the APRS 37, there is very little that binds various groups in the region. States like Sehwi and Wassa were often used to launch military offensives against other states, along the coast, in the region by the Ashanti

37 The Fante Confederacy was formed in 1874 amongst a number of Fante and Nzema speaking states along the coast of the then Gold Coast as part of measures to counter Ashanti expansionary incursions to the coast. The Aborigines Rights Protection Society became the de facto nationalist organisation in the Gold Coast at the end of the 19th century and had as members some of the most prominent businesses and professional people from the Western Region.
and were seen as enemies (Buah, 1998). This uneasy history between the coastal and forest people of Western Region laid the foundation for what has become a ‘cold’ relationship between the two geographical areas in the region today. The coastal communities have also experienced a lot of internal fighting and rivalries. Parts of the Ahantas in Dixcove built alliances with Fante states in several wars, mainly because they owed allegiance to the British, while those in Cape Three Points were governed by the Dutch and at some point had alliances with the Ashanti and Wassas (Buah, 1998; Daaku, 1970). The Nzemas were also divided into Western and Eastern Nzema, in the 1830s, after a conflict between George Maclean and King Kaku Ackaah of Nzema leading to the imposition of a British sponsored King on the traditional throne of Beyin (Buah, 1998; Valsecchi, 2011). These divisions between different ethno-lingual groups in the Western Region resonate today (Interviews with Western Region elites).

The region has always been of strategic importance to ruling elites, including the colonialist, because of its natural resource endowments like gold, manganese, bauxite and cash crops like cocoa and rubber. It has been a leading producer of cocoa for decades and in the 2012/2013-crop year accounted for 54% of total cocoa output (Ghana Cocoa Board, 2014)\(^{38}\). It also accounts for 30% of gold deposits, 100% of manganese and bauxite deposits, the largest producer of rubber and coconut and leads in production of timber, with an average output of 42% of total production (UNDP-Ghana, 2013, p.6). Lastly, its 24 forest reserves make up 40% of Ghana’s forest reserve area. In spite of its significant contribution to GDP and government revenues from exports its road network is among the worst in the country, particularly, in the cocoa growing and mining areas (ibid.). As result of its importance, it experienced accelerated development early in the development of Ghana, particularly, the

\(^{38}\) These statistics were obtained from the Cocobod head office in Accra.
towns of Sekondi and Takoradi. For example, the first railway line in Ghana was built beginning from Sekondi to the mines in Tarkwa in 1898 and in 1928, the first Harbour was built in Takoradi. These infrastructure developments turned the small fishing village of Takoradi into a vibrant commercial town (Buah, 1980). However, this also meant that a lot of land was appropriated by the state, from the control of chiefs, reducing the wealth and influence of chiefs, particularly on the coast, and undermining their economic autonomy. Though they lack economic holding power, the region’s elites have been influential in Ghana politics from the colonial period through to the advent of decolonisation. By 1951, when voting rights were extended across the Gold Coast, the labour unions, particularly the railway workers and middle school leavers acquired new holding power (Jeffries, 1978). As an example, in Sekondi, there was Pobee Biney, who headed the powerful Railways Workers Union that supported the Convention Peoples Party and was later absorbed into the party. There was also the old elite, like the Omanhene of Sekondi, Nana Kwabena Nketia IV, who became a staunch supporter of Nkrumah and was at one point imprisoned for his anti-colonial activities (Buah, 1998, p.159). Interestingly, it is his successor, Nana Kwabena Nketia V, who will later serve as the spokesperson for the Western Chiefs in their demand for ten percent of oil revenues to be applied to the region perpetually. In a sense, the important role played by the Western Region and its people, in the affairs of the Gold Coast, reached its peak in the run up to independence when the leaders of the two leading parties that ushered Ghana to independence, were from the Western Region. Alfred ‘Paa’ Grant, from Sekondi, who founded the United Gold Coast Convention (UGCC), the first independence party, was a very wealthy timber merchant, who had made his wealth even before the arrival of railways, and Kwame Nkrumah, an Nzema, who was employed by Grant as General Secretary of the UGCC, but later left to form the Convention Peoples Party (CPP). The region did maintain its significance as a source of revenue for various regimes, following the overthrow of Nkrumah
in 1966, but lost the leadership role it had enjoyed through the colonial period. Across various regimes (both military and democratic), from 1967 to 1981, it was represented in terms of the distribution of power and as part of efforts to build national coalitions, but was not given any special recognition by regimes. This remained the case, even in the 1980s, during the Economic Recovery Programme (ERP), when the Rawlings quasi-military government sought to revamp the cocoa, gold and timber industries, which repositioned the region as an important source of revenue for the recovery of the ailing Ghanaian economy (see: Hutchful, 2002). In spite of that, other ethnic groups dominated the PNDC, which ruled for 11 years. Out of the twenty-member PNDC, only Dr. Mrs Mary Grant, who incidentally was related to Alfred Grant the Founder of the UGCC, was from the Western Region. This pattern did not change significantly upon the return to multiparty rule in 1992. Data gathered by Abdulai (2012) shows that the Western Region was not significantly favoured, nor disadvantaged in the distribution of ministerial positions all throughout the National Democratic Congress (NDC) and New Patriotic Party (NPP) regimes from 1993-2009, compared to say the overrepresentation of the Ewes during the NDC period and the Ashantis during the NPP period. His work also shows that there was no representation of the Western Region in the bureaucratic leadership for the same period (ibid). Lastly, when oil was discovered in 2007, there was an active NGO-led social movement, advocating for reforms in the mining and forest sectors, in the region, and had secured some notable victories, particularly, improving the human rights situation in mining communities (Anyidoho and Crawford, 2014). However, the lack of accountability of chiefs in the management of mineral royalties created mistrust between the NGOs and traditional authority and weakened the potential of a social movement to respond to the challenges of an oil boom. I elaborate further on the factors that shaped the relative bargaining power of subnational elites in the subsequent sections.
4.2 The Ten Percent Case: Background

The formal announcement of the discovery of oil in Ghana in June 2007 triggered a flurry of governance processes. An Oil and Gas Technical Committee was immediately set up in the same month, coordinated by the Head of the Policy Coordination, Monitoring and Evaluation Unit based at the Presidency, the Technical Committee then established six Working Groups, including a Working Group on Fiscal Regime, headed by Professor Joe Amoako-Tuffour, a Professor of Economics from St. Xavier University in Canada and attached to the Ministry of Finance. He would later become instrumental in the design of the petroleum revenue sharing and management legislation. A national stakeholder conference was organised in February 2008, which brought together donors and International Oil Companies (IOCs), but largely excluded the bulk of civil society and opposition political parties. This led to a pre-conference workshop, organised by the Integrated Social Development Centre (ISODEC), a social development NGO, based in the capital, for other civil society actors, but which also attracted Members of Parliament (MPs) from the opposition NDC and International NGOs, like Oxfam and Revenue Watch. In July 2008, a draft comprehensive policy document on oil and gas began circulating in the ‘corridors of power’ and by October 2008, a Ghana Petroleum Regulatory Authority Bill had been submitted to Parliament as a comprehensive “walk through law” addressing all aspects of oil and gas exploration and production (Gary, 2009, p.39). As the wheel of formal national-institution-making-processes began to turn quickly, a more hybrid form of institutionalisation was equally moving at the same pace.

President Kufuor was due to step down as President by midnight 6th January 2009 having served the constitutionally mandated two terms. There was a general expectation amongst his potential successors that Kufuor’s record on the economy and the discovery of oil would guarantee the NPP ruling coalition victory in the upcoming 2008 elections, consequently, the
real contest will be at the party primaries and once a candidate succeeded in becoming the presidential candidate for the party, he was likely to become president. As such, by May 2007, eight cabinet ministers, including the President’s brother, who was Defence Minister, had resigned to go and openly campaign to be the party’s presidential candidate. At the ruling party’s primaries, in December 2007, as many as seventeen candidates contested for the position, which was won by Nana Akuffo-Addo, Kufuor’s Foreign Minister, in the second round of voting against Kufuor’s preferred candidate, Alan Kyeremanten, the Trade and Industry Minister. The top two candidates represented the strongholds of the NPP in the Eastern and Ashanti regions respectively (see Chapter 3). The main opposition National Democratic Congress (NDC), meanwhile, had chosen their candidate, John Atta Mills, who hailed from the Fanti speaking Central Region, which shared borders, history and language with the Western Region, two years before national elections, allowing the party time to resolve factional conflicts that emerged from previous elections and to unify the party (Gyimah-Boadi, 2009). It was in the context of the political campaign towards the 2008 presidential and parliamentary elections that this incidence of subnational-national bargaining over oil and gas resources began.

It is not certain whether the idea of allocating ten percent of oil revenues came from the Western Regional House of Chiefs (Western Chiefs), or was proposed by the NDC opposition in the run up to the 2008 elections. What is certain is that the idea was mooted at the meetings of the NDC Manifesto Drafting Committee, as an oil and gas policy intervention, and as a strategy to win the majority of the votes in the Western Region after the party consultations with elites in the region (Interview with ruling coalition politician, 16th July 2014). Despite significant opposition to this idea from within the party hierarchy, for fear that acceding to such a request from the region will trigger claims from other regions
with natural resources, like cocoa and gold, it was agreed that the risk was worth it since it could win the region for the party (ibid.). In pursuit of the campaign strategy the then Vice Presidential Candidate, John Mahama, publicly and privately made a promise to elites and citizens, during his campaign tour of the Western Region, that if the NDC was elected, ten percent of the oil revenues would be allocated perpetually to the region by way of a dedicated fund for development (Essel, 2008).

In the first round of voting, the NPP ruling coalition’s candidate Akuffo-Addo received 49.1% of the votes, while NDC’s Atta Mills received 47.8% of the votes cast. In the Western Region, the results were even closer, with Akuffo-Addo securing 47.6% and Atta Mills 47.1%. However, the NDC won the majority of the parliamentary seats in the region (11 out of 22 seats) during the first round of voting39. With no candidate securing the 50% + 1 vote constitutional requirement for the presidential election, the voting went to a second round featuring the two top candidates. Having won the majority of parliamentary seats nationally, and in key swing regions like the Western Region, the NDC had the momentum, going into the second round. In the Fante-speaking areas of the Western and Central regions, the party also capitalised on the ethnicity of its candidate, John Atta Mills, as the person who could be trusted with the management of oil resources that will benefit the region. This was significant, considering that the NDC had tried unsuccessfully to use the ‘native son’ (Gyimah-Boadi, 2001) and ‘son of the soil’ (Frempong, 2006) ethnic mobilisation strategies in the 2001 and 2004 elections respectively, in the Central and Western Regions. It appears, the lure of oil with its ‘fetishistic quality’ and the “bearer of meanings, hopes, expectations of unimaginable powers” (Watts, 2004b, p.203), combined with the real prospect of having a

39 Ghana’s parliamentary system is a First-Past-The-Post (FPTP) Westminster style system combined with an Executive Presidency.
‘native son’ at the helm of affairs, ensuring that the ‘indigenes’ benefited from oil resources, clinched the deal for the Atta Mills and the NDC after a third time of asking. In the final results, the region switched its support of NPP to NDC with Atta Mills securing 51.89% and Akuffo-Addo 48.11% in the Western Region. At the national level, Atta Mills won 50.23% of the vote, while Akuffo-Addo claimed 49.77% of the total votes.

The new NDC ruling coalition, on assuming office in 2009, was confronted with an economy that was largely cash-strapped, with an 11% budget deficit and an expensive public wage bill. It immediately went for a $300m loan from the World Bank to address short-term fiscal challenges that was to be disbursed in two tranches of $150m. The loan came with the usual WB conditionalities, which included some important governance triggers. The NDC agreed to submit the draft National Petroleum Regulatory Authority bill, the National Petroleum Revenue Management bill and a Right to Information Bill, all developed during the NPP regime, to Parliament by October 2009, so that it can access the second tranche of $150m (Gyampo, 2011, p.56). It however failed to meet the conditionalities, as progress on the legislations were slowed down by counter positions, amongst powerbrokers within the NDC coalition, on the question of establishing an independent body to regulate the oil sector (ibid., p.58). Constrained by the borrowing regime of the Bretton Woods institutions, the NDC had begun to look for alternatives. Discussions around a $3bn infrastructure loan from the Chinese Development Bank (CDB loan) had been ongoing and in December 2009, the Bank approved the loan to Ghana. This loan would subsequently become key in bargaining with Western Chiefs over the ten percent demand. The loan agreement was also consistent with China’s ‘Going Out’ strategy, which encouraged investments by Chinese companies, in the extractive sector, to deal with its energy security issues and highlights the importance of transnational dynamics in analysing resource governance outcomes (Mohan, 2013, p.1260).
This diplomatic strategy combined resource-seeking with market-seeking and some elements of aid, and driven by state-owned companies like CNOOC and SINOPEC (ibid., p.12). At the end of 2009, a political and technical decision had been made to separate the legislative process for oil revenue management, from the exploration and production regulatory bills (Amoako-Tuffour, 2011). Therefore, by the first quarter of 2010, public consultation on the revenue management law was underway, led by the Ministry of Finance and Economic Planning and Professor Amoako-Tuffour.

By the time the public consultations started on the revenue sharing regime in February 2010, it had been a year since the NDC ruling coalition took office. The Western Chiefs began to send subtle messages to the ruling elites to remind them of the ten percent promise. At one of the activities marking the centenary celebrations of Kwame Nkrumah, Ghana’s first president, at his hometown in Nkroful, in the Western Region, the then Vice President, John Mahama was reminded by the Nzema Chiefs of his ten percent promise, to which he responded to the effect that the Parliament of Ghana would take a look at it at the appropriate time. Mahama’s response gave the Chiefs an indication that the promise was going to be handled through the formal process of law making via Parliament. This was also the preferred channel for the chiefs, who wanted the ten percent to be formally institutionalised, to guarantee future enforcement and avoid a new ruling coalition violating the agreed ‘rules of the game’, in the event that there was a change in regime under Ghana’s highly competitive electoral system (Interview with Western Region Paramount Chief, 10th February 2014). At this point, the promise of the ten percent of oil revenues and subsequent discussions were largely informal. There were times that aides to the President even denied that John Mahama had made such a promise (Gadugah, 2010a). In spite of these informal processes of negotiation, both parties were keen to pursue the negotiations through formal institutions.
This was an important acknowledgment of both the ‘enduring’ and ‘constraining’ character of institutions (Bebbington, 2013; Poteete, 2009) and perhaps a suggestion that Ghana’s CCPS is more impersonal than earlier thought (see Levy, 2014), this interdependent relationship between politics and institutions is explored in more depth later in this chapter. In July 2010, the government formally laid the Petroleum Revenue Management bill (PRM bill) before Parliament. In August 2010, Western Chiefs submitted a petition to the Joint Parliamentary Committee on Finance and Energy (Gadugah, 2010b) and then at a public consultation on the PRM bill, in the Western Region, the matter was raised again, by one of the Paramount Chiefs (Chronicle, 2010). The Parliamentary Committee informally communicated to the Western Chiefs that their request was not going to be favourably considered and proceeded to lay their report before the full house for a national debate. On November 17 2010, the day of the Second Reading of the PRM bill, Western Chiefs literally ‘marched’ to Parliament to resubmit their petition, causing the Speaker to suspend proceedings and to refer the petition back to the Joint Parliamentary Committee. In addition to the demand for ten percent of oil revenues to be placed in a special fund, to be invested in the region perpetually, the Western Chiefs also demanded that people from the region should be appointed into all institutions set up to govern the oil sector, to ensure that their interests were protected. Prior to the submission of the petition to the Speaker of Parliament, the Western Chiefs held a press conference to articulate the contents of their petition and to justify their request before the nation (Graphic Online, 2010). Two days later, the Committee rejected the petition again, including the demand for representation on agencies overseeing the oil and gas sector (myjoyonline, 2010). Full debate on the bill began on 25th November 2010, but on 26th November 2010, four MPs from the opposition NPP, led by the MP for Takoradi, the capital city of the Western Region, filed an amendment motion to the PRM bill, seeking to establish a Western Region Development Fund and thereby keeping the issue and the formal process of
institutionalisation alive. As tensions begun to rise, with statements from Western Region elites justifying the demands and counter-statements from national elites condemning their actions, including some elites from the ruling coalition (Gadugah, 2010c), President John Atta Mills, ahead of an official ceremony to mark the first day of oil production in the Western Region, held a meeting with the Chiefs and some stakeholders, in December 2010 to encourage them to back down on their demands (Interview with Western Region-based business elite, 4th February 2014). Subsequently, the President of the Western Regional House of Chiefs announced that they were withdrawing their petition following the meeting with Atta Mills (Joyonline, 2010). The President had promised them that he would use the substantial part of the $3bn loan from China to develop the roads in the region and also build health and educational facilities. The formal process was, however, still ongoing in Parliament after several failed attempts to obtain a cross party position on the amendment motion filed by the MP for Takoradi and three others. The Speaker of Parliament, however, finally struck out the amendment, in February 2011, on the grounds that it had not originated from the President or his agent as required by the Standing Orders of Parliament and the Constitution of Ghana. This was a controversial interpretation; nonetheless it was in the power of the Speaker ‘sitting in the chair’ to interpret the rules, and in this case the Speaker was in fact the First Deputy Speaker of Parliament, Doe Adjaho, a senior member of the ruling coalition 40. It was clear, from the debate on the amendment, that the NDC parliamentary leadership was determined to prevent the amendment from being debated even though some backbenchers were indifferent to a debate taking place. On the other hand, the excluded NPP faction in Parliament was keen to force a debate on the ten percent demand, but was also worried about the backlash from other regions. The strategies of the NDC ruling

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40 The first and second deputy speakers of Parliament are traditionally appointed from the ranks of senior members of the incumbent and opposition parties’ members of parliament and are perceived as more partisan than the Speaker, who is often appointed from outside of parliament.
coalition and the NPP excluded faction, largely reflect the prevailing CCPS in Ghana and are discussed in more depth, later in this chapter. The rejection of the amendment motion and the passage of the Petroleum Revenue Management Act 2011 (PRMA) brought the formal negotiation to a close. There were a few Chiefs from the region who warned that they would continue to fight for the cause, but no further formal demands were made. The bargaining process led to a number of formal and informal institutional outcomes and they are as follows:

1. To ensure that there is no discretionary power to allocate funds outside of the ways prescribed in the law, Section 22 of the PRMA states:

   “Outside of the allocation of the Petroleum Holding Fund, extra budgetary activities or statutory earmarking of petroleum revenue for any consideration is prohibited.”

   This also ensures that in the future if, ever, any ruling coalition wants to grant the wish of Western Region elites for a separate fund, they will need to amend this section of the PRMA.

2. However, in Section 24, it allows for exceptional withdrawals from the Petroleum Holding Account, in three circumstances, two of which are related to compensation to communities closest to extraction activities. It states:

   (2) “Where petroleum operations are carried out on-shore, appropriate royalties shall be paid in accordance with relevant laws”.

   (3) “Where petroleum operations adversely affect a community, appropriate compensation shall be applied for the benefit of the community in accordance with the relevant laws.”

   These provisions reflect the acceptance of the principle, early on, by national elites that point-source resources generate externalities that adversely impact communities closest to the resource and therefore there is a need to compensate them. National elites therefore accepted
that issues to do with oil spillages, which affect the livelihood of fishermen, should be compensated (Parliamentary Hansard, 23rd February 2011, c.1431-1478). However, it was clear that in terms of royalties paid directly to communities, it would only apply when oil exploration is onshore, consistent with the rules that already applied in the mining sector. These positions are discussed in some details when the role of ideas is later explored in this chapter.

3. The outcomes also include the ‘semi-formal’ promise of applying a significant part of the $3bn loan agreed with the Chinese Development Bank for infrastructure projects in the Western Region, including the construction of a gas plant, an electronic surveillance system, a railway project linking the Western Region to the Ashanti Region and rehabilitating the Takoradi Port.

4. Lastly, the outcomes include the decision to accede to the request by the Chiefs to have individuals, hailing from the region, serve on institutions set up to manage oil and gas. Even though this was formally rejected by Parliament, the NDC coalition informally agreed to this demand. Thus two key oil sector positions were allotted to Western Region elites. They are: Emmanuel Armah Kofi Buah, NDC MP for the Ellembele Constituency in the Nzema area, as Deputy Minister of Energy and Petroleum and later substantive Minister, and Dr. Sipa Yankey, as CEO of the Ghana Gas Company. Prior to this, Ato Ahwoi, a senior member of the NDC had been made Chairman of the Board of GNPC and Awulae Attibrikusu III, President of the

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41 This arrangement is described as ‘semi-formal’ because the ruling elites do have formal discretion to allocate state resources, but within certain parameters like responding to a formal manifesto promise, implementing a national development plan, or a government project. In this case, it allowed ruling elites to implement a national plan of investing in the oil sector, but also to informally respond to the demand of the chiefs by using the formal plans as a bargaining chip.
Western Regional House of Chiefs, was also appointed a member of the Board of GNPC,

A number of questions arise from the forgoing. For example, why did the demand for the ten percent fail? What explains the mixed formal and informal institutional outcomes? To what extent does the configuration of power and power-relations in the Western Region account for the outcomes? What is the role of ideas in shaping the behaviour of actors and the emergence of institution, and with what implications for the politics of inclusive development? These are the questions that the subsequent sections of this chapter seek to answer.

4.3 Tracing the Subnational Political Determinants of Institutions

By the end of 2009 when Western Chiefs began to make subtle noises about the ten percent promise, the prevailing subnational political configuration at the discovery of oil had not changed substantially despite a change in the ruling coalition from NPP to NDC. The concentration of holding power still favoured elites with organisational holding power, as against those with economic holding power. This was quite visible in the composition of the local elite coalition that led the demand for the ten percent that was made up, primarily, of paramount chiefs and politicians. In fact, there were a few business elites involved in the ‘inner core’ of the group. For example, when President Atta Mills met Western Chiefs to convince them to back down on their demands, there was only one business elite present (Interview with Western Region-based Business Elite, 4th February 2014). This palpable absence and influence of economic holding power in the Western Region exists because the region lacks business people powerful enough, and with close ties, to ruling elites to influence decision. Moreover “they [the politicians] raise their own funds [to finance political activities] so they do not rely on them [business elite]”. (ibid.). It also reflects a deeper
problem with Ghana’s CCPS, which lacks the presence of domestic productive capitalist class, with influence on the ruling elite, to drive developmental outcomes (Whitfield et al., 2015). This is inextricably linked to another important feature of the subnational political configuration, that is, the economic autonomy of local elites in relation to the state. It is apparent that a significant number of elites, who can ‘cause trouble’, in the Western Region are also reliant on the largess of the state. For ruling coalition politicians, this is almost absolute, as their roles as political party executives at both regional and district levels or mayors, ensures that they get access to a number of patronage resources, as well as economic opportunities from state contracts. Informally, Paramount Chiefs are also beneficiaries of state patronage, but also formally receive some sort of stipends for their upkeep, which makes them largely reliant on the state. Though it must be noted that there is a distinction between coastal and forest chiefs, in the extent of their economic autonomy or absence of it. The chiefs in the forest areas do have access to mining royalties, which provide them with some autonomy from the state. Presently, the centre-local minerals revenue sharing formula, now governed by the Minerals Development Fund Act 2016, transfers only 9% of mineral royalties, to the subnational, 91% goes to central government and mining regulatory agencies. Forty-five percent (45%) of 9% is shared between the relevant stool (25%), for the upkeep of the stool and the Traditional Council (20%). So most chiefs from the forest areas can rely on these royalties, from minerals, in addition to the compensation they get from selling stool lands, which is managed by the Administrator of Stool Lands and follows a similar revenue sharing structure like the Mineral Development Fund. Though coastal chiefs have access to landed resources, they have not been able to exploit it in the same way that forest chiefs have done. A political elite, from the coastal part of the Western Region, offers an explanation for this disparity. He notes that, for example, “…Essikado stool land (which sits in the Sekondi

42 The fund used to be governed by an Executive Fiat, promulgated during the Rawlings era in 1993.
area) has been taken over by railways, while Sekondi Traditional Council [land] [has been taken over by] the fishing harbour [therefore] we have chiefs who have no power” (Interview with a senior opposition politician from the Western Region, 30th June 2014). The lands in the Sekondi-Takoradi area, which used to be a major administrative and commercial centre, in the colonial and immediate post-independence Ghana, has been the subject of a number of compulsory acquisitions by the state for several large public projects like the harbours and railway development, as such, it has depleted the main source of wealth for chiefs in the area, which is the selling of family and stool land. The Chiefs’ lack of economic autonomy in this case is best exemplified in the fact that it took a contribution from politicians in the Western Region to finance their trip, to Accra, to submit the petition to parliament and hold a press conference (Interview with the Western Region elites). It must, however, be noted that the Chiefs did perceive this contribution from politicians as a way of demonstrating commitment to the cause, though without the contribution, it was very unlikely that the trip would have taken place, reinforcing the importance of economic holding power to the ability of elites to mobilise in the region and partly why elites struggled to sustain their mobilisation, in this case.

The dominance of organisational holding power and the lack of economic autonomy was compounded by the ‘thinness’ of social control. Though, as Chiefs, they do have power to mobilise rural citizens to ‘cause trouble’, largely because of shared beliefs, economic dependence on rural land controlled by Chiefs and legitimacy (Boone, 2003; also see Logan, 2008); several of the chiefs, particularly from mining areas, had credibility problems and could not be trusted to govern oil revenues for the benefit of the majority of people. In fact, the majority of NGOs, who had been working on mining reforms and issues over a number of years, rejected the call for the ten percent when they first heard it in the media, and on some
occasions even countered the arguments of the Chiefs (Interviews with NGO Elites). The Chiefs were perceived to have mismanaged royalties from land and minerals and used them for their own personal welfare, rather than hold them in trust for people and apply them for their benefit (Interview with NGO Elite, 21st January, 2014). Chiefs could, however, mobilise some of the traditional organs of the chieftaincy institution, like the Asafo groups, but could not mobilise NGO groups who in turn had the capacity to mobilise citizen groups at the grassroots level. The political party elites had a different problem in terms of their ability to mobilise citizens. They could mobilise party grassroots, but because it was along partisan lines it made it difficult to mobilise substantially, to challenge national elites without getting a counter mobilisation from political opponents within the region. In addition to these weaknesses, there was a weak social movement around the agenda to alter the revenue sharing arrangement for oil. At the discovery of oil in 2007, it could be argued that there was a strong social movement that brought mining communities, NGOs working on extractives, some Chiefs and bureaucrats, together to push for a change in the mining law. One main result of years of advocacy was to amend the revenue sharing arrangement for communities, via the establishment of the Minerals Development Fund and also through the amendment, of the Mining and Minerals Act 2010, to change the royalty rate from a variable 3-6% to a fixed 5% rate. Some key principals and organisations, from this social movement on mining, transitioned into the Civil Society Oil Platform on Oil and Gas, which became the principal focus of civil society engagement in the development and passage of the petroleum revenue management law (Gyimah-Boadi and Prempeh, 2012). The social movement was stronger at the national level, but weak at the subnational level. The weakness of this social movement, on extractives, seems to lie with the long-standing disconnect between national and local NGOs, the bureaucratisation of NGOs and a turf war between national and local NGOs that emerged, following the discovery of oil. Notwithstanding its weaknesses, both the mining
reform social movement and later the CSO Oil and Gas Platform were not mobilised by local elites to press the case for the ten percent. The only strong feature of the political configuration of the Western Region was the growing importance of the region as an election swing region. Voters in the Western Region had shifted their support from the NPP to the NDC in the second round of voting, in the 2008 election, ensuring the narrow victory of John Atta Mills by 0.43% in the national elections. The NDC also secured the majority of parliamentary seats in the region. National elites were very conscious of the fact that the Western Region had become an important region in securing a victory in national elections. As one ruling party political elite informant confirms “… since 1992 nobody has won the popular vote without winning the Western Region, whoever won the region was in pole position to win the popular vote” (Interview, 16th July 2014). The combination of these features determined the relative bargaining power of local elites, in relation to national elites as “Weak Allies”. The support of key elites, particularly, paramount chiefs of the ruling coalition and the majority of votes, given to the NDC during the elections in the region, made them allies of the ruling coalition. However, as allies they did not have the political configuration to really threaten the national elites and force concessions in their favour. Though they possessed the most important factor to national elites, that is, the importance of the region to elections, they lacked the other features, like a higher concentration of economic holding power and economic autonomy, thick social control and a strong social movement to enhance the ability to ‘cause trouble’ during the bargaining process.

Even as local elites were assessing their bargaining power, they also had one eye on the prevailing political settlement. The Chiefs were aware they were operating in a highly

43 From interviews with a number of elites in Western Region, key paramount chiefs in the coastal areas of the Western Region were known to be sympathetic to the ruling coalition while a few were aligned to the NPP excluded faction.
competitive and clientelist multiparty environment where institutions were generally weak, and the ideas of Ghana as a unitary state that should be protected from ethno-regional claim-making, were jealously guarded by national elites. One traditional elite puts the intense partisan political environment in its crudest sense: “partisanship destroys, they [the people] only listen to you if you have a partisan flag. Even if you go to ‘use the gents’ somebody will come and look at the colour to see if it’s green or brown” (Interview, 8th February 2014). This dual assessment of the subnational political configuration, and the prevailing political settlement, shaped the strategies of both local and national elites and influenced institutional outcomes, with implications for inclusive forms of development.

The prevailing subnational political configuration and political settlement affected three aspects of local elite strategy that is, mobilisation, method for negotiation and content of negotiation. First, in terms of mobilisation, Western Chiefs felt that to overcome the debilitating partisanship that stifled the dispassionate discussion of development issues in the country, they needed to get bi-partisan support for the ten percent demand. As such there was a conscious attempt to get the support of politicians from both the NPP and NDC, the two dominant parties, including former ministers of state or mayors. Additionally, in order to reduce partisanship of the issues, there was an agreement that the Western Regional House of Chiefs should be the face of the campaign. To some extent, the payment of money to support the campaign was seen as part of the strategy of getting the commitment of politicians, in spite of the leadership of chiefs, though, as I have argued earlier, it also reflected the absence of the economic autonomy of local elites. Secondly, it affected the method for bargaining. Western Chiefs were fully aware of the constraints that prior institution building posed, but also, the opportunities offered by the ‘locking in’ mechanism of institutionalisation (see Bebbington, 2013). Therefore, they deliberately chose the formal mechanism of pushing for
the ten percent demand to be included in the ‘rules of the game’ that was being negotiated in parliament and also to pursue it through the submission of a petition to the relevant parliamentary organ responsible for considering the proposals. It also affected the timing of their submission and advocacy, which was intensified at various times when the parliamentary committee, considering the PRM bill was sitting, or the full House of Parliament was looking at the bill. It is important to note here that the Chiefs also pursued a semi-formal process of institutionalisation by engaging much earlier in the manifesto preparation processes of the parties, as another way of ‘locking in’ national elite commitment. Though the commitment did not go into the final formal manifesto, the use of the commitment for the 2008 electoral campaign by the NDC suggests that local elites were still able to obtain some form of ‘lock in’, which allowed them to pursue its implementation later. Lastly, the awareness of the prevailing ideas around the natural resource revenue-sharing, linked to the preservation of the unitary state of Ghana, also affected the content of the demands made. Western Chiefs agreed on the ten percent figure, because they believed that even if they received a backlash from other elites in other regions and national elites nobody could argue against the principle of equality and fairness. Ghana had ten regions and so if the revenue were shared among the ten regions, every region would get ten percent.

National elites also responded to the subnational political configuration, the prevailing political settlement and the strategies of local elites, in a number of ways. From the beginning, they had engaged with local elites informally, aware that acceding to such a request was politically risky, because of the intense political competition and the need for them to garner votes, from every region, to win the elections. They did not want to antagonise other voters, in other regions, who had abided by the previous natural resource revenue sharing arrangements. So it appears the campaign message of a promise of ten percent was
only pushed in the Western Region and not in other regions, like Volta Region, where there was ongoing onshore exploration. Once in government, that strategy seemed to change to a more formal process of negotiating, with the then Vice President John Mahama, signalling that the matter would be decided by Parliament. The Ruling Coalition then used its leadership of Parliament, through the Speaker and its majority in Parliament, to block the inclusion of the Western Development Fund that would have granted a dedicated mechanism for financing development in the Western Region. However, this was done with sensitivity as it tried to find ways to negotiate with the NPP excluded faction, to reach an amicable settlement through the usual process of winnowing. For example, the Speaker, on advice of the Majority and Minority Leaders, postponed the proposed motion to amend Clause 23 of the PRM bill that would have allowed for the establishment of a dedicated fund for the Western Region, several times (Parliamentary Hansard, 2010, 2011). It also deployed the prevailing ideas of Ghana as a unitary state and the need to preserve the existing natural resource governance arrangement, to fend off the demand. It was only when it became apparent that the strategy was not enough to appease Western Chiefs and their allies that ruling elites returned to the informal process of institutionalisation, to reward key elites aligned to the party and use that to reassure local elites and citizens, in the area, that their interests would be protected, even if it was not formally instituted. This was also facilitated by the progress the ruling coalition had made in securing the $3bn CDB loan. Apart from the strategies of local and ruling elites, the prevailing political settlement and subnational political configuration also shaped the bargaining space for the excluded NPP faction. The role of the NPP excluded faction, in this case, provides some important insights into how the horizontal relationship, between ruling elites and the excluded faction in a CCPS, shapes institutional outcomes.

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44 Winnowing is a process of reducing multiple amendments to a bill to a few before being tabled for adoption, or vote, during parliamentary debates. Winnowing will often be done at committee level, or by a small group of the leadership of parliament.
Khan argues that institutional outcomes are partly shaped by the horizontal and vertical relationship between the ruling elite and excluded factions and the ruling elite and lower-level factions respectively, in a clientelist political settlement (2010, p.75). If excluded factions are strong in the horizontal relationship, the ruling coalition become vulnerable as they have a short time horizon in terms of staying in power. As a result, they tend to look at short-term policy options with the ultimate aim of holding on to power. In a CCPS, there are multiple excluded factions who are free to organise other lower-level factions, excluded from the ruling coalition, but also tempt ‘included’ factions to leave the ruling coalition; “voting in these systems [becomes] a test of relative factional strength” like in the case of Thailand (pp. 67-68). In his analysis of the evolution of the political settlement in Thailand, Khan notes that during Thailand’s period of transition from an authoritarian coalition to a CCPS, from early 1970 to mid-1970, business elites became increasingly important to the “setting up of winning coalitions” and were, therefore, courted by excluded factions (pp. 79-82). In Ghana, since the return to multiparty competition in 1992, excluded factions have been progressively free to organise lower-level factions and have been very successful, leading to two incumbent turnovers. The NPP excluded faction, at the time of the ten percent demand, was attracting lower-level factions from the intellectual, business and professional classes and largely seen to be liberal democratic and more pro-market than the ruling NDC (Whitfield, 2009). It also relied heavily on its Akan ethnic base, in an alliance with some northern ethnic groups (Asante and Gyimah-Boadi, 2004; Fridy, 2007; Morrison and Hong, 2006). After eleven years of PNDC quasi-military rule and eight years of NDC rule, the NPP was able to wrestle power from the ruling NDC, in 2000, after a second round of voting. In the Western Region, the NPP candidate, John Kufuor, secured 60% of the total votes, though the party was able to win only 8 out of 19 parliamentary seats, with the NDC holding on to 10 seats and the
Convention Peoples Party (Nkrumah’s independence party) winning a single seat. In the next election, in 2004, President John Kufuor secured 56.64% of the votes cast in the Western Region, while Atta Mills, as candidate for NDC opposition, secured 46.89% of the votes. NPP increased their parliamentary seats to 12 while the NDC lost two seats, with the CPP picking up two seats. Consistent with previous patterns of voting, the NPP won all the seats in the capital, while most of the coastal seats were shared between the CPP and the NDC. The NPP also won most of the forest and mining areas bordering the Ashanti Region, which is the party stronghold. As noted earlier, in 2008, the NDC regained some of its seats and increased its total to 11 seats, with the NPP losing two seats. So for the NPP excluded faction, the ten percent demand provided an opportunity to mobilise lower-level factions, who were displeased with the NDC for not fulfilling its commitments; with an eye on building a winning coalition for the coming 2012 elections. However, the prevailing CCPS meant that it faced some of the same constraints as the ruling coalition. It still needed to ensure it did not antagonise its stronghold in the Ashanti and Eastern regions, where gold and cocoa revenues had been centralised and reallocated, to support developments in other regions. It could however take that risk since it was trying to win the election just as the NDC had done in 2008 by promising the Chiefs and people ten percent of oil revenues. In terms of the subnational political configuration, there were fewer constraints because the NPP was on the side of Western Chiefs, but it could not count on the ruling party local elites to be fully committed to mobilising against the ruling elite if they did not accede to the demands. They were also aware that politically, they drew their support from the Ahanta and Fante areas and some of forest areas, but did not have the support in the Nzema areas and other forest areas. The extent to which the prevailing political settlement, and the subnational political configuration, shaped the NPP political strategies is best exemplified in their parliamentary
strategy, during the debate over the PRM bill and particularly around the proposed motion to include the establishment of a Western Region Development Fund in the law.

Prior to 26th November 2010, when the above-mentioned motion was filed, the NPP excluded faction, largely led by MPs from the coastal Western Region area, including the MPs for Takoradi, Sekondi and Essikado, were very vocal on the need to support the demands of the Western Chiefs. For example, they attended the press conference held by the Chiefs in Accra. Most of these MPs had also been in private meetings to strategise on the campaign, and had contributed money and other resources towards the cause (Interviews with Western Region elites). After the Parliamentary Committee on Finance and Energy had rejected the petition from Western Chiefs, on 19th November 2010, a motion to amend Clause 23 of the revenue management bill was filed by four MPs of the NPP. Clause 23 of that bill prohibited any form of earmarking of oil revenues, outside of the funds established under the bill, which included the Heritage and Stabilisation Funds as well as the Annual Budget Funding Amount, which went to support the central budget. To deal with the challenge of not antagonising their stronghold in Ashanti, they clothed the proposal with a national character by carefully choosing the four co-sponsors of the amendment motion. They included the MP for Takoradi, the Deputy Minority Leader and MP for Bimbilla, a northern region constituency, the MP for Manhyia, in the Ashanti Region and the Deputy Minority Chief Whip and MP for Tarkwa-Nsuaem, a mining constituency in the Western Region. The two MPs from Ashanti and Tarkwa represented the interests that could potentially make a claim if the Western Chiefs claim succeeded. The MP from the North represented some of constituencies that stood to benefit from maintaining the status quo of the revenue sharing agreement since they were less endowed with natural resources. The argument was that the existing ‘rules of the game’, around natural resource revenue distribution, disadvantaged natural resource producing
regions and needed to be reviewed by starting with oil. (Interview with Western Region political elite, 30th June 2014). The new ‘rules of the game’, the NPP was seeking to introduce was to ensure that the receipts of revenues could be properly tracked and accounted for, and to limit the discretion of the executive in spending it. As such, transparency and accountability clauses were their principal concerns. The amendments, thus, sponsored by the NPP, dealt with clauses on the content and format for reporting on receipts of revenue, creation of funds, withdrawals from funds, investments of funds, transfers into funds, expenditures, and so on. The NDC majority was not necessarily averse to setting up new transparency and accountability mechanism, but was more interested in ensuring that the Executive had enough latitude and discretion to receive and utilise monies as was necessary. It is in this context that the debates around the creation of a separate fund for the Western Region took place. After postponing the ruling on the amendment several times, the First Deputy Speaker of Parliament, a senior member of the NDC, who sat as Speaker for almost the entire debate on the PRM bill even though the substantive Speaker was available, ruled on 23rd February 2011 that the motion could not be admitted for discussion because it breached Article 108 of the Constitution and 122 of the Standing Orders of Parliament. Front Benchers of the NPP in Parliament, including the Minority Leader and the MPs for Sekondi and Essikado in the Western Region, led a spirited debate to persuade the Speaker otherwise, but to no avail. Following the non-admittance of the motion, the MP for Takoradi vowed to continue to pursue the matter, but the rest of the NPP leadership took a more conciliatory tone, perhaps aware that there was less public support for it, a matter that will be discussed in the next session, looking at the role of ideas in directing the actions of actors in the case. In essence, the three key principals in the bargaining space, that is, local elites, ruling elites and the NPP excluded faction, were all influenced by the prevailing subnational political configuration and political settlement, in selecting their strategies for handling the ten percent
demand by Western Chiefs. The key remaining questions are the extent to which the outcomes in this case can be partly explained by ideational factors and the implications it has for the politics of inclusive development.

4.4 Accounting for Ideas in the ‘Ten Percent’ Case

To what extent do ideas explain the institutional outcomes in the present case? To answer this question, there is a need to briefly revisit the framework in Chapter 2 and how ideas are to be tracked.

Flowing from the critical realist perspective employed in this thesis, the extended political settlements framework discussed in Chapter 2, hypothesises about the ways in which ideas may shape political actions. In the framework, ideas as “causal beliefs held by individuals or adopted by institutions that influence their attitude and action” (Emmerij et al., 2005, p.214, cited in Beland and Cox, 2010, p. 4) are conceptualised as constitutive of the both the operation of the subnational political configuration and the prevailing political settlement. Each of the elements driving the determination of the relative bargaining power of subnational elites, that is, the concentration of holding power, extent of control and autonomy retained by local elites and the strength of social movements, all have elements of ideas embedded in them. At the onset of a resource boom, it is expected that social actors will draw on, or will be influenced by, these ‘embedded ideas’ to construct new ideas or maintain existing ideas around resource governance. Analytically, therefore, there are a number of very intricate dynamics that need to be taken into account. Bebbington sets the task by arguing that, “an adequate account of changes in the institutions of natural resource governance must explain how such mobilisations, coalitions and policy networks emerge in the first instance, how they articulate with existing institutional arrangements, and how they
are translated into final effects that they ultimately have” (2013, p. 10). This proposal sits well with the way in which ideas are conceptualised in this framework, but it demands more in terms of the interplay between ideas and interests, where “identity, ideas and intra-coalitional dynamics must bear more of a causal burden than incentives” (p.9). In the following section, the characteristics and internal dynamics of the coalition, which emerged to campaign for the ten percent of oil revenues for the region, are highlighted. The section then looks more closely at the ideas that emerged and how they were framed and the extent to which it influenced the institutional outcomes discussed earlier.

In the present case, it was very difficult to establish whether the group that emerged in the Western Region, to demand for ten percent of oil revenues, was a ‘social movement’ or some kind of a ‘politico-social coalition’. According to Bebbington et al., a social movement refers “to processes of collective action that are sustained around perceived injustices, and that constitute a pursuit of alternative agendas” (Bebbington et al., 2008). The only missing ingredient in the Western Region group was the short time span of the existence of the group, which was subsequently incorporated into the institutional processes of the Western Regional House of Chiefs. For the purposes of this thesis, it can be considered as a loose coalition. It is also difficult to establish distinctly when the coalition emerged because a number of informants struggled to recollect specific dates of events and activities. What could be established is that the coalition emerged sometime after the 2008 elections. There was a variant of it, which was dominated by businessmen, some politicians and a few paramount chiefs mostly from the coastal part of the region seeking to benefit from the oil discovery in 2007, but fizzled out. The coalition that emerged in 2009 was driven by the same agenda of ensuring that the broader region could benefit from the discovery of oil. It was however dominated by Chiefs, politicians from both the ruling NDC and opposition NPP parties in the
region, including former politicians and a few businessmen, but no civil society actors at all. Initial meetings were held at the home of the Paramount Chief of Essikado, Nana Kwabena Nketia, who later became the spokesperson of the coalition, subsequently, the meetings were held at the Regional House of Chiefs offices in Sekondi. The group struggled from the beginning to keep members committed to the cause, creating a lot of discord. That feature of the internal dynamics was directed by two main issues, which had been alluded to earlier. First, the group brought together local political elites, who were extremely suspicious of each other’s parochial agendas and also suspicion of where members’ political allegiance truly lay, in spite of the public commitment to the region. Ruling party politicians were suspicious of the NPP excluded faction taking advantage of the coalition, to make the ruling party unpopular, so it could gain advantage in future elections. An NPP opposition party politician sums up the discord within the group, particularly, when the opposition decided to pursue the matter further at Parliament after the ten percent demand was rejected by the parliamentary committee, “… there was worry that by taking our position we were seen as partisan and our NDC friends fuelled that, even though when you talked to them in private they supported the idea” (Interview, 30th June 2014). At the same time some members of the coalition from the ruling party felt uncomfortable challenging their party position on the matter publicly. As one ruling party politician remarked “the chiefs know I am in government and I will take a government position’ (Interview, 21st May 2014). Other informants further noted that in all the public activities of the group, ruling party politicians did not participate or make public statements on the matter. The second factor that drove discord in the group was the perceived differences in the stake of individual members within the group. Coastal chiefs, in particular, felt strongly that oil resources belonged to the coast since forest chiefs have never shared gold mining royalties with the coastal people. And beyond that there were ongoing rivalries amongst chiefs in the coastal parts of the region in terms of who should have more
prominence in the dealings with the state. As an NGO Elite aptly captures; “we were trying to do a workshop for the [Regional] House of Chiefs, but we were warned that the House of Chiefs are divided into two groups with Nana Nketia and his group and then Awulaa Adjaye” (Interview, 22nd February 2014). Nana Nketia represented the Fanti/Ahanta part of the coast, while Awulaa Adjaye represented the Nzema side of the coast. But there were also rivalries, even between the Nzema chiefs, as well as suspicions of different party sympathies amongst the chiefs. Nana Nketia was perceived as sympathetic to the NPP, and the Nzema Chiefs, apart from Awulaa Adjaye, were considered to be on the side of the NDC ruling party (Interview with Western Region elites). These differences in political allegiance and identity, as well as pre-existing rivalries, weakened the coalition during the bargaining process. It did not, however, affect the consensus that emerged around the ten percent demand or the narratives employed by the coalition.

It cannot be established with any certainty how the idea of the ten percent of oil was conceived, or who conceived it, however, there were three claims as to the origins of the ten percent demand. The first was a claim by paramount chiefs who stated they had discussed this at various meetings privately and also at the Regional House of Chiefs meeting without any particular chief laying claim as the originator. None of the traditional elites interviewed mentioned any interaction with the NDC-excluded faction, in late 2008, during the preparation of the party’s manifesto though they acknowledge clearly that the promise was made to them privately and publicly by the then Vice Presidential Candidate John Mahama. The second version reinforces part of the first version of the story, that the NDC held meetings with stakeholders in the Western Region, when it was preparing its manifesto and this was a demand by stakeholders (including chiefs), who wanted the party to include it in the manifesto. The third version is that, the idea was suggested by a Western Region-based
political elite at a public forum (Interview with Political Elite, 30th June 2014). The first two versions seem to reinforce each other and therefore seem more plausible, moreover, the recollection of dates of events proved difficult for a number of informants, making it challenging to sequence events and allow for process tracing. In such cases, triangulation was used using newspaper accounts to fill in the gaps. It appears that during the campaign period, when the ten percent was articulated, it did not attract any attention outside of the newspapers that reported it. It is possible that this was because it was largely pursued informally by the NDC and not formally entered into the party’s manifesto. It only started attracting public attention when the Western Chiefs started raising it formally at public events attended by national elites. It is at this point that a narrative, explaining why the Chiefs were demanding the ten percent, began to accompany the articulation of the demand. The decision to propose ten percent of oil revenues was deliberate. Coalition members were aware that the proposal was seeking to alter the existing natural resource revenue sharing arrangement, so proposing that figure was meant to placate the other regions like Ashanti, who may feel that that they had been short-changed all these years and also to make it easier for national elites to sell it to the general public. A paramount chief shed some light on this strategy: “we could have gone higher than ten percent, but we considered all the factors, including economic, and being fair. It was not just about picking a percentage; we looked at the other funds like the heritage fund and others in the draft PRM proposal. We wanted to go for 15% initially” (Interview, 8th February 2014). This insight further strengthens the way in which the operation of ideas has been conceived in this framework. Social actors in this case, though constrained by the embedded ideas and institutionalisation, as well as the emerging ideas and institutions around the PRM, used the limitations to frame and construct new ideas about the new institutions.
The framing of the ten percent demand, which constituted the narratives, were motivated by a number of factors. First, the failure of gold mining to improve the welfare of citizens, in the region and to develop mining towns was so visible for all to see. A common example, cited by a few informants was the town of Tarkwa, where gold has been mined since 1935 and currently operated by Goldfields, one of the largest gold mining companies in the world since 1963, and yet the town remains underdeveloped. The impact of mining is often compared to the Witwatersrand goldfields in South Africa, which was discovered around the same time as Tarkwa and largely financed the development of Johannesburg, the commercial centre of South Africa. This comparison was not lost on a member of the coalition. He notes, “take a case study of Tarkwa, the same resources as Johannesburg in terms of when gold was started and the quantity, though Johannesburg was a little higher, but compare the state of development in Johannesburg today, so we wanted to take the necessary measures to avert some of these problems” (Interview with Western Region Paramount Chief, 8th February 2014). Secondly, coalition members were also motivated by the neglect of the region in terms of infrastructure development and in spite of the common fact that the region is the largest contributor to GDP. The Western Region is the largest producer of cocoa, the second largest producer of gold, largest producer of manganese and a number of other minerals as well as other natural resources like timber and rubber. Yet the region had a very bad road network even from cocoa growing areas. Therefore in summary, the narrative that emerged was as follows: the Western Region is deprived in spite of its contribution to the national economy this is evident in the poor infrastructure in the region, particularly roads, and we do not want a repeat of the negative experiences we had with gold mining.

This was a narrative of neglect, inequity and unfairness that needed to be remedied with affirmative action. Coalition members were thus drawing on the embedded ideas of natural
resource governance around gold mining and how that had failed to improve the wellbeing of citizens in the region to frame their ideas. It also specifically pointed out to the most obvious and visible example of that neglect, which was the poor quality of the road network in the area. These motivations then shaped the content of the demand and, in a way, legitimised it. This is consistent with the observations of Hagmann and Peclard, who argue that social actors use ‘symbolic repertoires’ to promote their interest and mobilise support by “referring to existing, and by (re-)inventing repertoires that legitimise their exercise of the quest for political authority” and “to defend and challenge existing types of statehood and power relations” (2010, p.547). This was not just an elite sentiment, an Afrobarometer survey conducted by the Ghana Centre for Democratic Development in 2012, after the demand for the ten percent had been formally rejected, suggested there was a lot of public support in the Western Region for ten percent demand. The bar chart below shows an analysis of the responses to two statements, whether a dedicated fund should be set up for oil resource regions, or by setting up such a fund, it will lead to more regional inequality, disaggregated by region:

The chart above shows that the majority of Ghanaians (53%) strongly agreed, or agreed with statement two that creating dedicated funds will widen regional inequality. However, a significant minority (41%) was sympathetic to statement one. More importantly, at regional level, a significant majority of respondents (65%) in the Western Region supported statement
one with about a third of respondents in that region supporting statement two. Also important
are the attitudes of respondents in the Volta and Central Regions, where onshore and offshore
oil exploration is currently underway. In both those regions, a majority of respondents 64% and 61% respectively (just like in the Western Region) supported statement one. The lowest
support for statement one was recorded in the three Northern Regions, who were less
endowed with natural resources and stood to benefit more from the status quo of institutional
arrangements. If the data is analysed further, by disaggregating to district levels for the
Western Region, in particular, it throws up another important insight. The chart below shows
the distribution of responses by selected districts in the Western Region sampled in the
survey:

From the chart above, there is strong support for statement one, from most of the coastal
districts, with Essikado-Ketan recording as high as 90%, as well as in the Nzema districts of
Jomoro and Nzema East. The lowest support for statement one comes from forest and mining districts of Wassa Amenfi, Tarkwa and Mpohor. This reinforces the differences between coastal and forest identities and attitudes which impacted heavily on internal dynamics of the coalition.

This framing of the ten percent idea as a demand for a ‘legitimate affirmative action’ did however receive the desired response from national elites. National elites became extremely sensitive in their discussion of the ten percent demand from the Region. A number of public statements, by President John Atta Mills, Vice President John Mahama and senior members of the party, all acknowledged that indeed the Western Region has been neglected in terms of infrastructure, in spite of its contributions to the national economy, for decades. As one ruling party politician stated: “I must say that Western Region has served Ghana very well because they have been the food basket of Ghana, but remain one of the five poorest [regions] so we needed to make some of these concessions and interventions” (Interview, 16th July 2014). They were nonetheless worried about the remedy that local elites were demanding and began to push a counter idea. The counter idea was not to alter the existing framework for sharing natural resource revenues, as it pertains to mining, but to rather extend that framework to oil revenues. This was accompanied by a process of framing, which can be summed as follows: we acknowledged that the Western Region has not been treated fairly and the state must do something about it but not in the form being proposed. This is because acceding to the ten percent demand will set a dangerous precedent and trigger claims from other regions, which will undermine national cohesion and political stability.

Local elite informants noted that they were repeatedly told this was the concern. As one paramount chief explained:
“we got opposition from government and people from other regions. They were afraid that it will spread to other regions and [that] we will also benefit more, because we were the highest producers of cocoa, rubber and other natural resources. They were afraid, they thought that if they gave us that first option then it would set a precedent” (Interview, 8th February 2014).

In essence, there was a feeling amongst local elites that some national elites were campaigning against the ten percent demand, because they did not have as many natural resources in their regions as in the Western Region and a change in the rules would place them at a disadvantage. Furthermore, national elites also included in the framing that the best forum for addressing the request was at the forum of the people in parliament. In essence, this was not a decision that could be taken by the ruling party alone, but by the whole nation. It is a form of discourse that serves as a processing mechanism for competing ideas about political action that shapes institutional outcomes (Schmidt, 2008). Granted that in terms of institutionalising this process it was the formal thing to do, but the party knew that before it went ahead to make the promise in 2008. It was when the pressure was mounting, that reference was made to the existing processing of policy-making. As I have indicated, Western Chiefs actually preferred this process of institutionalisation, which they believed would secure their interest for the future. More importantly, national elites also drew on the embedded ideas within the prevailing political settlement, to fend off the proposal to change the rules. During the parliamentary debates in late 2010 and 2011, several front benchers of the ruling party, and even some from the opposition NPP, reminded other MPs of the current rules governing gold mining. A good example of this framing is the debate around the question of whether or not communities along the coast should receive royalties in addition to compensation. Joseph Aidoo MP had tabled a proposal to amend Clause 23, to allow for royalty payments to be extended to offshore oil exploitation (Parliamentary Hansard, 23rd February 2011, c1444-1479). The draft PRM had proposed that, only, in cases of onshore oil exploitation the state should pay royalties to land owners as was done in mining. This
proposal seems to have been supported by both sides of the house and in spite of support from a few MPs, from the Western Region, he was forced to withdraw his proposal (ibid).

At the end, national elites were successful in fending off the demands of Western Chiefs, though they made other concessions to appease them. But was it their ideas, about securing the unitary state of Ghana by preventing ethnic claim-making, that drove their staunch efforts to block a discussion of the proposal during the parliamentary debates, or was it the material motivations of maintaining power and control over natural resources? The evidence suggests the latter, at least in respect of the rejection of ten percent demand and the informal concessions that were made to keep allies in the region happy. As stated earlier, the NDC was well aware of the prevailing ideas of securing the unitary state of Ghana, in 2008, in the run up to the elections. It considered the risk that implementing the ten percent demand can lead to claims, from other regions, which could threaten peace and stability. However, it still went ahead to make the promise, because as an opposition party it was less risky if it lost and only risky of it won. Once it had won power and it had to govern, the risk became more apparent and threatened the prevailing characteristics of political settlement, including the centralisation of power and public resources, which relied largely on natural resource rents. Acceding to a new change in rules also threatened the loss of votes in other regions, which mattered in a competitive electoral context like Ghana where every vote counted. That driving factor, for a change of strategy of the ruling elite, is well captured in the statement of a ruling party politician below:

> At the time [2008] since we were not in power, we thought that we could consider that option [the 10%]... I remember there were heated debates because we were worried that other regions, who also had natural resources, were going to make claims but we thought that if there were 10 regions and they were asking for 10% it was quite reasonable. ... However, we won the elections and came into government, we then had the opportunity for some trade-offs and discussions with opinion leaders. There was a view inside the coalition that if we don't watch it, other people with cocoa, gold will
say give us 10% and so people were quite worried that we will end up setting a precedent. (Interview, 16th July 2014)

It is much more difficult to isolate the dominant influences in terms of interests and ideas in the outcomes around compensation, for communities close to oil exploration and production activities. It is clear that national elites had conceded the point that the region had been neglected, and agreed that at the minimum there was to be affirmative action. This concession was not by any means new apart from the fact that it was being applied to oil. In the mining sector, communities are to be compensated for pollution of water bodies, degradation of land resources and loss of livelihood. So this did not in any way threaten the status quo. It satisfied both the interest and ideas of national elites. Additionally, the promise of using a significant portion of the $3bn CDB loan, to develop the region, fitted in the objective of satisfying the allies, but also making up for the years of neglect, though as was admitted by a ruling party politician, in respect of the promise to build gas infrastructure in the region; “... the gas project was already on the books, even before we contracted Sinopec [Chinese company], we had options from Trinidad and Tobago. We knew it was going to happen because it was commercially viable and we did not, also, want to start flaring gas” (ibid.). Lastly, the informal agreement to appoint people from the region to oversee oil and gas institutions, one can argue, was directed by more material gains to do with maintaining and expanding the ruling coalition and with an eye on holding on to power. The alternative reading is that ruling elites, informed by the unitary state ideas, were concerned about the instability that possible counter-claims from other regions would have created if they agreed to the demands of Western Chiefs, Thus, the concessions to subnational elites were made to acknowledge their grievances while preserving the unitary state. The answer, really, lies in between. Material and ideational factors were aligned, though material factors probably edge it. The NDC certainly stood to lose more if they acceded to the ten percent demand. They may have
consolidated their electoral gains in the swing region, but upset other regions. Worse still, counter claims from other regions could have made governance difficult.

4.5 Ruling Elite Responses and Implications for the Politics of Inclusive Development

The bargaining processes between subnational and national elites and the institutional outcomes discussed, in this case, offer important markers for assessing the implication for the politics of inclusive development in Ghana. For starters, it is useful to discuss the processes of institutionalisation, since institutions remain the proximate condition for development outcomes (Poteete, 2009; North, Wallis and Weingast, 2009; Acemoglu and Robinson, 2012). A number of institutional characteristics, noted by other observers like Poteete (2009) and Bebbington (2013), were evident in the tracing of subnational political and ideational determinants of institutional outcomes. For certain, institutions are slow to change once bargains have been institutionalised and are also likely to slow the effect of political action. This highlights the importance of prior institutionalisation and its effects, not just on new institutions (to re-echo ‘institutions matter’), but the overall bargaining space for social actors. Whitfield and Therkildsen, for example, have argued that the ruling coalition strategies for retaining power are mediated through formal political institutions, like parliaments, which create incentives that limit the behaviour of elites (2011, p.18-19). In their framework for determining the type of policies elites choose to support, institutions serve as a mediating tool between politics and policy (ibid.). From this case study, the influence of prior institutionalisation is pervasive and exists at both subnational and national levels. The Western Chiefs were influenced by the existing institutional arrangement, in mining, for sharing revenues and even though they wanted to alter it, they were careful not to upset the balance too much. By demanding for ten percent of oil revenues to be put in a fund for the exclusive use of the region, they did not even threaten the fundamental questions about
ownership and property rights. They conceded that resources of the sea belonged to the sovereign state and were only seeking to alter the distributional discretion that national elites had over natural resource revenues. Similarly, as ruling elites, the NDC leadership had to bring the decision-making over the ten percent demand to parliament even though they had initially pursued the matter informally when they were in opposition, which did suit both parties. We have also seen the constraining effect of institutions in terms of the framing of ideas. Though Western Region elites felt justified in claiming ten percent of the revenues, they needed to justify it against the prevailing ideas about the unity of the unitary state, akin to a norm in a historical institutionalist sense.

A second feature of the role of institutions in estimating the implications for the politics of development is the interplay between formal and informal institutions. Khan has argued that informal institutions are important to the stability of political settlements, particularly, in developing countries (2010, p.25). This is because the “inherited distribution of power [in such societies] cannot be supported by the incomes generated by formal institutions alone” (ibid.). Informal institutions, therefore, serve as the most viable option for providing and sustaining the economic benefits of powerful groups using mechanisms like patron-client networks. In the current case, we notice that elites, both subnational and national, deliberately select when to adopt informal processes and outcomes based on ‘informal enforcement’. It appears that in cases where formal institutionalisation may threaten the interest of actors, they opt for informal processes of institutionalisation. In the present case, the NDC elite choose to negotiate an informal and a semi-formal arrangement, once it was clear that the outcomes of the formal institutions in parliament were unlikely to satisfy their allies in the Western Region, which could have proved damaging for its quest to hold on to power. Western Region elites also opted for the informal institution once it was obvious that they were not going to get the desired outcome out of the formal process. It is interesting to note that in
2013, when John Mahama, who had now become President, was preparing to select his cabinet, a delegation of Chiefs from the region called on him to honour the informal agreement to appoint people from the area to head key positions in the oil sector. National elites obliged by retaining the previous appointments and promoting the deputy minister of Energy to the position of Minister for Energy (Adam, 2013).

The mix of formal and informal institutional outcomes, in this case, does have implications for the enforcement or challenges to these institutions. Fortunately, for Western Chiefs, the NDC ruling coalition was able to retain its control over the state and, therefore, it was easier to enforce the previous arrangement informally. A shift in coalition may present challenges to that particular arrangement. The appointees from the region, who were favoured in this deal, all come from the Nzema area or forest areas and are aligned to the ruling coalition politically. At the next election in 2016 a shift in coalition may present challenges. Even if the principle of appointing people from the region was to be retained, it was unlikely that the appointees would come from the NDC strongholds. If the NPP was to triumph in the 2016 election, the appointees may come from the Fanti/Ahanta or mining areas. This scenario reinforces the importance of coalition politics to the outcomes of natural resource governance at the onset of a resource boom (Poteete, 2009).
Chapter 5: Tussle over the Location of Ghana’s Gas Processing Plant

5.1 Introduction

In Chapter 4, the case study of the Western Chiefs demand, for ten percent of oil revenues, allowed the testing of the extended political settlements framework in Chapter 2—to unravel the ways in which subnational forms of politics and ideas are shaping the governance of oil in Ghana. This second case study, involving the decision of the ruling coalition to relocate the construction site of a gas processing plant, also focuses on the influence of subnational politics on oil and gas governance in Ghana, which help to give further insights into the political determinants of institutional outcomes. First, it provides good insights into how holding power is constructed and maintained amongst local elites; and how that shapes the characterisation of the relative bargaining power of the subnational entity. Second, it brings into sharper focus the mechanisms of Ghana’s political settlement through which institutions are enforced. Khan (2010) argues that if lower-level factions of a ruling coalition are strong, in the pyramidal structure of the patron-client network, then ruling elites are likely to face problems in the implementation and enforcement of rules. This is because ruling elites will have to mobilise a lot more collective action and distribution of rents along multiple points of the pyramid, in order to enforce rules (ibid.). This case highlights more clearly how that enforcement occurs, by looking at the way ruling elites disciplined local elites incorporated into the ruling coalition to act against the interest of the people they represent, and to enforce its decision to relocate the plant. It shows that the incentives generated by Ghana’s CCPS and the local configuration of power gives ruling elites an advantage, during the bargaining process, as we saw in Chapter 4 and enables ruling elites to shift local elite interest towards regime survival. This also suggests that the vertical power relations between ruling elites and lower-level factions within a CCPS may function differently in different contexts. Third, it also reinforces the observation in Chapter 4 of the elites’ preference and usage of formal
institutions, both during the processes of bargaining, as well as, as an outcome. This is counterintuitive to the political settlement literature that assumes that the reliance on patron-client networks, to correct the mismatch between formal institutions and the distribution of power within clientelist settlements, necessarily facilitates informal bargaining processes and outcomes (see Khan, 2010, p.56). Fourth, it shows that ideas akin to what Schmidt describes as ‘paradigmatic ideas’, that is, the underlying assumptions and organising principles orienting ruling elites (2008, p.306) can also exist at subnational level and can constrain and enable the actions of local elites in their bargaining with other local elites, as well as the state in contradictory ways (see Watts, 2004a, 2004b), similar to the ways in which the paradigmatic idea of Ghana as a unitary state at national level worked in enabling and constraining the actions of the Western Chiefs, as discussed in Chapter 4. In the following sections of this chapter, the stage is set for exploring the dynamics described above, by providing a brief history of the Jomoro District and immediate environs with relevant demographic information. This is to highlight important features of the locality that are relevant to understanding the intersections of history and location and its impact on subnational-national elite bargaining. This is followed by the laying out of a timeline and sequence of events around the plans of the Government of Ghana (GoG) to relocate a gas processing plant in early 2012 from the Jomoro District to the neighbouring district of Ellembele, and the resistance of the people of Jomoro triggered by the decision. The next section traces the political (including ideational) determinants of the actions of both subnational and national elites using the framework in Chapter 2 to explain the outcomes of the bargaining process. Lastly, it examines the implications for the politics of inclusive development in oil-rich Ghana.
5.2 Jomoro Past and Present

The Jomoro district is located on the southwestern tip of Ghana, on the boundary with the Republic of Ivory Coast and about 40 km to the offshore Jubilee Oil Field (see Figure 3 below). An area of 150,107 inhabitants (GSS, 2012), it is largely populated by the Nzema ethnic and language group, who constitute 11% of the total ethnic composition of the Western Region. Jomoro, together with neighbouring Ellembele and Nzema East districts occupy most of the coastal areas of the Western Region.

Figure 3

Credit: Ghana Local Governance and Decentralisation Program (LOGODEP)

The three Nzema districts are also located on the site of the old Kingdom of Apollonia, an Akan state that emerged in the middle of the 18th Century (around 1765) and disintegrated by 1873 (Valsecchi, 2011). The area served as an important coastal access route for the then powerful Asante Kingdom, located towards the north of the present day Western Region. During the colonial period, Axim, the capital of present day Nzema East District, and Half
Assin, the capital of Jomoro, were important commercial towns. They, however, lost their commercial and administrative prominence to Nkroful, the capital of present day Ellembele, the birthplace of Nkrumah during his regime in the 1960s, but regained it when he was overthrown (Valsecchi, 2003).

In spite of its changing economic and political importance, it had remained relevant to national elite development priorities and planning, because of its status as a border town, amongst other factors. For example, hydrocarbon exploration in Ghana began close to Jomoro in 1896, in the current location of the Tullow-managed Jubilee Oil Field. It was not until the 1970s that offshore activities in the area were reactivated (GNPC, 2014). After the establishment of the Ghana National Petroleum Corporation (GNPC) in 1983, there was a ramp up of exploration activities that eventually led the Rawlings NDC government in 1995 to order a power barge christened the ‘Osagyefo Barge’, after Ghana’s first president, in anticipation of an oil boom. The gas/diesel-fired barge was to be located at Effasu-Mangyea, in Jomoro, and expected to eventually produce 450MW of electricity to shore up the country’s energy requirements by obtaining natural gas from offshore production in the Tano Basin (Ennin, 2008). By the time the barge eventually arrived in Effasu, in 2005, a new NPP government had been installed after Rawlings completed his second term in office in 2000. Unfortunately, the optimism of an imminent oil and gas boom did not materialise and the barge sat idle and deteriorated. In July 2007, the ruling NPP tried to refurbish and operate the barge at the height of an energy crisis in Ghana, but were unsuccessful. During this period the NPP also considered moving the barge to Tema (in the capital) to augment plants there, but the plan was successfully resisted by the people of Jomoro and eventually abandoned. However, Ghana’s persistent energy challenges and rediscovered optimism in the imminent prospects of an oil and gas economy, following the discovery of oil in 2007, was to trigger another subnational-national conflict involving Jomoro.
5.3 Background: An ‘Osagyefo Barge’ Deja Vu

In his final State of the Nation Address to Parliament in 2008, President Kufuor summed up the pending energy challenges that the country was facing and his NPP government’s effort to address it:

Mr. Speaker, the energy sector has proved a challenge throughout the life of this administration, because of the very high cost of crude oil and the occasional drying up of the Volta [river]. Last year, after the energy crisis, which led to a countrywide load-shedding exercise, the Government announced a short to medium and long-term energy policy to solve the problem once and for all. The new policy involves a mix of thermal and hydro energy for electricity generation.

(Parliamentary Hansard, 14th February 2008, c: 597)

On assumption of office, the NDC government highlighted the issue as a priority. As part of its strategy to address the problem, it moved quickly in July 2009 to secure access to the associated gas from the Jubilee Oil Field, estimated at 1.2Tcf when it approved the Plan of Development. A Ghana Gas official notes the importance of this intervention:

… when we discovered oil, along with oil there was associated gas. The initial thought was the producers of the gas [Jubilee Partners] to commercialise it. But the government negotiated during the plan of development that they wanted to be given first right of refusal on utilising it. That was the genesis of the outfit [Ghana Gas Company] …

(Interview with senior Ghana Gas official, 9th July 2014)

As the government’s equity holder in all oil and gas agreements, as well as the regulator of the sector at the time, the GNPC was entrusted with the responsibility to implement the plan. In October 2009, it commissioned the Geological Survey Department to survey the Domunli site, in Jomoro, for the subsequent acquisition of 2 sq. km area for the project within a larger proposed 18.9 sq. km oil and gas enclave (Geological Survey Department, 2009). The survey team met with stakeholders in Jomoro, including the Western Nzema Traditional Council and recommended the suitability of the land and immediate commencement of site acquisition. The GNPC expected to complete joint venture agreements with the National Gas Company of Trinidad and Tobago, with funding from the Deutche Bank by June 2010, start construction of the gas plant by December 2010 and complete the plant by June 2013 (MoE, 2011, 2010).
However, in February 2011, President Atta Mills began to look at alternatives to financing and constructing the gas plant, after expressing doubts over GNPC’s capacity to deliver the gas plant (National Gas Development Task Force, 2011). A National Gas Development Task Force chaired by Dr. Kwesi Botchwey, a former finance minister in the Rawlings regime, was set up, which produced a report in April of 2011 recommending the establishment of a national gas company under the Ministry of Energy. The Ghana National Gas Company (Ghana Gas) was formally incorporated in July 2011 to implement what was referred to as the Western Corridor Gas Infrastructure Development project at the Domunli site in Jomoro, with financing from the $3bn loan secured from the Chinese Development Bank (MoE, 2011). Therefore, by the end of 2011 there was no indication that the project site was going to be moved from Domunli in Jomoro to Atuabo, next door in Ellembele.

Hints of plans to relocate the gas processing plant from Jomoro to Atuabo first appeared in a news report prepared by Pascal Kelvin Kudiabor, a journalist, in the second week of January 2012, for the ghanabusinessnews.com (Kudiabor, 2012). Indeed, all the local elites in Jomoro were taken by surprise. One youth leader recalls the circumstances in which he first heard of the intended relocation:

I woke up one morning at the farm and I had a call from a colleague that the gas plant was going to be relocated and that it was all over the news and he wanted us [Nzema Youth Association] to be more proactive. … So we approached the Omanhene (Paramount Chief), who said he had not heard anything about it and that we should contact the people who are involved in the project, to confirm it, but he will also check.

(Interview with local youth leader, 25th March 2014)

News of an impending relocation triggered local mobilisation against the decision. This was led by the Nzema Youth Association (the association), a civil society organisation based in Jomoro, which was reactivated during the Osagyefo barge conflict with the state in 2007. According to one of the leaders of the association, since the decision had not been made
public (that is, formally), there was suspicion that the process was being manipulated by some individuals in the NDC government, so they needed to act fast to stop it (Interview with local youth leader, 25th March 2014). Following several exchanges between the association members and Ministry of Energy officials, including Deputy Minister of Energy, Armah-Kofi Buah, on media platforms, a demonstration and press conference was held at Beyin, the traditional capital of the Western Nzema Traditional Council, led by the association and the Paramount Chief (Annor Adjaie III) with a representative of the MP in attendance (GNA, 2012a). The District Chief Executive (DCE), present at the event, stated that he had no information from the President or Regional Minister that the project was going to be moved. Tension began to build up in Jomoro and, repeatedly, officials refused to confirm or deny the relocation. Local mobilisation gathered momentum when, in early February 2012, one, J. Ato Kobbie, a Managing Editor of the Business Analyst newspaper, wrote an article making a technical argument for the relocation, which was also carried on the Ghana Gas website. The Kobbie article stated the following as the technical reasons for the relocation, following a new feasibility study conducted by SINOPEC, the Chinese Company that was going to build the plant under the CDB loan agreement:

1. Ghana was going to make a saving from moving the plant to Atuabo, because the onshore pipeline to be built from Atuabo to the Aboadze power plant, in Takoradi, was 103 km, 20 km shorter than the original 123 km pipeline from Jomoro.
2. The initial reason for choosing the Domunli site was also to send gas from the Jubilee Fields to Effasu, the site of the Osagyefo Barge in Jomoro. However, the plan is no more feasible because of ongoing litigation between the government and Balkan Energy, the operators of the barge.
3. Atuabo has a flat topography while Domunli had an undulating land.
4. The shorter distance will improve the volume of gas as well as the flow.
5. There were more affected communities in Domunli than in Atuabo.

6. The people of Domunli were delaying the project through a number of court cases against Ghana Gas related to crop and land compensation.

In a petition sent to President Atta Mills, in the middle of February 2012, following this article, the Paramount Chief of Jomoro described the Kobbie article as part of a “grand plot to undo Jomoro”. In a February press conference at Jomoro, and also in the petition to President Atta Mills, local elites also accused the Deputy Minister Buah, who was also MP for the Ellembele area, where the plant was being relocated, and Sipa Yankey, the CEO of Ghana Gas, who hailed from the same area as the ‘masterminds’ behind the ‘grand plot’. They also countered the technical arguments put forth in the article as follows:

1. A study undertaken by the Ghana Geological Survey Department, in 2009, commissioned by GNPC, which surveyed all the sites including Atuabo, still selected Domunli.
2. It challenged the validity of the cost-saving argument by contending that the construction of an offshore pipeline to Atuabo was a longer distance than the distance to Domunli and would cost more to extend than the 20 km onshore extension to Aboadze.
3. In addition, Ghana Gas had deliberately failed to share with the public the fact that the Atuabo site was a flood plain area and required it to be filled with laterite from Tarkwa, which would cost the country $60m to fill the 4 sq. km at Atuabo, significantly more than the $30m Ghana Gas was claiming to save on shortening the onshore pipeline.
4. Also that the communities in Domunli were outside the safety zone marked for the plant and also contested the suggestion that the people were delaying the project by demanding fair compensation.

To further press their case, formal petitions were sent to the Western Regional House of Chiefs, GNPC and Ministry of Energy. Up until this point, President Atta Mills had not made
any public statement on the relocation. However, on a visit to the USA, at a town hall meeting for the Ghanaian diaspora, in March 2012, and in a response to a question about the relocation, he spoke on the matter for the first time. He argued that the relocation was going to save money for the country by shortening the onshore pipeline by 23 km, and rejected any suggestion that this was being done for any single person’s interest, but for the national interest — to which he added in Twi (a widely spoken Akan dialect in the Western Region and the most commonly spoken local language throughout Ghana) “na wompe wei, na wope dien” meaning “if you don't want this then what do you want?”. According to a youth leader of the association, those words infuriated the Paramount Chief and triggered subsequent mobilisation, he states:

… people were very furious, Awulae [Paramount Chief], was very furious. He called and said we should get the assembly [Local Government Assembly members] together to try and impeach the DCE. We needed two-thirds of the members of the assembly to meet. We got a resolution passed against the relocation. The petition was sent through the Regional Minister… It [the resolution] was killed because they wanted the resolution re-written. We turned to Samia [MP for Jomoro], she met with the President’s Chief of Staff, but she did not get a response. (Interview with local youth leader, 14th March 2015)

A few days after the President’s remarks, the Standing Committee of the Western Regional House of Chiefs held a press conference to express their support for the relocation, after considering the Jomoro petition, and admonished Annor Adjaye for going against the decision of the House (GNA, 2012b). Feeling ‘boxed in’, the association decided to organise another demonstration to coincide with the President’s return from the USA. They thought that some members of the NDC ruling coalition were deliberately blocking their access to the President, who they felt was not being told the truth and could call the perpetrators to order. The planned ‘massive demonstration’, sometime in April 2012, was meant to send a very strong message to national elites that local people were not going to be ignored—as stated by a youth leader “we were going to present it [the petition] to the DCE and issue an ultimatum
and we were going to block the main route from Elubo to Takoradi” (Interview with local youth leader, 14th March 2015). This route was the main commercial road that connected Takoradi to the Ivory Coast border. However, on the night before the event, one of the youth leaders received a visitor, which subsequently changed the direction of the resistance. He narrates it as follows:

The night before the demonstration, … At 11pm, I got a call from a gentleman who said he was Captain Buah and that he was with the ‘old man’ and I asked which old man and he said the Chief of Defence Staff and they were standing at my gate. … When I got there it was the CDS and his Aide de Camp. … We had a lengthy talk, they wanted us to call off the demonstration because the President had asked him to come and confer with us. I told them it was difficult because it was three hours away from the demonstration and everybody was aware of the demonstration so there was little time to go around and call it off … but he pleaded and pleaded and then I said that I could not take the decision myself. So we went around to get the chairman and the other colleague I was with and we sat down till 3.45am and decided to call it off.

(Interview with local youth leader, 25/03/2014)

The Chief of Defence Staff of the Ghana Armed Forces, who was from the area, subsequently met the association and other stakeholders at the Paramount Chief’s palace and told the meeting that he had been sent by the President to come and listen to their grievances (Interview with local assembly member, 24th March 2014). A few weeks later, President Atta Mills met with a delegation from the area, including one of the youth leaders, the Paramount Chief, the Chief of Half Assini (the capital of Jomoro), a local businessman, the CDS and a representative from the local government assembly at the Castle (seat of government) in Accra. The President repeated his justification that the relocation was going to save the country money and assured them that there were allied projects, like a petrochemical industry, which was coming to the Jomoro area even though the project had been moved. Following the cancellation of the demonstration and the meeting with the President, local mobilisation halted as government plans moved speedily in Atuabo. Unlike the case involving the Western Chiefs, where national elites reached a compromise agreement with
local elites, including informal arrangements, in this case national elites successfully enforced the decision to relocate the project, promised some form compensation (though the promise of a petrochemical industry and allied gas infrastructure projects were already planned (Interview with Ghana Gas official, 9th July 2014; MoE, 2011), but no informal arrangements, like the appointments to key oil sector positions as in the case of the ten percent demand by Western Chiefs, as discussed in Chapter 4, were made.

So what explains the outcomes in this case? There are two strands to explaining the outcomes. First, is it the case as advocated by local elites that the relocation decision was made because of the personal interests of individuals from the Ellembele district, within the NDC ruling coalition, or as national elites contend, that it was the technical advantages of the Atuabo site, compared to Jomoro, which informed their decision? A ‘technical’ reading will be consistent with the reasons advanced by President Atta Mills and other national elites that Atuabo offered better technical advantages and presented better value for money. Indeed, this argument is forcefully echoed by a senior Ghana Gas official, when he states:

The technical argument is valid. Whenever you put down an infrastructure that is going to be carrying a commodity, your ultimate goal is to reduce the cost of delivery so both from a capital outlay; capital cost and operating cost, so shortening the infrastructure by 20 km is significant. Having said that, you have to look at the cost of land preparation for the two sides and from our perspective, they were comparable. There are tangible and intangible comparisons, which I don't want to go into. They were also planning to build a petroleum park at Domunli to spread the love around; VRA was also going to build a plant there to generate additional 200 megawatts. From my perspective, yes, the shorter the better and it did not also translate into a longer offshore pipeline. Going to Domunli that would have been, say, 40 kilometers and Atuabo was 44 km, but onshore was shortened by 20 km. From a technical perspective, therefore, it made sense, … as the time constraints set in and how long it was going to take and the decision was left to our contractor SINOPEC because it was a lump sum contract so they wanted to make sure that they did not do more than is necessary. (Interview with Ghana Gas official, 9th July 2014)

However, as stated earlier, these technical and value for money arguments were also forcefully contested by local elites, who argued that the Atuabo site was swampy and had to
be filled with laterite at an expense well above the $30m the government was expected to save. On the face of it, the main difference between the two sites was the $30m that was estimated was going to be saved from the onshore pipeline. Unfortunately, it was not feasible to assess the value for money arguments since construction was still ongoing at time of data collection. In respect of the other claim that the relocation decision was motivated by the personal interests of individuals within the ruling coalition, recent work by an investigative journalist (Azure-Awuni, 2014) does confirm that some NDC elites from the Atuabo area did indeed benefit personally from the relocation, but remains inconclusive whether it informed the change of sites. This is discussed further in the chapter. What is, however, clear is that the relocation decision was unsuccessfully resisted by local elites in Jomoro and this begs the question: how was the ruling coalition able to successfully enforce its decision, technical or otherwise? This goes to the core of the subnational-national political dynamics that structures the political bargaining and institutional outcomes. Unravelling the political dynamics at play provides important insights into understanding the ways in which political processes shape institutional outcomes, or even converge with technical processes to shape development outcomes.

5.4 The Political and Ideational Underpinnings of the Successful Enforcement of the Relocation Decision

Returning to the framework in Chapter 2, here I trace the political roots of the outcomes of the tussle, between Jomoro and national elites, over the relocation of the gas plant. It is important to note here that this bargaining also involved Ellembele, the intended beneficiary of the relocation, and yet there was a near absence of any conflict between these two neighbouring districts, largely, because of a prevailing subnational paradigmatic idea of a ‘united Nzema’. The role of this form of discursive politics is discussed more fully, subsequently, in this section. For the rest of this Chapter, I proceed as follows: first, I begin
the process of tracing the political roots of the relocation outcomes, by assessing the subnational political configuration of Jomoro, similar to the analysis I undertook in Chapter 4, I characterise the relative bargaining power of Jomoro as ‘Moderate Opponents’. It is important to note that compared to the case in Chapter 4, ruling elites were dealing with a smaller group of elites, who were also competing with elites in the neighbouring Ellembele district, this affected their bargaining power; second, drawing on the empirical material from this case, I extend the analysis to interrogate, further, the political strategies ruling elites use to enforce decisions as well as their preference for formal institutions. These two themes emerged in the analysis in Chapter 4, the gas plant case provides an opportunity to deepen this interrogation further; thirdly, I look at the role of ideas in this case, particularly, the paradigmatic idea of a ‘united Nzema’ that existed at the onset of agitations in the district; lastly I examine the implication for inclusive development.

5.4.1 Bargaining as ‘Moderate Opponents’: The Political Configuration of Jomoro

Given the different spatial dynamics of the Jomoro area, one needs to identify any deviations from the structural features of the prevailing Western Regional political configuration, discussed in Chapter 4, in order to analyse the extent to which it shapes institutional outcomes. Table 1 below captures the three main indicators that determine the relative bargaining power of subnational elites, in relation to national elites (see Chapter 2). Compared to the Western Region, the Jomoro district shows important variations in the dimensions of social control, strength of social movements and electoral importance, which produces a different relative bargaining power.
Table 1: Comparison between the Subnational Political Configuration of the Western Region and Jomoro District

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Dimensions</th>
<th>Local Political Configuration</th>
<th>Territory</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Preponderance of Holding Power</td>
<td>a. Economic Holding Power</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>b. Organisational Holding Power</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>2. Local-National Relations of Power</td>
<td>a. Economic Autonomy</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>b. Social Control</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>c. Electoral Importance</td>
<td>High</td>
<td>Moderate</td>
</tr>
<tr>
<td>3. Presence &amp; Strength of Social Movement</td>
<td>a. Presence of Social Movement</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>b. Strength of Social Movement</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Relative Bargaining Power</td>
<td>Weak Allies</td>
<td>Moderate</td>
<td>Opponents</td>
</tr>
</tbody>
</table>

Note: The differences in the assessment of the dimensions of the two subnational entities are highlighted in bold letters.

From Table 1 above, apart from shortfalls in the presence of economic holding power and economic autonomy from national elites, Jomoro does have many features, which reflect the classic Boone conception of a strong subnational entity with the potential of winning conflicts with the state (Boone, 2003). For example, the administrative (district), traditional (paramountcy) and political (constituency) boundaries are coterminous, and the people speak one Nzema language. This homogeneity becomes influential when one examines the different dimensions of the political configuration and how it shapes the outcomes of bargaining.

In terms of holding power there is a dominance of organisational holding power (compared to economic holding power), which is dispersed, similar to the Western Region dynamics. The in depth look at the preponderance of holding power in the Jomoro district, here, provides important insights into how holding power is constructed and maintained at the subnational level, amongst local elites and helps determine their relative bargaining power. The key players are the paramount chief, the chief of Half Assini (the administrative/commercial capital of Jomoro), the leaders of the Nzema Youth Association, who are mostly royals, the
DCE (mayor), a few wealthy local businessmen and leaders of the ruling NDC, excluded NPP and Nkrumah’s party, the CPP, which was dominant in the area during his regime in the 1960s. Valsecchi suggests that there has always been a ‘protracted imbalance’ of power in the Jomoro area, whereby traditional authority has less control over its subject, in spite of the effects of indirect rule during the colonial period, which was meant to strengthen monarchical rule (Valsecchi, 2003, p.72). It must however be said that in spite of the dispersion of holding power amongst local elites, traditional rule is still relatively strong in Jomoro and the Paramount Chief, in particular, has demonstrated in the past, being able to sustain and win conflicts against others with holding power in the area. Valsecchi recounts an incident in 1999 when Alex Asamoah, an immigrant from the Central Region and wealthy Jomoro businessman, who had risen to become the NDC Constituency Chairman, attempted to cause the removal of the DCE, an ally of Annor Adjaye, over the appropriation of local rents, supported by the Chief of Half Assini (2008, pp.151-158). The Half Assini Chief and elders have harboured aspiration to secede from Jomoro, since the 19th century, and saw their opportunity. Annor Adjaye used the traditional powers of banishment to drive Alex Asamoah out of Jomoro; and when the Half Assini Chief led 15 divisional chiefs and queen mothers to rebel against the paramountcy and declare himself as acting Omanhene, he was eventually demoted and some of his lands distributed to junior chiefs under his control (ibid., Interview with local youth leader, 14th March 2015). Similarly, in the present case, at one point when the DCE was seen as not supportive of the resistance to the relocation, Annor Adjaye mobilised to get the District Assembly to threaten him with impeachment (Interview with local youth leader, ibid.).

Again, though in Jomoro, as in the Western Region, generally, there is an absence of economic holding power, the influence of a few actors with material wealth, which are
present in the area, is significant and helps to explain the dynamics of holding power in the area. Khan acknowledges that material wealth may not always win repeated conflicts, but it is also the case that one also needs material wealth to sustain and survive repeated conflicts (2010, p.7). Already, we have seen in Chapter 4, the crucial role of such actors in financing and sustaining conflicts with the state. There are two principal actors, with economic holding power, worth looking at in this case. The first, Dan Bosson, operates a private lottery business in the Jomoro and Nzema area and is a known NDC ruling party financier and the other, David Brigidi, popularly known as Senator Saya, is a very wealthy, former Senator of the oil-rich Bayelsa State, in Nigeria, whose father married a Ghanaian from Jomoro (Ackah-Miezah, 2015). He is a former Chairman of the Senate Committee on Petroleum in the Nigerian Senate and when he left office in 2007, he took the role of Chairman of the Presidential Peace and Conflict Committee, to resolve the Niger Delta conflict. He runs a successful law firm, oil and gas services company, and has business interests in real estate, tourism and aviation in Nigeria and Ghana. According to informants, Bosson was very instrumental in financing the activities of the Nzema Youth Association during the conflict with the state over the gas relocation. But as a member of the ruling coalition, it created a rift between him and other local ruling party leaders, in Jomoro, particularly the DCE (Interview with local youth leader, 14th March 2015). However, Dan Bosson also had close ties to President Atta Mills and was an important mediator between local and national elites, particularly in setting up the meeting with the President. Brigidi’s role within the area was different, but also very significant. One local NPP executive sums it up:

There is one ‘Senator Saya’ from Nigeria when in the 80s they came to Ghana, his father married a Ghanaian. He left after Six Form. He was doing student politics. He was in Bayelsa State with oil money. When we were in power he came around. When he lost power [lost his senate seat in Nigeria] they wanted somebody to help Samia [Nkrumah] and he said he could not do politics in Ghana, but he had a brother who just finished his masters and he can handle such things. He is called Anderson and he took care of Samia’s case and she won the election. Along the line he said Samia had breached the agreement they had and then came to us and
wanted to support our candidate. He promised to give 500,000 Ghana Cedis for national campaign and 300,000 Cedis for local campaign. We heard that he was doing the same politics with NDC. When we went he said he wanted to make sure that the NDC had a weaker candidate and that it’s all politics so we should not worry. Before we realise Sipa Yankey [CEO of Ghana Gas] and others promised oil and gas access and then he stopped receiving calls from us. …Later he came back and said that he went to Accra and saw that Mahama [the President] will win the election so for the presidential its NDC and for the parliamentary he will support our candidate. Eventually he pulled out. Our PC [parliamentary candidate] was left cold with no money because he relied largely on him. We went back to national [party] and they said there was no money and we should do our best. We did not have resources to do for both the PC and Akuffo Addo. 
(Interview with local NPP party executive, 26th March 2014)

In Jomoro, these forms of holding power are complemented by a thickness of social control. All the actors with holding power in the Jomoro area are able to mobilise significant numbers of people for their cause. For example, Brigidi, in the run up to the elections, established ‘Friends of Saya’, a youth empowerment platform and held a durbar to launch it; as one observer recalls “all the politicians were there” (Interview with local NPP executive, 26th March 2014). This was because the turnout of youths was so large that any politician would be ‘foolish’ not to take notice (Interview with local youth leader, 14th March 2015). The Nzema Youth Association, for example, also had over 500 registered members, but could mobilise double or more of that number. The overlap of these mobilisation capacities, amongst these actors, was key to their potency.

Another positive feature of the political configuration in Jomoro is the presence and strength of social movement(s), embodied in the activities of the Nzema Youth Association. The association was established sometime in the 1970s to promote a ‘united Nzema’ development agenda with the leadership based in Jomoro. Not much is known of its activities during that period, but in 2007 it was revived to resist the removal of the Osagyefo barge from Jomoro to Tema. A key strength of the movement lies in the broad and diverse composition of the leadership, which overlaps, generally, with the distribution of power within the area. The
President of the association, Thomas Ekukwadwo, is the brother of the Chief of Half Assini; the Secretary is the fourth son of the Paramount Queen mother, sister to the Paramount Chief and, therefore, his nephew. Active politicians were barred from holding office in the Association, though they could be members. This policy reflected local awareness of the prevailing competitive politics that constrained the activities of non-state groups, if they were tagged as partisan (similar to the approach of the Western Chiefs, in Chapter 4). Thus, when a former secretary became an active NDC member, he was forced to resign. He later became a Presiding Member (Speaker) of the District Assembly. This gave them significant legitimacy and organisational capacity, which allowed them to work in concert with traditional authority, politicians, business people and the masses. The association was not only well financed by local businessmen, but also citizens of Nzema living abroad, particularly in the USA, an activity typical of Ghanaian hometown association abroad (see Crook and Hosu-Porblev, 2008). It was one of these patrons and diasporan activists, who was briefed by the association and drove to Washington to ask President Mills a question about the relocation during the town hall meeting in March 2012 (Interview with local youth leader, 24th March 2014).

Lastly, because of their past victory during the Osagyefo Barge incident, they had the blueprints for mobilisation and had built a good organisational infrastructure, combining the use of media, sourcing technical information from informants within the bureaucracy and having the capacity to effectively disrupt the functioning of government activities. The dominance of organisational holding power, thickness of social control and strength of social movement in this case does explain the apparent ease with which local elites were able to mobilise coherently and quickly within and outside Jomoro, but, more importantly it characterised Jomoro as a moderately strong subnational entity.
However, its strength was undercut by two factors, that is, its elites, like Western Chiefs, lacked economic autonomy from the state and were considered electoral opponents of the ruling NDC coalition. In terms of the lack of economic autonomy, actors like Dan Bosson, for example, who initially supported the activities of the association, eventually succumbed to pressures from ruling and local elites of the NDC to stop his financing activities, largely because he still relied on the opportunities provided by the state, which allowed him to appropriate local rents because of his links to the party. Similarly, the Paramount Chief who owned a goldsmith training facility/jewellery store in Takoradi had relied on financing from the state during the NPP period. The financing of the facility stopped after the NDC came into power (Interview with traditional elite, 10th February 2014). The NDC elites’ ‘cold shoulder’ towards him was related to his perceived closeness to the excluded NPP faction and, therefore, an electoral opponent. A number of informants alluded to this (Interview with local youth leader, 25th March 2014; Interview with local NGO leader, 4th February 2014).

This perception of the Paramount Chief as ‘opposition’ by the ruling elite was confirmed when the delegation went to see President Atta Mills. A member of the delegation recalls that before the meeting, the CDS and Dan Bosson informed them that the President had avoided meeting with the Chief, because local party people told him that the Chief “did not like him”. So in a way it will not be helpful if they appeared argumentative, as that would reinforce the President’s view of the Chief and people from Jomoro, as opposed to him and his government (Interview with local youth leader, 14th March 2015). These perceptions of the paramount chiefs, as an opponent, coincided with a period when the NDC was keenly competing to regain the Jomoro parliamentary seat from the CPP. The three Nzema constituencies, Jomoro, Ellembelé and Evalue Gwira, have since 1992 been contested for by the Nkrumahist CPP party and the NDC, with the seat changing hands occasionally. In Jomoro, the NDC held the seat from 1992 to 2004, until Nkrumah’s daughter, Samia, entered the fray in 2008 under the
banner of her father’s party, the CPP, and won the seat. Samia won 50% of the vote to the NDC 33.5% and NPP 15.9%. This political configuration converged with national political interest around the energy crisis noted earlier and played out in the strategies that both local and national elites adopted during the conflict over the relocation of the gas plant, particularly in the ways in which ruling elites disciplined local elites incorporated into the ruling coalition to ensure the enforcement of its decisions. I interrogate this further in the next section.

5.4.2 *Disciplining Lower-level Factions: Convergence of Incentives*

As discussed earlier Ghana’s CCPS meant that ruling elites were focused on the short-term goal of regime survival (Chapter 3). The politics around the inadequate supply of electricity played into that political calculus. The ruling coalition was under pressure to increase electricity supply to meet increasing demand. On assumption of office, President Atta Mills told Parliament that developing gas as an important energy source for domestic use was going to be a flagship project: “…, the development of the oil and gas sector will allow the development of higher efficiency gas turbines—which will in turn ensure a dependable electricity supply at internationally competitive tariffs” (Parliamentary Hansard, 25th February 2010, c. 1295). The gas processing plant was key to the government’s energy improvements plans and ruling elites were completely intolerant of delays to the project, as exemplified by the NDC government’s swift decision to abandon the GNPC planned strategy for delivering the gas plant and look for alternatives (see National Gas Development Task Force, 2011, p.12). This also meant that they were even less tolerant of subnational agitations that could undermine their ability to respond to the crisis and position them strategically for the December 2012 elections, which was just around the corner. Delays in building the gas plant meant that gas was being re-injected into the oil wells to protect the resource. This process began to affect oil production volumes, and in turn government revenues (EIU, 2014). A senior Ghana Gas official captures the urgency and imperative of getting the plant
If you get 120mmscfd, you can get 500MW, so instead of VRA [Volta River Authority] spending $3m a day to use crude oil to generate electricity, it will spend half of that $1.5m. So every day as we go to sleep and wake, Ghana would have saved $1.5m. That is what drives us to get this infrastructure in place as soon as possible” (Interview with senior Ghana Gas official, 9th July 2014). Therefore, national elites were eager to push through the project and this reflected in the strategies deployed, particularly, in disciplining local elites incorporated into the ruling coalition, to ensure the decision taken at the national level was implemented. These strategies, used by national elites, provide good insight into ways in which ruling elites try to enforce rules within patron-client networks. The ruling NDC elites made sure local elites incorporated into the coalition, like the DCE, former MPs and ‘foot soldiers’ played their expected roles to help the party implement its plans, in spite of significant local opposition. This was not easy, as the population were very aggrieved. For example, during the assembly meeting, to pass the resolution against the relocation after the President’s statement of 11th March 2012, all two-thirds of elected assembly members signed the resolution, except the one-third appointed by the President and the DCE (Interview with local NPP executive, 26th March 2014). One informant argued that the elected assembly members were worried about electoral survival, which was why they supported what the majority of the population in Jomoro wanted, compared to the one-third appointed members, who did not have to face elections and were beholden to the President who appointed them (ibid.). Ruling elites employed two disciplining strategies to overcome local resistance. First, national elites brought pressure on local elites incorporated into the ruling coalition to stop the resistance. The local mayor recounts the extent of ruling elite disciplining:

I sat in that meeting of the General Assembly when the resolution was made and I refused to sign. If I had signed I could have lost my job, because the papers covered it and some had the headline that ‘Jomoro DCE-NDC Chair angry with Mills’. My Regional Minister, Paul Evans Aidoo called me to come and explain
during a REGSEC meeting and he had gotten a call from the President telling him that ‘you see what your boy has done’. But there were some personalities around and he told the President that ‘I know Sylvester and he will not do that’. Lo and behold, they came to investigate, the BNI and police were here and I told them my position that if master praises what am I – if the number one gentleman says they are relocating it to Ellembele and they inherited it from NPP, … so Ellembele or Jomoro ooo, is the same Ghana, we are one people. It was not easyooo!

(Interview with local ruling party politician, 26th March 2014)

Second, ruling elites localised the conflict to try and contain it. Regional members of the ruling coalition, like the Regional Minister, were all pressed to contain the agitation, eventually the President had to step in by first sending the CDS, who hailed from the area and then later having a face-to-face meeting with selected stakeholders from the area. It is interesting that at the meeting with the President, only those opposing the relocation and their mediators were present. The delegation consisted of the paramount chief; his nephew, who was the spokesperson for the association; Dan Bosson, who was financing the association, but also closely linked with the President; Peter Anderson, a special assistant to Samia Nkrumah, the MP; but more significantly, the brother of David Brigidi, the former Nigerian Senator. Anderson was also selected to represent the assembly as Chair of the Sub-Committee on Mines and Natural Resources. The others were the Chief of Half Assini and the CDS. The team met with the President and with his Chief of Staff at the castle. All members of the ruling coalition who supported the project and were perceived as responsible for the relocation were not present and these included the CEO of Ghana Gas, Deputy Minister Buah, the Regional Minister, the DCE and Chairman of NDC in Jomoro. As stated earlier, the President repeated the government position and assured the group that allied projects would be coming to Jomoro so they were not going to be denied development. To complement these strategies, national elites passed on to foot soldiers copies of a newspaper report during the NPP era, which stated that the gas plant was going to be sited in Atuabo. Local party people made copies of the report and circulated them widely among the
population, with the message that government was just implementing a decision the old regime had taken. The successful and lower cost of disciplining was enabled by the incentives generated by the reliance on a patron-client network, whereby local elites, particularly, where they lack economic autonomy from the state and were dependent on perks like government appointments that allowed them to secure control over local resources. The fear of losing state appointments, like in the case of the DCE, meant that at the end, local elites incorporated into the coalition were likely to toe the party line. Even where they had supported local interest like the case of Dan Bosson, eventually they succumbed to national elite disciplining. Moreover, the dominant actors with holding power in Jomoro were considered opponents of the regime and therefore the incentive was not there to compensate them, lowering the cost of enforcement further. Boone shows in her case studies of state institutionalisation that national elites are more likely to seek to weaken the power of local elites considered to be opponents during the bargaining process (2003, pp.143-176). The informal meeting with the President was a key reason for the cessation of local agitation and reflects the elites resort to informal institutions, expected within clientelist political settlements, however, it obscures, in many respects, what was in fact a general elite preference for formal institutions, during the bargaining process which contradicts current political settlement literature (see Khan, 2010; Parks and Cole, 2010).

5.4.3 The Counterintuitive Preference for Formal Institutions amongst Elites

The role of institutionalisation, in the strategies of both national and local elites within Ghana’s competitive clientelist political settlement, is counterintuitive to political settlement theory, which argues that the misalignment between the distribution of power and the benefits from formal institution incentivises elites to rely on informal mechanisms like patron client networks (Khan, 2010). Just as we saw in the case involving Western Chiefs, elites rely on formal institutions, just as much as informal institutions, if not more. For example, local elites
utilised mostly formal, rather than informal processes in their bargaining. They used government’s own formal processes, like the survey carried out by the Geological Survey Department in 2009, to argue against the relocation. At the same time, they were aware of the discretionary power of the President to change that decision and that is why they moved quickly to mobilise before government formally communicated the relocation decision when the rumours started circulating in January 2012. Other activities like press conferences and letters to various bodies reflected the resort to largely formal institutions. The only informal process involved the meeting with the President, and the experience of one of the actors showcased the limitations of such platforms. The representative of the Nzema Youth Association notes that the meeting was ‘strange’ because it was decided, before the meeting with the President, that only the Paramount Chief was to speak to the President and therefore he had no opportunity to present the views of the people he represented. The perpetuation of the state’s hegemony and enforcement of the unequal power relations within this informal setting was counterintuitive, compared to the transparency and the power symmetry exhibited in formal settings like media engagements and public fora. It suggests that informality can lock local elites into patterns of subjugation that perpetuates existing power-relations, rather than change them. Similarly, national elites considered formal processes as important to overcoming accusations of governmental bias in favour of the Ellembele district. A national ruling coalition politician sets out the strategy:

You see, governance is complex. As we were trying to build confidence by having their sons and daughters participate in the management of the oil and gas sector, including appointing the GNPC Chairman from the region, Energy minister from the region and Ghana Gas CEO from the region —that has also brought its own challenges because when they took decisions based on technical advice, they were seen as suspicious. So we said when we were trying to build confidence one way we get collateral damage. So I remember at the time that we said, we should let the Energy Ministry and Ghana Gas take the lead with the explanation and get their technical people out there, because, we, the politicians if we go out there it will not be persuasive. I remember when we had a communication strategy meeting we recommended that the technical people should take the lead and it should be their baby and we should stay away.
In line with this strategy, the principal players who engaged with local elites on a number of media platforms and fora were the CEO of the Ghana Gas Company, the Deputy Minister of Energy in charge of Petroleum, both from the Nzema area, communication and technical officers from Ghana Gas and the Ministry of Energy. The formal processes allowed the ruling elites to counter accusations of political interference levelled against the CEO and the deputy minister, as well as push through the formal institutional processes, including securing the support of the Western Regional House of Chiefs, the Mines and Energy Committee of Parliament and getting Parliament to formally approve the CDB loan to allow the project to take off. The preference for formal institutions and the ways in which ruling elites interact with lower-levels factions, provide some useful insights into how Ghana’s CCPS functions in practice and challenges some of conventional understandings in political settlements approaches. I return to these empirical findings later in the concluding sections of the thesis.

In the next section, I consider the role of ideas in shaping political action in this case.

5.5 Reimagining Apollonia: The Contradictory Ideas of a ‘United Nzema’

In his work on resource politics, in the Niger Delta of Nigeria, Watts finds a ‘double movement’ in the remaking of spaces through discursive politics at the onset of a resource boom, that is, that the use and outcomes of ideas and discourse are often contradictory (2004a); this resonates with the case discussed here. In the present case, the (re)imaginings and framing of ideas, by both local and national elites, played an important role in shaping decision-making and strategies during the conflict over the gas plant relocation. As argued in Chapter 4, ideas are conceptualised in this thesis as mutually constitutive of the structural factors within both the local configuration of power and the prevailing political settlement
that structure the bargaining process and strategies elites choose. This means that social actors invariably draw on history (Bebbington, 2013, p.24), using these ‘embedded’ ideas to ‘(re)invent repertoires’ (Hagmann and Peclard, 2010, p.547) in pursuit of their political goals. In this section, I look at the role of ideas, particularly the ways in which local elites reimagined the subnational space and framed their engagement with the state and how the state imagined and responded to this framing. The section also examines the ways in which interest and ideas play out in the discursive space and how they help explain institutional outcomes.

At the time of the conflict between the state and Jomoro, there were two contradictory ideas around a ‘united Nzema’ or ‘pan-Nzema’ being articulated and operating. The first idea of a united Nzema was a ‘pro development’ idea, which envisaged the common development interest and prosperity of all Nzema people, which cut across political and juridical boundaries, and emphasised heritage and language (Valsecchi, 2001, p.397). This was represented by institutions like ‘Nzema Manle’ (Nzema World), established by the Eastern and Western Nzema Traditional Councils, to coordinate their activities for peace and development and headquartered at Esiama, in the Ellembele district. This development idea was also represented by the activities of the Nzema Youth Association, which was led in many ways by royals. The second idea of a united Nzema revolves around the rival claim of the Nvavile clan to the rule of both the Western and Eastern Nzema paramountcy. The Nvavile, who are from Awiaso, a community in Eastern Nzema, have been contesting the rule of the two ruling families in Jomoro and Ellembele since the 1920s. They have maintained a claim as the true descendants of the last King of Appolonia, King Kaku Aka (reigned c.1832-48, d. 1851), and seek to reunite Beyin and Atuabo under one kingdom as it was in the 18th and 19th century. Though the second idea of a united Nzema persists and is
pursued actively by Awiaso, it is the idea of a united Nzema that played a role in the relocation conflict.

From the reimagining of Nzema as united in pursuit of development, local elites framed their resistance to the relocation in two main ways. First, it was framed as a justice issue underpinned by a narrative of marginalisation and unfair distribution of the ‘national cake’, captured in a press statement by Samia Nkrumah, in March 2012, during the tussle with government she states:

Let us avoid any action that will divide the people of Nzema. Only last week we solemnly marked the 46th anniversary of the coup d’état that toppled the government of Osagyefo Dr Kwame Nkrumah, an illustrious son of Nzemaland, the African of the Millennium. The 1966 coup did not only deprive Ghana of decision-making and the hope of self-reliance, but the people of Nzema suffered particularly hard. We lost many of our brave men on that fateful day. After all the loss and suffering of the past, finally justice is coming to the Nzema communities, with the promise of development projects emerging out of the gas and oil discoveries in Ghana. (Yeboah, 2012)

This narrative of marginalisation was echoed in the statement of Annor Adjaye at the 16th February 2012 press conference organised by the association and the Traditional Council; he began his statement to the public with these words; “Once again the Jomoro District is in the news. As usual, just to protest another marginalisation and deprivation—a stab in the back”. However, the next statement that followed captured the tensions inherent in trying to draw on this idea of a united Nzema and represents the second framing of the issue. Annor Adjaye states: “Regrettably this time, painfully this time, shamefully this time it seems to be spearheaded by people we have loved and trusted; people who are regarded as the representatives of the entire people of the Nzemaland. That is why we are fuming. We are fuming today as result of blatant betrayal by people we have trusted”. So, on one hand, the people of Nzema were being treated unfairly by ruling elites, but at the same time the alleged
perpetrators of this injustice were from within Nzema. In a 14th February 2012 petition to President Atta Mills, the association did not mince words in pointing fingers at those who were seen to have ‘betrayed’ the Nzema people, they wrote:

As people of Jomoro, we are saddened by the blatant machination, this time coming from amongst our own people (Nzemas, who are supposed to hold the solidarity of the people intact) whom today, due to very strategic reasons, find themselves in very key positions in Government to perpetrate this gross marginalisation against us, divide us, and undermine our very solidarity and peaceful coexistence, which has existed between Nzema East and West precisely (Ellembele and Jomoro) for many years. Without mincing words, these individuals are in the person of Dr Sipa Adja Yankey (CEO, Ghana National Gas Company) and Hon. Armah Buah (MP, Ellembele and Deputy Minister of Energy in charge of Petroleum), all from the Ellembele District.

In essence, this was an internal conflict, but they were sensitive not to trigger old rivalries between West and East Nzema. Local elites believed that President Atta Mills was not being told the truth and the two individuals involved were pursuing their own self-interests, so the key was to try to secure an audience with the President (Interview with local youth leader, 24th March 2014).

On the other hand, ruling elites, generally, felt that this was an internal conflict between Nzemas and so the Nzema elites, in the ruling coalition, needed to ‘deal with their people’ (Interview with ruling coalition politician, 16th March 2014). These two framings of ideas, by local elites around the relocation, was countered by national and regional elites as well as local elites in Eastern Nzema (Atuabo), using the same ‘united Nzema’ imaginings as well as the ‘unitary state’ idea (Chapter 4). National and regional elites were quick to emphasise that the project was not being taken away from the Nzemas, but it was just being moved from one Nzema area to another. This was reinforced with technical and rational arguments. A member of the Western Regional House of Chiefs notes that the chiefs were convinced by the technical arguments when they dealt with the petition brought by Jomoro: “We were
persuaded by both the technical and economic arguments in terms of how much government was going to save. The geographical nature of the place, Atuabo, is far better, we visited the place and the understanding was that they would give updates to the chiefs” (Interview with traditional elite, 8th February 2014). An already complicated Jomoro claim, against the state, was further complicated by the fact that the project was being relocated to the Atuabo area, which was the other partner in the pursuit of the ‘Nzema Manle’ agenda. Though local elites in Atuabo were displeased with the posture of Jomoro, they were also careful not to undo the years of peaceful co-existence and preferred to play a spectator role. A local assembly member explains the posture of Atuabo:

Early in 2008 when the NPP was then in power and it was captioned in the Daily Graphic that ‘Gas plant going to Atuabo’ we were very happy. Then, for no reason, they shifted it to Domunli, but we did not complain because it was all Nzemas. Then they brought it back and we said that maybe that is where God has chosen for the project. We heard the Jomoro people complaining, but we did not do anything, because the government knew why it brought it back, citing technical reasons.

(Interview with local assembly member, 16th March 2014)

One informant, however, recalls one incident that nearly sparked a conflict between the neighbouring towns during the entire period of the relocation issue, he recalls:

The only time this became an issue [rivalry between Beyin and Atuabo] was when Annor Adjaye was passing through Atuabo and was hooted at by some of the residents. He called Awulae Kpanyinli (Paramount Chief) and warned him that if this happens again it will not be good for him. He [Atuabo Chief] sent a delegation to Jomoro to pacify him and the matter was resolved.

(Interview with local youth leader, 14th March 2015)

These contradictory imaginings and framing, triggered by a ‘hydrocarbon complex’ (borrowing Watts, 2004a), underscore the limitations of standalone institutionalist and materialist readings of resource politics. Furthermore, it affirms Watts’ observation that in this governable space, ethnic identity is not pre-given, but rather ‘fragile, heterogeneous and contested’ (2004a, p.71). For example, in the Niger Delta case, the idea of ‘Ogoniness’ was reinvented by the Movement for the Survival of the Ogoni People (MOSOP) and Ken Saro-
Wiwa, its leader. He notes that some of the sub-groups of the Ogoni did not consider themselves as Ogoni and even refused to sign the Ogoni bill of rights. In addition, many of those sub-groups owed more allegiance to their local identities than a pan-Ogoni identity (p.69.) So, even as Saro-Wiwa and MOSOP were trying to reach into the past to imagine and frame the present and the future, they could not escape the divisive histories of the past. It seems the local actors in Jomoro experienced similar tendencies in this case.

But to what extent did this pro development ‘united Nzema’ idea influence both local and national elites in their decision-making? Local politicians, from the excluded NPP faction in Jomoro, were quite blunt about their political motivations for resisting the relocation, he explains: “As a party, we made politics out of it, I went round telling the people that the government had taken their project from them and even though they say it’s the same Nzema, ‘different Ellembelle, different Jomoro’ so they should let the government know that they can’t promise them one thing and do another and it should reflect in their vote” (Interview with local NPP executive, 26th March 2014). However, even amongst the excluded faction, not all leaders were motivated by the interest in winning power. The same NPP executive recalls how he had to rein in sentiments, about a united Nzema, expressed by his NPP parliamentary candidate as they strategised on what positions to take at one of the public fora, he states:

When the gas relocation agitation was going on, the Omanahene and all the stakeholders meet at a school park at Ahobre to deliberate on what to do. I went with my parliamentary candidate. He is quite naïve and did not know our politics well. We were thinking about the position we will take when we get there. He said that he thinks since the project had been taken away, when he gets there he will tell them that the project is already gone so the youth should exercise patience and stop the agitations so they can focus, rather, on getting some jobs in the sector. I told him: ‘politician, is that what you are going to tell the people? Is your government in power? Tell them that during Kufuor’s time when a similar thing happened the people stood their ground and prevented it so it can be done again. So if the DCE says he is going to Accra, offer to go with him. When you do that then the people will be motivated and support your cause. Otherwise if you tell
them to forget their grievance can you go back to them and tell them to vote for you? The people did not want to hear that and you want to go and tell them the thing they don't want to hear. You look at the peoples’ demeanour and you tell them what they want to hear. *(ibid.)*

This reflects what appears to be a common disposition of excluded factions within a competitive clientelist political settlement even at the subnational level. They are often motivated by the single interest of winning power and tend to use ideas in an instrumental way. We saw a similar example in Chapter 4, when the NDC-excluded faction, in the run up to the 2008 elections, promoted the ten percent idea even though they were worried that it will undermine the unitary state idea. Once in power they abandoned the idea. For other principal local elites, like the paramount chief and youth association leaders, one could argue that they were largely driven by ideas than personal interest. For example, the Traditional Council, following the discovery of oil through the initiative of the Paramount Chief, had decreed that no chief should fully alienate land in the area for commercial purposes; rather any land given out for commercial activities should be converted into equity. The onset of a resource boom provided several opportunities for chiefs, as custodians of land, to accumulate personal wealth, but they did not. These multiple and sometime conflicting interests and ideas at local and national levels reflect the challenge in untangling the interests of social actors from their ideas and the extent to which it drives their actions. In this case, for some of the principal characters in Jomoro, ideas like ‘Nzema Manle’ were important even though it’s framing complicated their message and probably weakened their agenda. For other actors like the excluded NPP faction, interest rather than ideas drove their actions, even though such motivations were not homogeneous among their leadership. Notwithstanding these weaknesses, the majority of traditional elites were influenced by the idea of ‘Nzema Manle’, which ensured that Western and Eastern Nzema avoided confrontation. In the final analysis, one can argue that ideas mattered for different factions of local elites and shaped strategies of
elites on both sides of conflict. Its potential to completely trump interest was however undercut by the competition amongst different factions of subnational elites, seeking to extract concessions from ruling elites and the high political stakes of the energy crisis linked to the imperative of securing an electoral victory.

5.6 Implications for Inclusive Development

A central theme of political settlement theory is to understand the relationship between formal and informal rules of the game and how that structures institutional outcomes, particularly as informality dominates the politics of developing countries (Di John and Putzel, 2009). This case study shows that formal institutions are much more salient in these contexts than is probably appreciated. In the contestation over the relocation, both local and national elites preferred to use formal institutions as a first option and only resorted to informal processes where formal institutions were inadequate in resolving the matter. Even where they adopted informal strategies, the expectation was that these would translate into formal institutions. This was because formalisation was seen as more secure than informal rules, which perhaps reflects Poteete (2009) and Bebbington’s (2013) observation that institutions can have an enduring character. We have seen similar strategies adopted by Western Chiefs, in Chapter 4. This elite preference for institutionalisation is partly motivated by the nature of Ghana’s CCPS, which renders informal bargains unstable and more difficult to enforce, and a form of ‘political learning’ arising out of repeated bargains. Additionally, it reflects an increasing level of institutionalisation that has occurred in Ghana since its return to multiparty rule (Oduro et al., 2014). However, higher-levels of institutionalisation in the governance of natural resources, like gold, has not necessarily engendered inclusive development outcomes, so whether the oil boom-induced increase in the use of formal institutions will produce a more positive result, remains an important question. I return to this question in Chapter 6 when I examine the patterns of oil revenues allocation.
Secondly, this case gives insights into how ruling elites are able to enforce rules, through the disciplining of lower-level factions. Using elite factions from Jomoro and Ellelmele, along various points of the pyramid, to contain local agitation seems to be a common modus operandi of ruling coalitions in Ghana. Further local elites are allowed to appropriate personal benefits as compensation for their support and compliance. This is often complemented with formal processes of negotiations using governmental agencies. The cost of enforcement, in this case, was lower for ruling elites than the one involving Western Chiefs for reasons adduced earlier, which signals an advantage for ruling elites, during the bargaining period. However, the cost to the people of Jomoro and Ellelmele from this form of compensation does not seem to bode well for inclusive development outcomes. For example, if the rentier activities of some of the ruling coalition elites in the Nzema districts are anything to go by, then it is likely that this type of enforcement cost will promote more private accumulation rather than inclusive development. Bebbington has argued that the best channel (that is, from extraction to inclusive development) runs from extraction, through taxes and royalties, to social spending including social policy and social protection (2013, p.12). This case shows that this channel is also fraught with challenges in a competitive clientelist system, where local elites target such redistribution to appropriate the share of local resources (see Arellano-Yanguas, 2011).

Thirdly, ideas do matter. The conception of ideas as mutually constitutive seems to play out more strongly, in this case, rather than as an autonomous causal variable driving political action through interpretative frameworks (Beland and Cox, 2011). It is however the case that its causal influences, operates through a discursive space of imaginings and framings, which are not homogenous within a group and can be contradictory when triggered by petro-capitalism (Watts, 2004a). Interrogating ideas does give us a better sense of the markers that
may enable change, or trigger the next round of bargaining. In this case, we find that traditional elites acted more in advance of the idea of a united Nzema even though there were opportunities to secure personal benefits for themselves. Political elites often sought their personal interest or used ideas for instrumental reasons like in the case of the NPP in Jomoro. In the end, the aggregation of elite pursuing their interests overcame the few local elites motivated by ideas. The bargaining space however remains dynamic. For example, there is some indication that as the communities begins to feel the full effects of the externalities of the gas plant; the governing space will change in both material and discursive terms and the interplay between ideas and interests may produce different outcomes at the next round of bargaining. At time of collecting data for this thesis there were several ongoing disputes between Ghana Gas and local elites in Atuabo, resulting in the Paramount Chief suing the company for failing to pay compensation for the land acquired (Baneseh, 2014).

5.7 Conclusion

The gas plant case shows in good detail how the subnational-national bargaining shapes outcomes within Ghana’s emerging oil sector. Particularly, it deepens understanding of how the subnational political configuration interact with the dynamics of Ghana’s CCPS, in terms of the strategies ruling elites use to enforce their decisions. This includes strategies to discipline subnational elites incorporated into the ruling coalition to adhere to national level decisions and the common use of formal institutions to respond to subnational demands. The evidence also suggests that national crisis like the energy situation in the run up to the elections, in 2012, can close the space for bargaining and induce higher-levels of formalisation. Unfortunately, the cost of enforcement, which allowed factions incorporated into the ruling coalition to secure personal benefits, is unlikely to advance prospects for inclusive development in the Nzema area.
Chapter 6: Oil Revenues and the Politics of Redistribution in Ghana

6.1 Introduction

So far, this thesis has looked at specific instances of political bargaining between subnational and national elites over the sharing of the benefits of hydrocarbon exploitation in Ghana. It has helped to show the critical role of subnational-national politics and ideas in the emerging governance of the oil and gas sector in Ghana. In particular, it showed the role of local politics at the onset of a resource boom, when new institutions are emerging, in Chapter 4, while in Chapter 5, it captured the political bargaining between subnational-national elites over the enforcement of a decision to relocate a gas processing plant. The two cases in Chapters 4 and 5 respond substantially to two of my research questions, that is; 1. *How are subnational forms of politics (including local and local-national relations of power) shaping the governance of natural resources?* 2. *How are ideas around oil governance framed or imagined and how do they shape the governance of oil?* This third case study responds more substantially to my third research question, that is: *What are the implications for the politics of inclusive development?* To answer my third research question, this thesis interrogates the early implementation of the Petroleum Revenue Management Act, 2011 (PRMA), which emerged out of subnational-national bargaining, in Chapter 4, to assess the early prospects for oil-led inclusive development in Ghana.

The PRMA was passed by Parliament to govern the receipt and distribution of oil revenues, further formalising the governance arrangements within the oil sector. This was after oil production had already begun in December 2010. This case study explores the ways in which Ghana’s political settlement dynamics and ideas inform the allocation of petroleum revenues by ruling elites within the confines of the PRMA and other institutional processes. I follow and extend the work of Abdulai (2012), Abdulai and Hickey, (2016, 2014), and Whitfield et
al. (2015) on the importance of Ghana’s political settlement dynamics in shaping distributional outcomes. Abdulai and Hickey (2016) argue that it is the distribution of holding power within ruling coalitions in the form of the ethno-regional representation of ministers, generally, and in the inner core of political power that shapes the functioning of institutions that govern allocation decisions (ibid.). There are two key findings. First, consistent with Ghana’s CCPS; electoral imperatives and regime survival are an overriding logic for ruling elites when making oil revenue allocation decisions. The political settlements approach helps identify the causal mechanisms that link electoral politics to clientelism and extends the conventional ‘electoral calculus’ story (see Banful, November 2011a, July 2011b; Briggs, 2012; Horowitz and Palaniswamy, 2010; Stasavage, 2005), on the politics of resource allocation in Ghana. Second, data on the regional allocation of oil revenues show that allocations to some of the regions are consistent with the ethno-regional distribution of power, as discussed by Abdulai and Hickey (2016), but inconsistent in other respects, particularly in terms of the disproportionate allocations to the stronghold of the opposition NPP in the Ashanti and Eastern regions. Using additional data on specific allocations to the road sector, in Ashanti Region, which received the second largest allocation, I show that the ruling NDC coalition is using innovative targeting strategies, what I call a ‘catchment strategy’, to capture its ‘natural’ voters migrating from strongholds in the northern regions and from the Volta Region to the southern part of Ghana and, at the same time, trying to woo opposition voters. This innovative form of targeting suggests that the relative electoral importance of subnational entities to winning elections can lead to a redistribution that favours opposition areas, contrary to the distribution of power within the ruling coalition.

45 The inner core includes the President, Vice President, ministerial portfolios of finance, education, local government, trade and industry, roads, agriculture, foreign affairs, defence, interior, attorney-general, transport, energy, natural resources and mines and communication. Often, under a regime there are additional portfolios that can be considered inner core because of the significant budget allocation they receive (Abdulai and Hickey, 2014, p.8).
Early indications are that the implications for inclusive development outcomes, particularly, in reducing poverty and spatial inequality, are mixed.

In the ensuing sections, the legal and institutional framework that governs the allocation of oil revenues in Ghana is set out; this provides an understanding of the formal logic for the redistribution of oil revenues. Second, the general pattern of revenue distribution, since oil revenues began accruing to the state in 2011, is presented. The evidence shows that they are not consistent with the formal regulations that inform allocations. Third, the chapter then explores the utility of both technical and political explanations offered by other authors to account for resource allocation in Ghana and the extent to which it can account for the current patterns of oil revenue distribution. Fourth, drawing on a more detailed analysis of the road sector, which has received the largest allocation of oil revenues that goes to the national budget, the analysis shows that the disproportionate allocations to the opposition stronghold of Ashanti reflects a targeting strategy that is consistent with changing coalition dynamics of Ghana’s political settlement. Lastly, this chapter considers the implications of oil revenue expenditure, so far, for inclusive development outcomes, and draw some conclusions.

6.2 The Legal and Institutional Framework for Allocating Oil Revenues in Ghana

Here I highlight two main institutional factors, namely, the rules governing the generation, accounting, expenditure, and auditing of oil revenues and the rules governing budget preparation and implementation.

6.2.1 The Legal Framework for Petroleum Revenue Management in Ghana

Under the PRMA, all oil receipts are paid into the Petroleum Holding Fund (PHF) at the Bank of Ghana. Oil revenues consist of royalties, taxes, and proceeds from carried and participating interest held by the national oil company, GNPC (PRMA, ss.6-7). Once lodged
in the PHF, revenues are then disbursed to the consolidated funds (the national account) through what is called the Annual Budget Funding Amount (ABFA). The ABFA is made up of 70% of all estimated oil revenue accruals for the year, after deductions for the operations of GNPC. The remaining 30% is disbursed at a ratio of 70%-30%, respectively, to two sovereign wealth funds; the Ghana Stabilisation Fund, which provides protection against revenue shortfalls and; the Ghana Heritage Fund, an endowment for the future once hydrocarbon exploitation ends. The PRMA also provides for additional institutional arrangements to oversee investment decisions linked to the Stabilisation and Heritage funds.

There is a prohibition against collateralisation of the PHF (PRMA, s.5); however, the ABFA can be used as collateral for debts and other liabilities of government (s.18 (7)) for a period not exceeding ten years. It is the operation of s.18 (7) that allowed the NDC ruling coalition to contract the oil-backed $3bn Chinese Development Bank loan (see Chapter 4, p.130).

**Figure 1: A Schematic Representation of the Oil Revenue Disbursement Formula in Ghana**

![Diagram of Oil Revenue Disbursement Formula in Ghana]

Source: Mohan & Asante (2015, p.15 citing ACEP, 2013, p.5)

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46 Compared to the two biggest oil producers in Africa, the total value of Ghana’s sovereign wealth fund is small. The Ghana funds were established with an initial endowment of about $100m, while the Angolan and Nigerian endowments were $5billion and $1billion, respectively (Chatham House, 2014). The amount standing in the Ghana sovereign funds as at the end of 2015 was $436.78m (MOFEP, 2016).
S. 21 of the PRMA provides for twelve development areas where the ABFA can be used, including: agriculture, infrastructure, water and sanitation, health, housing, environmental protection, rural development, energy, social welfare and security. However, the Act gives the Minister of Finance the discretion to prioritise four areas, in line with the existing national development plan “to maximise the impact of the use of petroleum revenues” when submitting its programme of activities to Parliament (s. 21 (5)). These four areas are reviewed every three years by Parliament. Though oil revenues are treated as ‘special’, the ABFA is still part of the national budget and, thus, subjected to the same budgetary processes as other programmes of government (see, s. 21 (1)). Therefore, it is important to also consider the budgetary framework of Ghana to understand the full institutional context within which oil revenues are spent.

6.2.2 The Budgetary Process and Oil Revenue Allocation in Ghana

The Minister of Finance is the ‘chief authority’ responsible for budget preparation, allocation and control (FAR, 2004, s.149). However, the power held by the Minister of Finance is delegated to him by the President, in accordance with Article 179 of the 1992 Constitution. As such, even as the Minister of Finance is clothed with the responsibility for developing the budget, this role is largely advisory. The final decision makers are the President and the Cabinet by law and practice (Interviews with senior MOFEP official and cabinet minister, 14th May 2015). By law, the budget process is expected to start around April when the Minister of Finance submits to the President a statement on the macro-economic framework and financial constraints for the next budget, and end in November when it is finally presented to Parliament for approval. Below is a sample of the indicative timeline and activities for the budget preparation and approval process in Ghana.

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Notwithstanding the involvement of other institutions, like Economic Management Team (EMT) and the Presidential Advisory Council, on the Economy (PACE), allocation decision still rests with the President and Cabinet. Other key players in the budget process also play subordinate roles to the President and Cabinet. For example, though the budget is laid before Parliament, the ability of Members of Parliament (MPs) to influence allocation decisions is constrained by the 1992 Constitution. MPs cannot introduce Private Member Bills that impose financial obligations on the Executive (Article 108). As such all bills, including the Appropriation Bill, are introduced by, or on behalf of, the President. This means that MPs representing constituencies, or as caucuses representing regions, are only able to reduce appropriations to MDAs, but cannot increase them during parliamentary debates; thus taking away any opportunity for shaping allocation decisions on the Floor of Parliament. This interpretation and application of the Constitution has been severally criticised and challenged by constitutional experts (Adjetey, 2006; Prempeh, 2003) but remains firmly in place. In fact, this was the same constitutional provision and interpretation that the Speaker of Parliament used to strike out a motion brought by NPP MPs during the PRMA debate for the creation of

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47 The EMT emerged out of the technical teams, set up during the Rawlings PNDC period, to implement the Structural Adjustment Programme (SAP), in the 1980s, and has remained a feature of NDC governance since 1996 (Hutchful, 2002). Membership of the EMT and PACE consists of individuals with technical backgrounds or who represent interest groups like private sector employers, industry and trade unions.
a Western Region Development Fund (see Chapter 4, p.133). Lastly, a common feature of the Ghanaian budget is the large differences between the approved budget and what is spent. This has been highlighted in several reports of donors working on public financial management (see PEFA, 2013; 2009)\(^{48}\). For example, Killick found that the mean deviation from the budget estimates for the two ministries with the largest budgets, education and health, were as much as ±42% and ±68% respectively (2008)\(^{49}\). The formal budget process allows the Executive to submit supplementary estimates after the appropriation bill has been approved and it is this window that ruling elites have used to exercise wide discretions when making spending decisions. This is made easier as Presidents, since 1992, have always had majorities in Parliament who can be ‘whipped’ to ratify Executive overspending. It is within this context that oil revenues began to be allocated in 2011.

### 6.3 Patterns of Oil Revenue Distribution 2011-2013

I have chosen to focus on the three-year period of 2011-2013 because it matches the timeline for the implementation of the medium-term development policy strategy, that is, the Ghana Shared Growth and Development Agenda (GSGDA) 2010-2013, (NDPC, 2010) upon which spending decisions were to be based (see s.21 (2) of the PRMA). This timeframe is also informed by the availability of complete data on oil revenue distribution and allows me to assess the extent to which spending decisions align with formal policy objectives when I evaluate the strength of technical arguments in explaining allocation patterns later in this chapter.

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\(^{48}\) The Public Expenditure and Financial Accountability (PEFA) is a periodic assessment of the public financial management of aid-recipient countries. It is a partnership amongst donors, including World Bank, IMF, DFID, EU and others, to promote aid effectiveness.

\(^{49}\) Also see similar deviations noted by Abdulai and Hickey (2016) on education spending in Ghana.
The current make-up of oil revenues consists of the carried and participating interest of GNPC in the Jubilee Field, which is 13.64%, a royalty rate of 5%, corporate income tax of 35% and surface rental fees. It also includes a royalty rate of 3% from the Saltpond Offshore Producing Company (SOPCL), a joint venture between GNPC, which owns a 45% share, and Lushann Eternit Energy (55%), an American company. Earlier estimates of the potential fiscal impact of oil revenues at peak production of 120,000 bpd, from the Jubilee Field, was $1bn (WB, 2009) however, this is yet to materialise as daily production has not reached the optimum output thus far. The closest it got to that figure was in 2013 when production reached 110,000 bpd. Current production levels are at 103,000 bpd. Though oil is significant for the Ghanaian economy, the country is not as dependent on oil revenues as some of the large producers in Africa, like Nigeria, where oil revenues constituted 70% of total revenues in 2011 (RGI, 2013). In Ghana, for example, oil revenues were 6.6% of total revenues and 1.4% of GDP in 2012. This is set to increase when new fields come into production in 2016 and also when oil-backed loans, like the $3bn CDB loan secured by the NDC are added, then the revenues are more substantial. This is comparable to donor funding, which was 1.5% of GDP in 2012, but was expected to decline to 0.5% in 2013 (IMF, 2014, p.27). According to the Public Interest Accountability Committee (PIAC), a CSO body established under the PRMA to monitor and report on the implementation of the Act, the Government of Ghana has received a total of $1.833bn since production (2013, p.27). During this period, as much as $661.3m was reinvested into the sector through the financing of the GNPC equity participation and operating cost (Adam, 2014, p.16). GNPC’s future investment requirements

50 The agreement was signed in 2004, but the field has been producing small amounts of oil since the 1980s. It currently produces on average 70,000 barrels of oil per year.
51 In 2014, the NDC government did however cancel $1.5bn of the loan after a disagreement with the Chinese over the fixed price of oil used for the loan (see Mohan and Asante, 2015).
52 Donor funding was equivalent to 6.1% of GDP in 2007 when oil was discovered (2009 Budget Statement of Republic of Ghana).
are estimated at above $600m over the next ten years, with a yearly average operating and capital cost of $180m (Whitfield et al., 2015, pp.302-303). Yet, since production started, the national oil company has been receiving $150m per year above its operating and capital cost (ibid). This has led some commentators to raise questions about the GNPC’s spending capacity and the prudent uses of its excess resources (Adam, 2014, p.16)\textsuperscript{53}. In addition, per the PRMA arrangements, 30% of net receipts (after allocations to GNPC) have been allocated to the Ghana sovereign wealth funds. In 2013, the Minister of Finance exercised another discretion under the PRMA s. 23(3-4) to cap the allocation to the stabilisation fund at $250m, granting him the power to use any excess funds to service debts or set up a contingency fund\textsuperscript{54}. The money that accrued to the national budget for spending was $726.7m (2013, p.27). It is the ABFA money and the debt contracted using the ABFA as collateral that has been available to the NDC ruling coalition to use. The analysis in this chapter however focuses on the ABFA spending. This is for two reasons; the spread of the expenditure of the ABFA provides the appropriate scope for interrogating the political factors that underpin allocation decisions. Second, in 2014, the Ghana Government cancelled $1.5bn of the CBD loan after failing to resolve a dispute with the Chinese on the price per barrel to be used to pay back the loan (see Mohan and Asante, 2015). Moreover, the majority of the remaining loan, drawn down by the government, has been used to finance the gas processing plant discussed in Chapter 5.

In exercise of his discretion under the PRMA Dr Kwabena Duffuor, NDC Finance Minister, told Parliament in 2011 that the government had identified the repayment of loans, roads and

\textsuperscript{53} For example, the GNPC used some of its excess money to sponsor the participation of the national football team, the Ghana Black Stars, in the 2014 World Cup (ibid.)

\textsuperscript{54} The Minister’s justification was that the stabilisation fund was accumulating more money than was going to the ABFA for government spending. This interpretation has been strongly criticised by PIAC, who requested the Minister to return monies back to stabilisation (2013, pp.88-89). This was not complied with.
infrastructure development, agriculture modernisation and capacity building in the oil and gas sector, as the four priority areas to receive oil revenues in line with the national development plan (MOFEP, 2011b). The focus on investment, rather than goods and services, is consistent with s. 21 (4) of the PRMA, which requires that a minimum of 70% of the ABFA should be spent on capital projects. A senior MOFEP official notes that this outcome of the PRMA was supported by MOFEP, which wanted to use oil revenues to address Ghana’s infrastructure needs (Interview, 14th May 2015).55 The pie chart below shows the general allocation of the ABFA across the four priorities for the period 2011-2013:

**Figure 2: Distribution of ABFA to Priority Areas 2011-2013**

[Pie chart showing distribution of ABFA]

Source: PIAC, 2013, p.30

The chart above affirms the government’s general compliance with the PRMA to apply the ABFA in the four priority areas and for capital projects. This was, however, breached in the election year of 2012 when ABFA funding was allocated to as many as thirteen MDAs, including a significant allocation to the Office of the President for infrastructure projects.

55 It is estimated that Ghana needs to spend $2.3bn a year, in the next decade, on infrastructure (mainly in the power and water sector) to reach the level of leading middle income performers in Africa, like Mauritius, which will boost growth by 2.7% (Foster and Pushak, 2011).
(11%), contrary to the PRMA requirement (PIAC, 2013, p.43). This was possible because the Act does not spell out, clearly, what constitutes ‘road and infrastructure’ projects. Additionally, although these provisions are mandatory, breaches do not carry any sanctions, as such, it largely depends on the discipline of ruling elites to obey the rules. These kinds of discretionary power over the distribution of oil revenues have been found to be a key source of the resource curse in several resource-rich African countries (Jensen and Wantchekon, 2004). Lastly, from the pie chart above, 20% of ABFA revenues were used to service the CBD loan for the construction of the gas plant. This was also inconsistent with the PRMA, which required that capitalisation of national oil and gas companies were to be funded from revenues earmarked for equity participation and investment (see Adam, 2014, p23). Basically, the financing of the Ghana Gas Company should have come from the funds allocated to the GNPC. For the rest of the section, I concentrate on the regional distribution of oil revenues from the ABFA for the 3-year period, since spatial dynamics, particularly subnational-national relations are the focus of this thesis.

Section 21 (2c) of the PRMA requires among other things that the ABFA should be used “to undertake even and balanced development of the regions”. This places an obligation on the state to consider the competing needs and interest of subnational entities. The pie chart below shows the distribution of ABFA across the regions, excluding the expenditure on the gas processing plant in the Western Region. To get a better sense of how ruling elites have exercised their discretion to allocate oil revenues to the regions, it is important to look at expenditures that exclude the gas plant. Principally, the Western Region is the only place a

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56 Already these ideas have been codified in the Constitution of Ghana and other statutes. Article 35 (6) (b) directs the state and its agents to pursue ‘reasonable’ regional balance in the recruitment of public officials, while 36(2) (d) obliges agents of the state to undertake ‘even and balanced’ development in all regions and every part of each region and to address rural-urban inequality. Though these provisions, under the Directive Principles of State Policy in Chapter 6, have been declared to be non-justiciable, political elites have fully embraced it as part of the settlement and implemented the directives through statute law.
gas processing plant could have been located and, therefore, the NDC had no option but to allocate resources to that project. Even without the plant expenditure, which was 20% of all allocations, the rest of the expenditure which constitutes 80% of all allocation, or $581.36m, still covers projects that gave ruling elites a lot of discretion to allocate resources to the road sector, agriculture and capacity building.

**Figure 3: Regional Breakdown of ABFA-Funded Projects w/o Gas Project**

![Regional Breakdown of ABFA-Funded Projects w/o Gas Project](image)

Source: PIAC, 2013, p.42

The chart above shows that the pattern of oil revenue allocation, so far, has followed the general pattern of spatial distribution that existed prior to the discovery of oil. Before 2011, national resource allocation significantly favoured the southern regions of Ghana, to the disadvantage of the three northern regions where the incidence of poverty was highest (see Abdulai and Hickey, 2016). There are other interesting patterns to observe. For example, the Western Region, where oil was discovered offshore, received relatively low allocations in spite of President Atta Mills’s promise to increase significant allocation to the area in 2010 following agitations from the Chiefs (see Chapter 4, p. 133). The Eastern Region, which has been a stronghold of the opposition NPP, not only benefitted more than the Western Region, but received more allocations than the Volta Region, which is the stronghold of the NDC
ruling coalition. What explains these patterns of expenditure? Does it just reflect the implementation of formal state policy, or is it influenced by political factors? Also, what are the mechanisms at play? Conventional electoral targeting explanations argue that spending decisions are influenced by core/swing voter targeting (Banful, November 2011a, July 2011b), while Abdulai and Hickey (2016) argue that the key mechanism that links electoral completion to clientelist redistribution is balance of power within the ruling coalition, in terms of the ethno-regional representation of ministers, generally, and in the inner core of decision-making that drives spending decisions in Ghana. Others, like Harding, argue that resource allocation decisions are influenced not only by clientelism and ethnic mobilisation, but also technical reasons in the context of road sector spending in Ghana (2015). Voters respond to such spending mostly because of the attributable nature of such goods. In the next section, I explore the utility of these explanations for understanding the current pattern of oil revenue allocations. In terms of technical arguments, I look at the extent to which formal rules of allocation align with the patterns of distribution. I find that, although there is evidence that some of the allocation decisions made by the NDC ruling coalition are motivated by technical needs, this logic is applied inconsistently for political reasons. In terms of the influence of political factors, I find evidence to partially support both the core/swing voter targeting, as well as some consistency with the ethno-regional representation of the ministers in the NDC ruling coalition as drivers of distributional outcomes. However, I show that there are other political calculations at play, which are driven by the changing coalition dynamics with Ghana’s political settlement.

6.4 Understanding Patterns of Oil Revenues Allocation: The Limits of Alternative Explanations
In this section, I evaluate the extent to which alternative technical and political explanations, which account for resource allocation patterns in Ghana, can adequately explain patterns of oil revenue allocations.

6.4.1 Technical Argument

In terms of what I refer to as technical explanations, I mean explanations that show an alignment between the technical rationale for revenue allocations and the application of formal rules related to it. In this context, I assess the extent to which patterns of oil allocation aligns with formal institutional processes like the PRMA, medium-term development plan of Ghana and the ruling coalition’s own party manifesto.

In his foreword to the 2008 NDC Manifesto, Presidential Candidate Atta Mills stated:

We are certainly not against wealth accumulation by individuals and groups but as a Party that is anchored to the social democracy philosophy and espouses the tenets of our ideology unashamedly, all efforts must be geared towards protecting and supporting the vulnerable, the disadvantaged, marginalised and the have-nots in society (2008).

As such, the NDC saw itself as an ‘activist and enabling state’ that “facilitates and pushes growth, without regard to politics or family” (NDC, 2008, p.4), thus claiming it will pursue a non-partisan (technical) approach to implementing its ideas. In terms of the medium-term development plan (GSGDA), the overall goal was to attain a per capita income of $3,000 by 2020, predicated on accelerated growth and achieving the Millennium Development Goals (MDGs). Wary of potential Dutch disease effects associated with oil rents, the strategy was to integrate the oil and gas sector into the local economy and invest in “productivity-enhancing infrastructure, including roads, cost-efficient and reliable energy supplies, storage facilities and irrigation works that would ‘crowd-in’ or stimulate private investments to reduce the inflationary impact of the inflows” (p.14). Though the strategy focused on investments in
capital projects, which fits with the 63% allocation to the road and infrastructure sector, the expectation was that these investments would help address geographical disparities and reduce poverty and inequality. For example, a key object of the plan was to address the north-south development divide. The GSGDA states:

...as part of measures to ensure even development across the different ecological zones in the country and to address the historical and current development imbalances, specific interventions to bridge the existing gaps between the North and the South and within other poverty endemic communities in the country, especially the Central Region and rural Greater Accra, will be adopted. (p. 31).

In all of this, oil revenues were seen as the catalyst for engendering growth in these deprived areas to reduce spatial inequality and poverty. Yet, Upper West, the region with the worst incidence of poverty and inequality, received the lowest oil revenue expenditure for the 3-year period of just 1%. Though it has the smallest population of 2.8%, from a total of 24.6m in 2010, a proportional sharing of the ‘national cake’ should have yielded, at the minimum, an allocation of 2.8%. Moreover, it does not help to explain inconsistent allocations to other regions with a low incidence of poverty.

In addition, as noted earlier, in 2012, oil revenues allocation was spread across thirteen ministries/agencies/departments and twelve sectors in spite of the PRMA requirement for allocation to be invested in four priority sectors. The Africa Centre for Energy Policy (ACEP) in a study of the patterns of spending noted that in that year, the Office of the President allocation of 11% was higher than the 9% allocation to the entire agriculture sector (Mohan and Asante, 2015, p.16). Generally, the investments in the gas processing plant, and in the road sector, fit with the broad dictates of formal policy aimed towards the structural

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57 The three northern regions in 2012/2013 accounted for 20.8% of the total poor of 6.4m people in Ghana (GSS, 2014). The incidence of poverty is as high as 70.7% in the Upper West, 50.4% in Northern and 44.4% in the Upper East region, compared to the lowest poverty incidence of 5.6% in Greater Accra. The extreme poverty incidence figures are similarly shocking, as the northern regions account for 52.7% of total extreme poor (ibid.).
transformation of the economy, using oil as the catalyst. However, a closer look at spatial distribution, in this context, shows inconsistencies with formal policy as contained in the NDC’s own Manifestos for 2008 and 2012, the GSGDA, and other pronouncements by its ruling elites, in terms of the development priorities and the role of oil revenues in reducing poverty and spatial inequality. Instead, I argue that at the core of these inconsistencies lies a political calculus that is driven by national-subnational political dynamics, central to how Ghana’s political settlement works.

6.4.2 Political Arguments

Empirical work on public spending in Ghana clearly identifies political factors at the core of resource redistribution in Ghana (Stasavage, 2005; Horowitz and Palaniswamy, 2010; Banful, 2011a, 2011b; and Abdulai and Hickey, 2016). As such one should expect political factors to be at play in the distribution of oil revenues as well. This is even more likely considering that the institutional context for the allocation of oil revenues already points to key areas along the stages of budget preparation where politics becomes influential. As a senior MOFEP official notes, the stage where the President and Cabinet comes in is the stage tagged as “not transparent...[basically] you take your technical program to Cabinet and [they make amendments because it was a political promise] which puts a burden on the budget” (Interview, 14th May 2015). In this section, I look at two political explanations for resource allocation in Ghana and the extent to which they explain patterns of oil revenue allocation.

6.4.2.1 The Core/Swing Voter Argument

Following the core/swing models of distributive politics (Cox and McCubbins, 1986; Dixit and Londregan, 1998, 1996), Banful’s study of the distribution of fertilizer subsidy vouchers in 132 districts in Ghana finds that beyond economic and demographic considerations, core and swing voter targeting are statistically significant determinants of vouchers received by
different districts in Ghana (July 2011b). In particular, Banful observes that the incumbent targeted higher numbers of ‘swing-voter’ districts where it had lost previous elections by a higher margin. She also notes that a district’s poverty level, which should have been an important consideration, consistent with announced objectives of the programme, was not statistically significant even though the poorer Northern and Upper East regions were targeted for distribution. This latter observation is consistent with patterns of north-south allocations highlighted by Abdulai and Hickey (2016) and Abdulai and Hulme (2015).

Similarly, Banful also finds that political determinants were at play in the patterns of transfers under Ghana’s formula-based centre-local direct transfer under the District Assembly Common Fund between 1994-2005 (DACF) (November 2011a). Testing for both ‘swing-voter’ and ‘core-supporter’ models, she finds that DACF grants were higher in swing districts and strongholds of the incumbent. In spite of the rigid formal rules that govern this form of intergovernmental transfer, DACF formula indicators and their weighting were chosen and amended to produce politically desired patterns of transfer (ibid). Horowitz and Paniswani also find core/swing political calculus in their comparative study of two Northern Region districts (2010). They show that District Chief Executives (mayors) and local government bureaucrats are an extension of the ruling elite political calculus in trying to ‘buy votes’ for elections (2010). Thus the targeting of incumbent strongholds and swing voter areas, in the allocation of resources to garner support, is a feature of distributive politics (also see Briggs, 2012).

The best way to test the core/swing hypothesis would have been to use statistical methods to test the relationship between voting results and oil revenue beneficiary districts, or constituencies. Unfortunately, there are not enough data points to run a regression for the ten regions of Ghana. This is the same challenge for the additional data on the distribution of oil revenues to the road sector, which has about 140 listed allocations for 10 regions of Ghana, some of which are repeated. Notwithstanding these limitations, a simple breakdown
of the regional data on oil revenue allocation to the road sector, in the opposition stronghold of Ashanti Region (Appendix 3) show that allocations were made to core and swing constituencies of the NDC and, in addition, to a number of constituencies in the strongholds of the opposition NPP. Subsequently, in this chapter, I provide an explanation for this inconsistency that relates to the dynamics of Ghana’s political settlement and ideas.

6.4.2.2 Allocation Decisions and the Ethno-Regional Representation of Elites in the Ruling Coalition

Abdulai and Hickey’s (2016) political analysis of resource allocation in Ghana accounts for national-subnational political dynamics by capturing the ways in which ethno-regional political elites within the ruling coalition are able to influence allocation decisions. Following Abdulai and Hickey (2016), the patterns of oil revenue distribution for the 3-year period should reflect the ethno-regional representation of ministers and the representation in the inner-core of the NDC ruling coalition.

Abdulai and Hickey following Lindemann (2011) note that to estimate the distribution of holding power of various factions within the ruling coalition, one has to look at the spatial distribution of political power. This is because ethno-regional power bases form the building blocks of national political coalitions (ibid.). The key indicators of holding power are the representation of ministers in the Cabinet, Inner-Core of political power and Deputies. Once the relative representation for the region is calculated for each category, in percentage terms, it is subtracted from the population share to estimate the extent of deviation (Abdulai and Hickey, 2014). If there is unity, that is, the value 0 then it means the region is proportionally represented; anything lower than 0 is an underrepresentation and above 0 is an overrepresentation (ibid.). The average representation for the three categories of power distribution is then subtracted from the population share to construct a Representation Index.

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(RI), which represents the average deviation per region. Abdulai and Hickey (2014) construct a Representation Index that covers the period 1993 through to 2008, which, unfortunately, does not cover the period of allocation examined in this chapter. To address this problem, in this section, I construct the RI for the NDC ruling coalition for 2011-2013 and then use the RI to compare with the deviation of oil revenues allocation from the population share. The allocations fit partially with ethno-regional distribution of power within the NDC coalition, but are inconsistent in other respects. In terms of the RI, one should expect the distribution of power, within the NDC coalition, to favour the Volta Region and Northern Region, the strongholds of the party and then the four swing regions in Ghanaian electoral politics (Greater Accra, Central, Western and Brong Ahafo). Conversely, Ashanti and Eastern regions, being the strongholds of the opposition NPP, will be marginalised. The table below shows the inter-regional distribution of power in relation to population share and the Representation Index for the period 2011-2013.

Table 3: Distribution of Power Relative to Population Share and the Representation Index (2011-2013)

<table>
<thead>
<tr>
<th>Region</th>
<th>% Share of Population</th>
<th>Ministers</th>
<th>Inner Core</th>
<th>Deputies</th>
<th>Representation Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Accra</td>
<td>16.3</td>
<td>3.6</td>
<td>-4.3</td>
<td>3.3</td>
<td>-1.7</td>
</tr>
<tr>
<td>Ashanti</td>
<td>19.4</td>
<td>-12.5</td>
<td>-10.4</td>
<td>-16.1</td>
<td>-13</td>
</tr>
<tr>
<td>Western</td>
<td>9.6</td>
<td>-1.6</td>
<td>-2</td>
<td>-4.3</td>
<td>-2.6</td>
</tr>
<tr>
<td>Volta</td>
<td>8.6</td>
<td>6.4</td>
<td>1.7</td>
<td>10.4</td>
<td>6.2</td>
</tr>
<tr>
<td>Central</td>
<td>8.9</td>
<td>2.1</td>
<td>10.3</td>
<td>3.4</td>
<td>5.3</td>
</tr>
<tr>
<td>Eastern</td>
<td>10.7</td>
<td>-6.2</td>
<td>-1</td>
<td>2.6</td>
<td>-3.1</td>
</tr>
<tr>
<td>Brong-Ahafo</td>
<td>9.4</td>
<td>-1.4</td>
<td>-4.9</td>
<td>0.6</td>
<td>-1.9</td>
</tr>
<tr>
<td>Northern</td>
<td>10.1</td>
<td>0.2</td>
<td>3.4</td>
<td>2.2</td>
<td>1.9</td>
</tr>
<tr>
<td>Upper East</td>
<td>4.2</td>
<td>6.1</td>
<td>1.6</td>
<td>-0.9</td>
<td>2.3</td>
</tr>
<tr>
<td>Upper West</td>
<td>2.8</td>
<td>11</td>
<td>9.2</td>
<td>-0.5</td>
<td>6.6</td>
</tr>
</tbody>
</table>

Source: Author’s construction based on official records of the Parliament of Ghana, press releases from the Office of the President and newspaper reports of ministerial reshuffles.

From the Table 3 above, it is clear that, generally, the strongholds of the ruling coalition have been favoured in the distribution of power. The dominant regions are the Central Region (where President Atta Mills hailed from), the Upper West and Volta regions. The pattern of
power distribution for the President’s region follows the same pattern as other Presidents, like Rawlings and Kufuor, who favoured the Volta and Ashanti regions, respectively (see RIs for 1993-2008 in Abdulai and Hickey, 2014, pp.8-9)\textsuperscript{58}. The Volta Region known as the ‘World Bank’ of the NDC is not as dominant in terms of the inner core, but is well compensated by the distribution amongst deputies where it was overrepresented by 10.4\%\textsuperscript{59}. The swing regions did not fare badly in the distribution. For example, the Greater Accra Region was rewarded with an overrepresentation in the cabinet and deputies, but underrepresented in the distribution amongst the inner core. As can be seen from Figure 4 below, the interesting statistic is that the poorest Upper West Region seems to have been fully rewarded for continually voting for the NDC (see Bob-Milliar, 2011) and delivering all ten parliamentary seats for the party in 2012. It was overrepresented by 11\%, in terms of distribution of ministers, and 9.2\% within the inner core.

\textbf{Figure 4}

As expected, the opposition stronghold of the Ashanti Region was the most marginalised, with an RI of -13\%. To estimate the effect of the distribution of power, within the NDC

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\textsuperscript{58} President Atta Mills died in office in July 2012 and was succeeded by his Vice, John Mahama who came from the Northern Region. This however did not immediately reflect in the RI for the Northern Region.

\textsuperscript{59} Lindemann notes that under Museveni, deputy ministers from Western Uganda, a stronghold of the NRM, actually wielded ‘real power’ and that these tactics were used to disempower ministers appointed from the marginalised northern Uganda (2011, p.401).
coalition, on the allocation of oil revenues, I compare the deviations of the regional allocation of oil revenues, from the regional share of population for 2011-2013 and the RI. What is immediately apparent, from the bar chart below, is that oil revenue allocations significantly favour the Eastern Region, which is overrepresented by 6.3%. Secondly, the Ashanti Region, heavily marginalised in the distribution of power with an underrepresentation of -13%, is overrepresented in the allocation of oil revenues by 1.4%. These two regions are the strongholds of the opposition NPP. Interestingly, the Upper West region which had an RI of 6.6% was underrepresented in the oil revenue allocations by -1.8%.

![Representation Index and Oil Allocation](image)

The regional patterns of oil revenue allocation are consistent with the logic of the RI and the argument that it is the distribution of power within the ruling coalition that drives allocation decisions; but only to the extent that it can explain the favourable allocations to Volta Region and the adverse allocations to the northern regions. In the case of the northern regions, the adverse allocation is consistent with the findings of Abdulai (2012) and Abdulai and Hickey (2016). Abdulai’s construction of the RI for the period 1993-2000, for the NDC, showed some overrepresentation for the northern regions, but nothing as large as presented here, while for the NPP 2001-2008, it showed some underrepresentation. However, in spite of the overrepresentation of the northern regions within the NDC coalition from 1993-2000, he
found that the northern regions received the lowest education allocations and actual expenditures under both the NDC and NPP. This was also in spite their significant disparity in education needs. He explains this contradiction, generally, as a function of the adverse incorporation of the northern elites in these coalitions, whereby northern elites are appointed to less influential portfolios that matter for resource allocation. What the RI logic does not explain is the highly favourable allocations to the strongholds of the NPP. I look closely at the oil revenue allocations to the road sector in one of the two opposition strongholds, the Ashanti Region, to unpack the political dynamics at play. I argue that in spite of the distribution of power within the ruling coalition, changing coalition dynamics within Ghana’s political settlement is shaping allocation decisions that may favour marginalised factions, to the disadvantage of dominant regions within the coalition.

6.4.3 Chasing ‘Poor’ Voters and Wooing the Opposition: Explaining Patterns of Oil Revenue Distribution under the NDC

“…as politicians we are also concerned about the votes; it’s not like Christianity where you can leave the 99 and go for only one” (Interview with ruling party politician, 16th July 2014).

Although the Ashanti Region is an opposition stronghold, the NDC has increased its share of votes in the region over the last two elections. In 2008, it obtained 25.61% of the votes in the presidential run-off elections and held on to three parliamentary seats. In 2012, it secured 28.35% of the votes, increasing its votes by about 133,000 and won an additional seat to hold four parliamentary seats in the region. As a result of the large share of the Ashanti vote in the electoral calculation (18.16%; second to the Greater Accra Region with 19.85%), any inroads into NPP dominance of the region will have a significant impact on the overall presidential results, where the two parties have been separated by an average of 1.7% in the last two elections. The opposition stronghold of Ashanti, as well as Eastern regions have become a target because the ruling NDC has almost exhausted its electoral advantage in its strongholds.
of Volta and the three northern regions, while the four swing regions remain highly competitive. Thus, the NDC has been responding to the changing coalition dynamics within the current political settlement in Ghana. Within competitive clientelist settlements, like Ghana, coalitions have to maintain and expand their coalition to hold on to power and preserve their patronage organisations. The table below shows the changing electoral dynamics during the period of oil revenue allocation 2011-2013. It captures the 2012 voter population for each region, the relative share of the votes for the two dominant parties NDC and NPP for the 2012 election, but also the 2008 run-off vote share to show the regional trend, and the share of parliamentary seats for 2012.

<table>
<thead>
<tr>
<th>Table 4: Electoral Importance of Regions to NDC and NPP in Ghana</th>
</tr>
</thead>
<tbody>
<tr>
<td>NDC</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>Ashanti</td>
</tr>
<tr>
<td>Greater Accra</td>
</tr>
<tr>
<td>Western</td>
</tr>
<tr>
<td>Eastern</td>
</tr>
<tr>
<td>Volta</td>
</tr>
<tr>
<td>Central</td>
</tr>
<tr>
<td>Brong Ahafo</td>
</tr>
<tr>
<td>Northern</td>
</tr>
<tr>
<td>Upper East</td>
</tr>
<tr>
<td>Upper West</td>
</tr>
<tr>
<td>Source: Author’s construction based on Electoral Commission of Ghana data</td>
</tr>
</tbody>
</table>

For example, the NDC held two-thirds of parliamentary seats in Northern Region, all the ten seats in the Upper West and all but two seats in Upper East Region after the 2012 elections. Yet, the total voting population of the three northern regions was still about 3% less than the voting share of Ashanti. Thus in the run up to the 2012 elections, the NDC set ambitious targets to increase its votes and win more seats in the two NPP regions of Ashanti and Eastern (the latter has the third largest vote share of 10.15%). Joseph Yamin, then Ashanti Regional Secretary for the NDC party, stated on the eve of the elections that the party was targeting 30% of the votes and ten parliamentary seats (Kewura, 2012). In the Eastern
Region, the Regional Secretary for the NDC, Tawiah Boateng, was confident that the party could add six more seats to its eight seats in 2012 (GNA, 2011). As stated before, the party did well in Ashanti, but was not as successful in Eastern, where their share of the vote fell slightly and they lost one seat, bringing their total to seven parliamentary seats. Joseph Yamin was rewarded with a deputy ministerial position in 2013 at the Ministry of Youth and Sports, and then subsequently reassigned as Deputy Ashanti Regional Minister (see Appendix 4.3). The successes achieved by the party in 2012 seemed to have galvanised it to push harder in these two regions and recently it rolled out its 2016 election plan ‘operation 1 million votes’ for the Ashanti Region with the added objective of securing ten seats in the region (Graphic Online, 2015). In the Eastern region, the party strategy is to win fifteen seats in total, based on its plan dubbed “Agenda 50/50”, that is, to share the thirty-three seats with the NPP (Daily Guide, 2015a).

One way in which the party has implemented its strategy to increase its vote share and expand its coalition in the Ashanti Region, has been through the use of road sector expenditure to garner votes in core-supporter and swing constituencies, but also to target the strongholds of the opposition close to these core and swing areas, in what I call a ‘catchment strategy’. In this respect, oil revenue allocation to the road sector between 2011 and 2013 has been important. In order to show the political calculations that has informed the allocation of oil revenues to the road sector in the Ashanti Region—to explain why the NDC has favoured the opposition stronghold to the disadvantage of its strongholds, I rely on the 2013 PIAC Report. Appendix 3 of the PIAC report provides a ‘List of ABFA-funded Road Projects—2011-2013’ which captures all the road projects in the ten regions of Ghana that received oil revenues. As I showed earlier in Figure 2 above, 63% of the ABFA was allocated to the road and infrastructure sector. Out of that total, 65% was spent directly on construction,
upgrading, rehabilitating and resurfacing of roads. A total of 118 road projects were financed with oil revenues, under the ‘roads and infrastructure’ category for 2011-2013 (PIAC, 2013, p.34). All the roads supported had been started prior to the discovery of oil and the passage of the PRMA. As such, oil revenues were used largely as partial funding for the road sector; for example, it constituted 14.1% of the road sector budget for 2013. In the Ashanti Region, thirty-nine road projects received ABFA funding. In the analysis I present in this section, I focus on eighteen road projects, excluding road projects of ‘national character’, that is, major highway projects that cut across regions, thus, making it difficult to deduce political targeting. The list of all the ABFA-funded Ashanti Region projects and the list of the selected eighteen road projects, which show the funding amount, years of funding, beneficiary districts and constituencies, incumbent party in the constituency and their margin victory in the last election, is provided in Appendix 3 of this thesis.

What is clear from interviews with politicians and bureaucrats, in terms of road sector allocation, is that electoral imperatives are at the core of allocation decisions, as a senior politician at the roads ministry confirms: “I have to help the President win so I allocate projects to areas where it will help him win; the decision is all about local communities…” (Interview, 15th May 2015).

However, unlike previous findings around political targeting in Ghana, where the incumbent targets core or swing voting areas, here the ruling coalition has been innovative in using oil revenues expenditures to the road sector to expand its ‘voting territory’ by allocating revenues to road projects that link its core, swing areas and surrounding strongholds of the opposition. This has been informed by two main demographic factors. As stated earlier, the NDC has drawn support from minority ethnic groups like the Ewes and northern groups, as
such, it has done well in the Akan strongholds of the NPP, where there are large numbers of migrants with minority ethnic backgrounds (see Chapter 3). Secondly, it has also focused on areas with a high incidence of poverty. As a ruling coalition politician confirms: “we are social democrats and we believe that the masses are our constituents, we do well in the poor districts and so it comes to us naturally that we should focus on those areas” (Interview, 16th July 2014).

My analysis from the road sector expenditure shows that there are three catchment areas in Ashanti (Southern, North Eastern and Central), which benefited from road projects supported with oil revenues. The map below is a constituency map of the Ashanti Region; it provides a visual representation of the catchment strategy. It shows the NDC share of the votes in the 2012 election, in the constituencies that received oil revenue allocations. The constituencies are shaded from dark green, where the party has a vote share of over 50%, to almost white, where its vote share is below 20%. The grey areas represent the non-beneficiary constituencies in the region.

The southern catchment area consists of the NDC constituency of New Edubiase, which is a core-supporter area. Migrants in the district make up 45% of the population, with 55% of

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60 Fridy finds that Ewe populations are strong drivers of votes for the NDC, in constituencies as well as uneducated and lower class voting populations (Fridy, 2007). The GLSS 6 also shows that there is a relationship between low education and income poverty.

61 An electoral area in Ghana is considered ‘safe’ for a party if it wins 70% or more of the votes, in past elections (Lindberg, 2010, p.4). It is competitive if a party, or parties, independently win 30% of votes in the area and together with another, holds 80% of the votes (Morrison, 2004). If the winning margin is 10% or less it is considered a swing area. In this respect, safe and competitive areas can be considered core-supporter areas, while swing areas will fall into swing-voter areas. This is because core-supporter/swing voter models do not necessarily take into account voting margins, except a less than 10% margin is likely to make an area swing.
them being Ewe speakers (ghanadistricts.com). It shares a boundary in the south with the Assin North constituency, another core-supporter constituency of the NDC in the Central Region, and to the west with Obuasi East and West constituencies, a large mining area where the NDC has competed strongly. In Obuasi East, the winning margin for the NPP was 23% whilst in the West; it was 32% making those seats competitive. The main road project in Obuasi, which received oil revenues, was the ‘upgrading of market roads and selected roads within Obuasi’. To the north, in both east and west directions of the district towards the Bekwai constituency, are mostly safe seats of the opposition NPP, but this is where the ruling coalition expects to make inroads in opposition territory. The NPP won the Bekwai seat by 72% in the 2012 elections, but in the 2008 elections, a fall out from the NPP primaries led to the current MP contesting the seat as an independent candidate, which he won comfortably. In the 2012 elections, he was then persuaded to contest on the ticket of the party and won. There were three roads projects, involving the Bekwai constituency, which received oil revenues during the period under consideration.

Figure 6: NDC 2012 Presidential Election Vote Share in Oil Revenue Beneficiary Constituencies

ghanadistricts.com is a public private partnership between the Ministry of Local Government and Rural Development and a network of media and IT professionals, providing a one-stop shop online information on all districts in Ghana.
Notwithstanding the dominance of the Bekwai seat by the NPP, targeting it is worthwhile, since the presidential vote is one constituency: an increase in the total votes for the NDC improves the chances of winning the elections. Moreover, the NDC increased its vote share in the majority of the constituencies that received oil revenues between 2011 and 2013, so there was every motivation to push for more votes.

The north-eastern catchment strategy builds on the constituency of Sekyere Afram Plains, which borders a migrant corridor through NDC constituencies like Sene East, Sene West, Attebubu in the Brong Ahafo region, where several northern groups have been migrating for
work as agricultural labourers. For example, the migrant population in Sekyere Afram plains is 46.2% with 41.7% from the Northern Region, 20.1% from the Upper West Region and 10.3% from the Upper East Region (ghanadistricts.com). The Sekyere Afram Plains constituency also borders NPP constituencies, like Kumawu and Nusta, where a number of road projects like the Kumawu town roads projects have been implemented. Lastly, the central catchment area within the Kumasi Metropolitan Assembly, which has the NDC constituency of Asawase, has been used as the base to target nearby NPP constituencies, like Oforikrom and Asokwa, where the party has competed well. Asawase has a large population of northerners who live in an area commonly referred to as ‘Zongo’. The NDC has drawn support from its large northern population.

This type of political targeting has been enabled by some of the institutional weaknesses within the budget process and the strategies of bureaucrats to manage such weaknesses. As a senior official at the Ashanti regional office of the Department of Urban Roads notes:

> Sometimes the President can request for the region to implement a particular road proposal [not initially budgeted for]. National [Urban Roads] will request for regional [Directorate] to send a budget for a proposal, which was not funded when it was first submitted. Finance [MOFEP] will ask national and national will authorise regional. This may be that the President is getting pressure from some communities. This unplanned expenditure can be three times the actual budget of the region.  
> *(Interview, 6th May 2015)*

In addition, once the allocation is made to the regions, the regional directors have wide discretion to direct the resources in concert with politicians. He further notes:

> The opportunity for targeting is at regional level when the budget is made available and then the bureaucrats, together with the regional minister may target, but even that we ‘bully’ them to make sure they don’t do it excessively. We can

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63 ‘Zongo’ is a word in Hausa spoken by northerners meaning ‘travellers camp’, ‘stranger quarters’ or ‘stop over’ used by British colonial officers to refer to areas where Muslims live (see Schildkrout, 2008).
select areas where we know they [the ruling coalition] have an interest and then they can add on. But these areas may have comparable maintenance needs. (ibid.)

This kind of manoeuvring between bureaucrats and politicians was also observed in the work of Horowitz and Palaniswamy in the study of two northern districts (2010). The analysis above helps to explain why the NDC-favoured opposition strongholds, like Ashanti, in the allocation of oil revenues, contrary to the patterns of resource distribution in Ghana. The changing coalition dynamics within Ghana’s political settlement and the articulation of existing and new institutional arrangements, like the PRMA, has informed and enabled the party to employ new strategies for political targeting. The political settlements analysis helps extend the core/swing voter analysis by deepening understanding of the structural political factors that inform voter targeting and the eclectic ways in which ruling elites combine the targeting of core, swing and opposition areas.

6.5 Oil Revenue Allocations and the Early Implications for Poverty Reduction and Inequality in Ghana

The early patterns of oil revenue allocation suggest two main implications with regard to inclusive development. First, the focus on capital investments, in the form of road infrastructure, suggests that Ghana has adopted a medium to long-term strategy for achieving inclusive development. However, the low investment in agriculture and the unclear linkage between road infrastructure and the agriculture sector is likely to undermine that strategy. In addition, a recent value for money audit on some of the road projects implemented, so far, with oil revenues shows a limited social and economic impact (ACEP, 2013). Second, as long as the political settlement incentives and ideas continue to inform allocation decisions, spatial inequality is likely to persist, particularly Ghana’s north-south divide even though absolute poverty is likely to continue to fall. I will take these implications in turn.
Employment offers the least promising avenue for the fostering of inclusion through resource extraction, because extraction processes are capital intensive and rely largely on technology and high capacity technical skills (Bebbington, 2013). Therefore, the emerging consensus within the literature on resource development is that the best channel for promoting natural resource-led inclusive development is through taxation, royalties and social expenditure (ibid., p.27). The short route involves using the revenues from taxation and royalties to finance social spending in health, education and social protection. The medium to long-term strategy is to invest the revenues in infrastructure, agriculture and/or human capital that will produce sufficient wealth to sustain long-term financing of social sectors. Based on the current institutional arrangements for oil revenue allocation, development plans and spending patterns, Ghana appears to have gone for the medium to long-term route. The GSGDA states:

“The oil and gas industry must not be taken in isolation if it is to propel national development. It must not become another enclave for resource exploitation that is dominated by foreign interests. Having regard to the areas in which these major oil and gas discoveries are located, the sector can provide the impetus to build new growth poles in the economy” (p. 52).

As noted earlier, the PRMA requires that oil revenues that fund the budget are used for capital expenditure and so far, political elites have largely complied with that obligation. However, if the expenditure on infrastructure and human capital (that is, spending on capacity building) is a strategic move to subsequently address poverty and inequality, the current spatial distribution of revenues fails to achieve that. The graph below is a comparison of the regional distribution of oil revenues for 2011-2013 to the regional incidence of poverty, based on the Ghana Living Standards Survey Round 6 report (GSS, 2014). Figure 8 below shows a clear inverse relationship between the incidence of poverty and the oil revenue expenditure.
The spatial incidence of poverty, prior to the discovery of oil has not changed even though poverty has reduced in absolute terms by 7.7%, from 2005/2006 to 2012/2013 according to the Ghana Living Standards Survey Round 6 report (GSS, 2014). It shows clearly that the poorest northern region received the least allocation, overall. In addition, the Upper West, with the highest incidence of poverty and extreme poverty, also has the highest incidence of inequality, increasing from 42.6% to 48.5% (ibid.). Mosley, for example notes that because the poorest populations live in the rural areas and rely on agriculture and related labour activities, allocation to the sector is the surest way to reducing poverty (2015, p.64). This has been empirically established with case studies in India and China, where expenditure on road infrastructure linked to agricultural areas (feeder roads) and research, impacted significantly...
on poverty reduction (ibid.)\textsuperscript{64}. The impact was more significant than education, irrigation and health expenditures. Similar studies carried out on four aid-dependent African countries, using regression analysis, also found that both agriculture expenditure, as well as expenditure on education and infrastructure was salient in reducing poverty (Mosley and Suleiman, 2007).

The poverty profile for Ghana is conducive for this kind of intervention. The GLSS 6 reports that poverty in Ghana is still a rural phenomenon, with the rural savannah (mostly the northern regions and Northern Volta) contributing significantly to the incidence of extreme poverty (GSS, 2014, p. xi). In addition, households with farmers as heads are the largest individual contributors to the poverty incidence. Yet, the agriculture sector has received only 7\% of revenue allocations over the three-year period under consideration. Sixty-Four percent of the expenditure was used to support agriculture input subsidy programmes like the Fertilizer Subsidy Program (PIAC, 2013, p.38). Though an important programme, which has real potential for improving food security and reducing poverty, it has been fraught with corruption (Vibe, 2012) and manipulated for electoral gain (Banful, 2012b). In addition, it is unclear whether the roads supported with oil money are strategically linked to agriculture-related activities that can impact on income distribution and food prices, which are key mechanisms for reducing poverty (Mosley, 2015, p.65). Lastly, an evaluation of road projects supported with oil revenues conducted by the Africa Centre for Energy Policy (ACEP) concludes that several of the projects failed a test on value for money and social-economic impact (2013). This was because several of the projects suffered delays, non-completion and cost overruns leading the Parliamentary Select Committee on Roads to conclude in a report to Parliament that a number of the new roads have suffered “high rates of deterioration” (p.23).

\textsuperscript{64} Mosley draws support for his argument from the work of Fan et al., (2002, 2000). In the work in India, Fan et al. found that investment in rural roads and agriculture yielded a higher value for money per rupee and higher productivity growth.
In terms of socio-economic impact, ACEP investigated two roads, one in the north and another in the south. It found that in terms of direct and indirect employment, there were very limited opportunities for men as labourers and women as road sweepers and cooks (pp.24-25). The women earned a monthly average wage of about $50. In one of the road projects, Chinese contractors undertook the entire supervision job with very little local content. Also, there was little consultation with communities over the project, undermining monitoring and accountability. Additionally, in another of the road projects, farmers, whose lands were appropriated for gravel extraction, were not compensated and when they were compensated, it was not adequate to cover the economic loss (ibid.).

The second implication for inclusive development, from the pattern of oil revenue allocation, has to do with the likely persistence of spatial inequality. So far, Ghana’s CCPS has proven to be resilient and influential in the decision-making of ruling elites. This has played out in the allocation of resources since oil was discovered. If the allocation to the Ashanti Region is an indicator of wider allocation politics of the NDC coalition, then we should expect to see the following:

1. More public goods and investments are likely to go to regions with large populations because of the corresponding large voter population it generates.

2. Since the migration trends have traditionally been from north to south, then voter population will continue to grow in the south, which means ruling elites will continue to target the southern regions to the neglect of the northern regions, further widening north-south inequality.

3. It is also likely that ideas and interests will continue to direct investments towards poor areas in the south under the NDC social democratic ruling coalition, which will
likely affect poverty positively in absolute terms, but worsen poverty in spatial terms, particularly if the NDC continues to chase core supporters south.

4. Lastly, this pattern of investment is unlikely to change even with a change in the ruling coalition, that is, the NPP returning to power, because of the nature of the political settlement. Thus if the voting population is in the south, which is also the stronghold of the NPP, then they are likely to continue to target southern voters, especially if the migration from north to south continues.

6.6 Conclusion

In this chapter, I respond to my third research question: ‘what are the implications of the politics and ideas shaping the governance of oil in Ghana for inclusive development?’ Drawing on the framework in Chapter 2, I argue that the dynamics of Ghana’s prevailing settlement and ideas, the existing and new institutional arrangements to govern oil, and development strategies employed by elites, will shape inclusive development outcomes. In this respect I analyse the implementation of the Petroleum Revenue Management Act (PRMA) established, partly, out of national-subnational political bargaining, discussed in Chapter 4, and in this respect the factors that have informed the early allocation of oil revenues. As predicted by Whitfield et al. (2015), the patterns of revenue allocation are shaped by incentives generated by Ghana’s competitive clientelist political settlement, where the imperative of elections drives the distribution of resources and influences short-termism in the implementation of policies. My findings are also largely consistent with Abdulai (2012), Abdulai and Hickey's (2016, 2014) contention that the mechanism that link democratic politics to clientelist resource distribution is the ethno-regional distribution of ministerial appointments within the ruling coalition. In this chapter, I build on their work to show that in spite of the stability of the political settlement in Ghana, changing coalition dynamics within Ghana’s de facto two-party system explains why the NDC has favoured the
opposition strongholds of the NPP in the allocation of oil revenues from the ABFA, between 2011 and 2013. This suggests that elite incentives to capture and control access to state resources, by securing an electoral win, are strong, to the extent that allocation decisions may place dominant factions at a disadvantage within the ruling coalition, in favour of even marginalised factions, as long as it can secure the ruling coalition’s hold on power. The implications for inclusive development are that Ghana’s strategic medium to long-term strategy to use resource extraction as a catalyst for wider social and economic transformation is currently being undermined by the political incentives driving allocation decisions. In the long run, absolute poverty is likely to continue to decline while spatial inequality worsens, particularly, in terms of the north-south divide. In this sense, spatial inequality may only be tackled if the political settlement changes, in terms of its ideas around how the unitary state should be secured, by moving the narrative of ‘equality’ that aligns with political elite material interest of mobilising votes under competitive clientelism to one of ‘equity’, which recognises the marginalisation of the north as a matter of social justice and enables a consistent investment in bridging the gap between north and south. An alternative strategy may lie in seeing the north as a catalyst for national growth, which requires sustained investment, reminiscent of the 1970s, under the military regime of General Acheampong (see Abdulai, 2012, p.98), which has the potential of reversing migration patterns and restructuring the northern regions as key electoral regions for regime survival. This may in turn alter coalition dynamics and elite incentives for development.
Chapter 7: Conclusions: Subnational-National Politics, Ideas and the Emerging Governance of the Oil and Gas Sector in Ghana

7.1 Introduction

The central inquiry of this thesis is to investigate the subnational dimensions of Ghana’s political settlement in shaping the ways in which oil governance institutions emerge, are sustained or challenged in new oil-rich countries, and the implications it has for inclusive forms of development. I interrogate these issues, in the context of Ghana, where commercial quantities of oil were discovered in 2007. I contend that, primarily, the character of the CCPS and ideas has shaped the governance of oil in Ghana since this point. This has been, particularly, apparent in terms of how the incentives generated by the CCPS shape the nature of decision-making and institutions around oil governance, and how this is informed by the balance of power between national elites and elites in the oil region. In this regard, two main dimensions of the CCPS in Ghana have been important, that is, the vertical relationship between ruling elites and lower-level factions and the prevailing institutional arrangement. These political and institutional dynamics were additionally structured by national ideas around the preservation of the unitary state of Ghana, linked to the ways in which natural resources like oil revenues should be shared.

In this chapter, I first summarise the empirical findings from the three case studies in Chapters 4, 5 and 6 and highlight three main conclusions. First, that in spite of the agitations that the onset of oil exploitation and production inspired amongst subnational elites of the oil region, these elites lacked sufficient holding power to secure their demands in their bargaining with national elites. Second, ruling elites worked through both formal and informal institutions to secure their dominant interest and also through ideas during these bargaining processes. Third, the patterns of revenue allocations reflect both long-term investments and new approaches to securing short-term electoral incentives, informed by
changing coalition dynamics within Ghana’s political settlement. In this chapter, I also examine the implications of these findings for the following: the resource curse theory, particularly, the extent to which this extended political settlements approach can take the research agenda beyond institutionalist explanations; and the wider political settlement approaches, particularly, the value of adding spatial and ideational factors to the conceptual and analytical approach to understanding resource governance. Lastly, I present a revised version of the conceptual and analytical framework introduced in Chapter 2.

7.2 Empirical Conclusions

In the following sections, I present a summary of conclusions on the empirical findings from the three case studies and reflect on what it means for the conceptual and analytical framework presented in Chapter 2.

7.2.1 The Limited Holding Power of Subnational Elites in the Oil Region and the Effect on Political Bargaining Outcomes

According to Khan (2010), the holding power of different elites, within and outside the ruling coalition, directly shapes institutional and development outcomes. The holding power of elites in the Western Region flows primarily from the organisational resources that they command, rather than from economic or ideological resources. The majority of subnational elites, particularly chiefs and the political class, but also domestic capitalists, are heavily dependent on state largesse. This lack of economic autonomy increases the incentives for subnational elites to align themselves with national ruling elites and to avoid challenging them (see Boone, 2003). This reflects the nature of Ghana’s CCPS, which has undermined the development of a national capitalist class (Chapter 3). Furthermore, the social control that subnational elites wield over the masses in the Western Region is 'thin', which means subnational elites are limited in their ability to threaten ruling elite interest (Chapter 4). This
has to do with two challenges: the first is related to the inability of elites in the region to forge an ethno-regional identity, because of divisions between elites on the coast and those in the interior, rivalries amongst neo-traditional leaders on the coast and the Western Region being a migrant area since the colonial period; the second challenge relates to credibility problems that traditional authority has created over their governance of mining resources over time, which has weakened their legitimacy amongst their subjects (p.138). These challenges have created contested identities and divisions amongst the elite class in the region. In addition, the presence and varied mobilisation of social movements in both the ten percent case and the gas plant case were not successful in altering the existing rules of the game related to natural resource governance. In the ten percent case, the CSO front in the movement was plagued by a turf war between local and national NGOs, a lack of trust between NGOs and chiefs, and suspicions between the ruling coalition and excluded faction elites. This weakened the movement and allowed ruling elites to manage the contestation successfully. In the gas plant case, though the social movement in the district was relatively strong, it was weakened by its own ideas of Nzema unity and from the co-optation of local elites within the ruling coalition.

The empirical analysis, so far, supports the initial hunch that it was inappropriate to conceive separate regional-level political settlements in the Ghana context as suggested by Parks and Cole (2010). The overlapping roles of elites at national and subnational levels support the observation of Bayart (1993) and Boone (2003) regarding the networked character of African politics. It was important to go beyond Khan’s framing of the activities of lower-level factions and excluded factions to look at the spatial context within which these actors operate. By accounting for the subnational configuration of power, the strength and likely interest of subnational elites before their engagement with the state could be assessed. Thus the extended political settlements framework, drawing on Boone (2003), has been useful in
unpacking the dynamics of power-relations at the subnational level and the empirical analysis has helped to nuance it further, at least in two ways. First, in relation to assessing where subnational elite interest might lie in their bargaining with national elites, Boone argues that material processes of agrarian property relations primarily shape elite interest. This is borne out to some extent by the empirical analysis, but not entirely. In terms of material motivations, there are actors who certainly fit this characterisation, like the mayor of Jomoro who was worried about his job as a political appointee. There are other instances where one can make a claim for motivations of party identity and loyalty as an important factor in shaping interest. For example, some local NDC politicians who did not support the ten percent demand did so because of loyalty to the NDC cause (Chapter 4, p. 150), or in the case of the Nzema Youth Association and the Paramount Chief of Jomoro, where subnational paradigmatic ideas of ‘one Nzema’ shaped their interest and strategies in ways that weakened their resistance to the relocation (Chapter 5). Moreover, the reverse is not always the case, that is, if subnational actors have economic autonomy they are likely to oppose the state. The economic autonomy of Senator Saya, the former Nigerian Senator in Jomoro, did not necessarily make him a rival to the state. Rather, he saw the opportunity to increase his influence within the NDC and increase his opportunities to benefit from the projects, in the area, by going along with ruling elites. Thus, in the absence of an ideological commitment (in this case to regional interests/development), economic resources/autonomy alone offer an insufficient basis for generating sufficient holding power for subnational elites. This suggests that both material and discursive forms of power, shape subnational elite interest and in turn shapes the strategies that elites may employ in their bargaining with the state.

Second, in spite of a lack of economic autonomy, subnational elites were able to extract some concessions, like appointments to oversight national oil governance institutions, or promises of infrastructure development from ruling elites, because of the importance of the Western
Region to winning elections in Ghana. This reflects Ghana’s CCPS where patron-client networks mobilise to capture and control state resources through electoral competition. The inclusion of the electoral factor, particularly, within competitive clientelist political settlements, has been critical in capturing how the character of competitive elections affects the political strategies of subnational elites. In the ten percent case, Western Chiefs were influenced heavily by the competitive and acrimonious nature of Ghana’s elections, to the extent that they wanted to present a non-partisan front in their bargaining with the state (pp. 141-142). They were however unsuccessful in keeping both the NPP and NDC happy. The deep lack of trust between the two sides also showed in the passive participation of NDC politicians, weakening the movement further. We see a similar sensitivity to partisan politics in the gas plant case in the way in which the Nzema Youth Association operated (pp. 179-180). In addition, the expectation that the horizontal and vertical relationship between ruling elites and excluded factions, on one hand, and ruling elites and lower-level factions, on the other hand, will shape political strategies, have also been borne out in the empirical analysis. The threat of the excluded NPP, in securing a political advantage from the subnational elites’ agitation, heavily influenced NDC ruling elite decision-making. However, the empirical evidence brings fresh insights to the interaction between lower-level factions and ruling elites within Ghana’s CCPS. In both the ten percent and gas plant cases, ruling elites relied heavily on willing lower-level factions to enforce their decisions even when it threatened their local interest. This runs counter to Khan’s expectation that where lower-level factions are strong, ruling elites are likely to have implementation challenges if the policies don’t benefit them. Whitfield suggests that in Ghana, unlike the Asian cases like (India, Bangladesh, Thailand) that Khan speaks about, lower-level factions exercise their power during internal party primaries, and not from holding ruling elites to ransom for payoffs to join their coalition (2011, p. 11). What the empirical cases show is that the political parties, in essence, represent
a new form of identity and mobilisation for political elites in Ghana. Factions at lower-levels identify with the party and help that party to win power and hold on to power (see Bob-Milliar, 2012), sometimes against their immediate ethno-territorial or personal interest. This identity and loyalty can overcome self-interest in the short-term, with the expectation that as long as the party is in power there will be more opportunities for rewards. This has enabled ruling elites to discipline lower-level factions at a relatively cheap cost.

7.2.2 Political Bargaining Over Oil has Deepened the Use of Formal Institutions

The interaction between formal and informal institutions is at the centre of political settlement approaches; in terms of understanding the poor performance of formal institutions and ways in which countries transition from a system of informality to more rule-based systems (Khan, 2010; Levy, 2014; North et al., 2009a). In all the three cases explored here, elites (both subnational and national) used formal institutions at the first instance and embraced informality as the last resort. For example, in the ten percent case both subnational and national elites opted for formal processes, but for different reasons. Subnational elites were wary of the inconsistent way in which successive governments financed local development and therefore felt that the best way to guarantee long-term financing and secure the enforcement of future commitment, under a very competitive electoral system, was to have a dedicated regional development fund, enshrined in law. This type of political learning also affected the timing of the submission of their petition to coincide with formal parliamentary processes as well as the format of the submission, which was in the form of a formal petition. Ruling elites on the other hand resorted to formal institutions as an escape route from their informal promise, to subnational elites, to give ten percent of revenues to the region. It allowed them to argue that their hands were tied because existing institutions demanded that the government presented such a decision to the representatives of the people.
(that is, Parliament). However, the prevailing institutional structure, governing natural resources, suited ruling elites and disadvantaged subnational elites. The discretions granted under prevailing institutional arrangements, and new ones, allowed ruling elites to bypass the institutional constraints. This was evident in the way in which the ruling NDC has applied the PRMA in terms of allocating oil revenues (Chapter 6).

The ways in which formal and informal institutions have interacted in the case studies are consistent with the ways in which institutions were conceptualised in the framework, in Chapter 2. Whitfield and Therkildsen argue that in nominal democracies, institutions mediate the strategies of ruling elites to retain power by winning elections and to expand their coalitions by creating incentives and limitations on their behaviour (2011, p.20). Prior or existing institutions are, thus, often a constraint on political action (Bebbington, 2013). From the empirical evidence, this mediating effect can be observed. Elites, at both national and subnational levels take cognisance of the existing institutions as they strategise for engagement. However, institutions can also serve as an enabler. For example, regional elite preference for formal institutions allowed them to ‘lock-in’ commitments for the future. This elite behaviour suggests that they deploy whichever institutional arrangement offers them the best chance of securing their interest. This is enabled by the presence of a higher degree of formal institutionalisation in Ghana compared to other countries in sub-Saharan Africa (Throup, 2011). The conditions under which ruling elites select formal or informal institutions are, however, linked more closely with the functioning of the political settlement in Ghana. Thus, if the existing distribution of resources does not reflect the distribution of power within the coalition, or the expansionist strategy of the ruling coalition, then formal institutional processes can be substituted for informal ones if the formal ones fail to deliver or formal institutions interpreted/articulated to suit the distribution of power. Similarly, if the formal processes favour the distribution of power and coalition building objectives, they will
be supported. For example, the failure of formal institutional arrangements to meet the needs of subnational elites, within its coalition, led NDC ruling elites to offer informal concessions like appointing indigenes to oversight oil governance institutions. Elites have also been able to deploy formal and informal institutions in this way because these formal institutions were originally established in a manner that reflected the dominance of national, over subnational, elites as in the case of mining in Ghana. This is consistent with the political settlement approach that argues that elites first distribute rights/status/resources in line with the prevailing balance of power (Khan, 2010; North et al., 2009b). It also helps explain, to some extent, the puzzle of institutionalists as to the conditions under which informal institutions may undermine formal institutions (Khan, 2010, p.10).

7.2.3 Changing Coalition Dynamics within Ghana’s Political Settlement Re-Shaping Political Incentives for Governing Oil

Though, ruling elites were generally oriented towards a short-term horizon and focused on delivering visible short-term projects, oil revenues have so far been invested in more long-term projects like the gas plant and other capital projects like road infrastructure (Chapter 6). Though it is important to note that oil spending on road infrastructure is generally aligned with the organisation of power and rewards within the NDC ruling coalition. The overall pattern of spending appears inconsistent with a general CCPS reading of how we should expect oil to be governed. These mixed long-term and short-term investment patterns, therefore, suggest ruling elites are directed towards more programmatic redistribution. This reflects the ongoing struggle of the ruling elites’ quest for economic and social transformation and the tendency towards redistribution to secure their stay in power (Oduro et al., 2014; Whitfield, 2011b).

The orientation towards more long-term investment is also consistent with general elite and increasing popular demand for socio-economic transformation (Amoako-Tuffour, 2011; NDC,
2008; NPP, 2012) and NDC ideas of resource nationalism (Hickey et al., 2015a). However, these pro-long-term development incentives continue to clash with the general incentives from the political settlement, particularly the changing coalition dynamics that still directs the ruling elite to focus on delivering short-term visible goods that can be attributed to the ruling coalition and help garner votes (Harding, 2015). The analysis of oil revenue expenditure in the Ashanti Region suggests that in respect of short-term objectives, new strategies are being employed to respond to the changing dynamics of electoral competition and imperative to secure a hold on power.

In conclusion, the extended political settlements framework has proved useful in unpacking the political underpinnings of oil governance in Ghana. In particular, it shows the importance of subnational-national politics in shaping the emergence and implementation of institutions at the onset of an oil boom. This may give further clues as to the capabilities of regional elites from the Western Region to extract concessions from national elites in the future: as Bebbington (2013) notes, oil governance is a long-term process and actors learn from previous encounters, which may increase their political capabilities over time. It has provided some important insights into whether the Ghanaian state is moving away from informality towards a more rule-based (Weberian) state. This remains inconclusive, even though the political bargaining around oil has deepened the use of formal institutions, there is a sense that elites deploy institutional arrangements to secure their interest and may not reflect a commitment to higher-level of formal institutionalisation. However, it is possible that their repeated use of formal institutions may push Ghana towards a more rule-based system. Lastly, similar tensions exist in terms of the commitment of elites to displace clientelist forms of governance in the oil sector. Even as there is a growing convergence between elites and citizens on a long-term transformative agenda, the imperatives of securing a hold on power, by winning the next election, remains strong and continues to inform elite decisions.
7.3 Theoretical Implications

This thesis has engaged with two main elements of the wider literature on the politics of development, including the theoretical move beyond new institutionalism represented by the political settlements approach (Di John and Putzel, 2009; Evans, 2012; Khan, 2010, 2005; Laws, 2012; North et al., 2009a; Parks and Cole, 2010; Whitfield and Therkildsen, 2011), and the resource curse literature (Auty, 2001; Beblawi, 1987; Karl, 1997; Ross, 2012, 2001; Sachs and Warner, 1995). In this section, I examine the implication of the thesis for this set of literature, beginning with the resource curse literature and then the wider implications for the political settlements approach.

7.3.1 Implications for the Resource Curse Thesis

Though the resource curse literature in the last decade has recognised the important role of politics (Karl, 2007), its institutionalist/statist approaches to explaining variation in the development outcomes of resource-rich countries remains unsatisfactory (Poteete, 2009; Rosser, 2006). Mainly, institutionalist approaches have focused on the rents that accrue to the state and its effect on institutional performance, as key determinants of variations in development outcomes (Beblawi, 1986; Karl, 1997; Ross, 2001, 2012). Often the decision-making of elites in a rentier context are viewed through the lens of rationalist calculation whereby interest is assumed as based on material motives. It must be acknowledged that institutionalist approaches have advanced the initial determinism of natural resource endowment (Auty, 2001; Sachs and Warner 1995), to looking at the differences in development outcome (Acemoglu et al., 2001a; Karl, 1997; Ross, 2012, 2001). The object of using the political settlements approach is to move the research agenda from focusing on the differences in institutions as an explanation for variation in development outcomes, to look at what explains differences in institutions, by going back to politics. The settlements approach, thus, is able to extend the rentier and institutional analysis by showing how rents, and the
incentives they generate, are appropriated by agents (as part of coalitions) and as part of the logic of doing politics. As such, it places emphasis on the nature of the prevailing politics, before oil arrived, to help understand the likely development path a resource-rich country might take. Secondly, it also places emphasis on the bargaining capacities of various social and political groups and interactive processes of discourse, before one can ascertain the type of institutions that might emerge and whether or not the enforcement of those institutions will necessarily lead to good development outcomes. In this thesis, the insertion of spatial and discursive political dynamics helps to capture the importance of the role that various agents play in bringing about different institutional outcomes. In that respect, the extent to which institutional fixes, like transparency and accountability mechanism (a standard response to the resource curse problem), will be enforced, also depend on the coalition politics and ideas operating with the country. This political economy approach is consistent with more recent explanations of the differences in development outcomes in resource-rich countries (Bebbington, 2013; de Oliviera, 2007; Thorp et al., 2012c; Watts, 2004a).

7.3.2 Implications for Political Settlement

The insights gathered from applying the political settlements framework to resource governance have also generated knowledge for deepening political settlements approaches, generally. The key critique of the political settlements approach is that it can be static and does not take adequate account of agency (Bates, 2010; Hickey, 2013; Hudson and Leftwich, 2014). Additionally, political settlements analysis can be guilty of methodological nationalism, missing out important dynamics of transnational and subnational politics (Hickey, 2013). Lastly, it has a rationalist bias, thereby, excluding the important elements of discursive politics (ibid.). In response, this thesis has incorporated spatial (particularly, subnational politics) and ideational dynamics into the political settlements approach adopted here, to better account for change or stasis within coalition politics, and its effect on
institutional and development outcomes (Chapter 2). This is even more important when interrogating natural resource governance outcomes (Arellano-Yanguas, 2011; Bebbington, 2013). By looking at actors at different levels of the patron-client pyramidal structure that exists within clientelist political settlements, one is able to better isolate the role various actors, like lower-level factions and excluded factions, play inside and outside of a ruling coalition. This enriches the understanding of the context within which social actors strategise and act to maintain or change the existing rules of the game (Bates, 2010; Poteete, 2009). For example, in the context of the emerging governance of oil in Ghana, it is able to show how, and explain why, Western Region elites failed to secure ten percent of oil revenues for the region or why the NDC ruling elites succeeded in enforcing the existing rules around natural resource revenue sharing (Chapter 4). By assessing the holding power of the oil region, an analysis of the bargaining capacities of local elites and the specific roles and motivation of key groups within the political space could be accounted for. Moreover, by introducing ideas, one is able to more effectively problematise the interest of actors (Blyth, 2003; Schmidt, 2011). This allows for an account of the interplay between structure and agency, which has remained a challenge in political analysis (Hudson and Leftwich, 2010, p.10). This provides a more nuanced explanation than other types of political analysis that are either skewed towards structure, for example, new institutional economic approaches like that of Acemoglu, Johnson and Robinson (2001); or agency, such as machine politics (Cornwell, 1964; Scott, 1969); or pork-barrel politics (Ferejohn, 1974; Lancaster, 1986). Some of the features of the politics, in Ghana, discussed in this thesis can pass for machine politics, that is, the disciplining of local elites (Chapter 5) or pork barrel politics in the allocation of oil revenues (Chapter 6). However, a political settlements approach reveals that the incentives derived from pork barrel, or machine, politics are initially structured by the underlying balance of power between contending social groups, but the ways in which agents pursue those interests
may manifest in different ways, depending on more agential processes of political bargaining (Chapter 7).

Nonetheless, the critical application of political settlements analysis undertaken here throws up at least three challenges for the approach that require consideration. First, in spite of the general strength of lower-level factions under Ghana’s CCPS, ruling elites were able to enforce rules at minimum cost and without a challenge from lower-level factions who stood to lose from these policies. I find that political party identity, as well as the clientelist relationship between ruling elites and leaders of lower-level factions act as a constraint for lower-level factions in challenging ruling elites, which provides some explanation to this unexpected behaviour (Chapter 7). This further highlights the importance of investigating both ideational and material factors, rather than assuming that interests of actors are based on material factors.

Second, the evidence around the use of formal institutions suggests that it will be useful to employ the horizontal axis in Levy (2014). This measures developmental progress in countries, in terms of their progress from more personalised to impersonal processes of institutionalisation, or what North et al. (2009b) refer to as ‘doorstep conditions’ for transitioning from Limited Access Orders to Open Access Orders. Also, in relation to institutions, once ideas and discourse were introduced into the analysis, institutions take on a more dynamic role, not just as constraints, but also as constructs (Schmidt, 2011; Thorp et al., 2012b).

Third, the evidence provided in this thesis affirms the contentious character of the role of inclusiveness in the stability of political settlement and in shaping development outcomes as suggested in the case of mineral-led development in Botswana (Poteete, 2009). There is some consensus that the stability of settlements and development outcomes don’t always go
together, even though they are necessary for the sustainability of settlements in the long-term (DFID, 2010; Di John and Putzel, 2009). In Ghana, prior institutional arrangements, contained in the 1992 Constitution and statutes, and electoral realities, have promoted inclusion (Chapter 3). This pre-oil politics shaped the ways in which subsequent coalition expansion occurred within the NDC ruling party when oil was discovered, which led to the increasing influence of the Nzema elites (Chapter 5). However, this form of inclusion still remains exclusive, as those included only represent the local elite faction incorporated in the ruling coalition and not the broad excluded faction, or wider elite factions. Moreover, the inclusion is not focused on rights promotion, but deepens clientelist relations. It does suggest that the hybrid character of Ghana’s CCPS, whereby clientelist and citizenship rights are equally contested, and enforced, will continue to shape the character of inclusion in Ghana (see Oduro et al., 2014).

Overall, the political settlements framework has proven useful in exploring the prospects of inclusive development in oil-rich Ghana. Its strong element is the foundation concept of a political settlement, where there is balance between the distribution of power and the distribution of benefits in society. Furthermore, in countries like Ghana where formal distribution of power and benefits are in disequilibrium, clientelist forms of governance are dominant as a way of correcting the imbalance. This creates incentives that are structured by the horizontal and vertical relationship between ruling elites and excluded factions and ruling elites and lower-level factions. Beyond these initial iterations, there are still a lot of factors that shape the ways in which politics shapes institutions and development outcomes. Without looking at actors at different levels within a country (national, subnational) and exploring their ideas, it is difficult to identify and track the agency of such actors working within or outside of the ruling coalition, or to even understand how strong or weak they are in relation to ruling elites. In this regard, Boone’s (2003) conceptualisation has been instrumental to
understanding how power is acquired and exercised by actors at the local level and how actors might operate inside and outside the ruling coalition. The explicit treatment of ideas, however, helps both Khan and Boone to capture the important role of ideas and discourse in the decision-making of social actors.

7.3.4 The Political Settlement-Based Framework Revisited

The analysis from the empirical chapters has helped to clarify and elaborate on the relationships and mechanisms through which forms of power relations (material and discursive) produce institutional outcomes, as initially set out in Chapter 2. In particular, the deployment of ideational and spatial dynamics has adequately captured the role of agency in the political settlements framework, which can be static. First, material interest matters, but ideas and discourse also structure interest and how that interest is pursued. The emphasis on discursive forms of politics also helps us to explain better why institutions emerge, change or remain. Based on these analyses, the framework in Chapter 2 has been refined to take account of the new insights in Diagram B below. In the context of subnational-national bargaining, ideas and discourse are operating at two levels. At the first level they shape the ways social actors construct their interest. As such, ideas have to be considered as part of the embedded factors that shape the relative bargaining power of subnational elites, their interest and bargaining strategies, rather than treat it as a kind of inchoate form of power that shapes all the processes suspended separately from other forms of power, as was initially conceived in Chapter 2. At the second level, the discourse is more so than ideas become the ‘funnel’ for elites within the bargaining space, to argue and persuade other parties and the public of their ideas and interest. Social actors use their holding power to mobilise and to impose cost on their opponents and to show their power. At the same time, the existing rules of the game sometimes operate to restrain them, but other times, institutions can be deployed intentionally as constructs. All this occurs within the discursive space and produces institutional outcomes.
It also affects the prevailing coalition politics through an early feedback loop, with implications for inclusive development.

The deployment of spatial dynamics also means we can look more closely at the actors operating within the patron-client organisation and how their relations of power shape institutional outcomes. What the analysis has done is to sharpen the way in which one can think of the power relations amongst various actors in the context of local bargaining. So we can conceive factors, like the preponderance of holding power, which focus on the sources of power of local elites and the type of holding power between subnational elites and their populations. Then there are the relations of power between subnational elites and ruling elites, which draw on the extent of their economic autonomy and the electoral importance of the subnational entity to regime survival. Though social movements did not seem to be effective in these case studies, they still represent the separate category of actors, who are already mobilised for collective action, and where they are strong in terms of their collective holding power, organisational capacity and the coherence of the ideas and discourse, they can be influential in shaping institutional outcomes. This is complemented with looking at ideas, more closely, as discussed earlier. With this type of spatial approach, we can look at the agency of specific actors, like lower-level factions and excluded factions, who are instrumental in competitive clientelist political settlements.
Diagram B: Revised Framework for Analysing Natural Resources, Subnational-National Power Relations, Ideas and the Implications for Inclusive Development

**Subnational Political Configuration**
1. **Horizontal Power Relation**
   - Preponderance of ruling power & the extent of social control
2. **Vertical Power Relation**
   - Extent of economic autonomy & electoral importance of subnational entity
3. Subnational ideas and discourse
4. Presence and strength of social movements

**Political Settlement**
1. Incentives generated by the prevailing political settlement (that is, regime survival and expanding the ruling coalition)
2. Institutions (formal and informal institutions of restraint on power and natural resource governance institutions)
3. Ideas and discourse

**Bargaining Capacity of Ruling Elites**
1. Interest of ruling elites
2. Bargaining strategies

**Bargaining Capacity of Subnational Elites**
1. Relative Bargaining Power of Subnational elites (strong, moderate or weak)
2. Interest of subnational elites (Allies and opponents)
3. Bargaining strategies

**Subnational ideas and discourse**
4. Presence and strength of social movements

**Bargaining Capacity of Subnational and Ruling Elites**
1. Interest
2. Bargaining Strategies

**Outcomes**
1. Formal and informal institutions
2. Changing characteristics of coalition politics

**Implications for Inclusive Development**
1. Development strategy for spatial inequality and poverty reduction
2. Delivery mechanisms (state, non-state, co-produced)

**The Bargaining Space**

**Discourse**

**Physical Mobilisation of Actors**

**Existing Institutions (as constraints and constructs)**

**At the Discovery of Oil**
1. The material properties of discovery (size of endowment, potential rent, and scale of externalities, etc.)
2. Ideational properties of discovery (high expectations of personal & collective transformation)
3. Relative Bargaining Capacity of Subnational Elites
4. Prevailing Political Settlement and Ideas

**Feedback Loop**

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**Before Oil**

**After Oil**
Chapter 8: Policy Implications

8.1 Introduction

The opportunities presented by the spate of hydrocarbon discoveries, in many low-income and lower-middle income countries, continue to inspire some optimism for inclusive development in the poorest regions of the world, in spite of the general global economic downturn (AFDB et al., 2015). At the same time, the recent collapse in oil prices and the impact, on the economy, of some of the biggest producing countries, like Russia, Nigeria and Angola, is a reminder to the global development community that the incidence of the resource curse remains a real prospect for both old and new oil-rich countries (see Akwagyiram and Corodo, 2016; BBC, 2016; Donan, 2016). Ghana has not escaped these global trends and like many other countries has been receiving an IMF bailout since 2014, after significantly increasing its debt burden, within the short time of eight years, from 44% to 70% of GDP (MOFEP, 2015). In relation to these policy challenges, this thesis shows that, although transnational factors, like oil price volatility, are difficult to anticipate and manage, particularly the extent of the recent price fall, the capacity to respond and mitigate the impact of these effects depends on how the resource sector is governed. This governance process is shaped by the distribution of power amongst elites and their dominant ideas. In this final chapter, I examine the implications that the thesis has for hydrocarbon governance policy in new and emerging oil-rich countries. I then examine, more specifically, the implications of the current trajectory of oil governance in Ghana for inclusive development outcomes. Lastly, I look at future research agendas that can deepen and extend this thesis.

8.2 Implications for Hydrocarbon Resource Policy in New Resource-Rich Countries

A number of low-income, and lower middle-income countries, have discovered hydrocarbons recently, raising high expectations of economic and social transformation (Chapter 1). These
include Uganda, Kenya, Liberia, Sierra Leone, Mozambique, Tanzania, South Africa, Namibia and Botswana in sub-Saharan Africa and Guyana in Latin America. There are lessons to learn from this thesis for these new resource-rich countries. As I have argued earlier, country context, transnational factors and the materiality of the resource are likely to shape outcomes differently, but some of the challenges experienced by Ghana will be faced by new and prospective oil and gas producing countries. In this section, I examine the implication of the thesis for hydrocarbon governance policy for new and prospective oil-rich countries in the developing world. In this respect I focus on two key challenges that are highlighted by the Ghana case, namely: 1. The challenges of managing subnational demands, particularly demands from the oil-producing region, 2. The challenge of managing both a transformative and redistributive agenda in lower-middle income and low-income countries.

8.2.1 Managing Claims of the Oil Producing Region

One of the key drivers of conflict at the onset of a resource boom has to do with the ways in which national governments deal with the inevitable demands from the oil producing region, irrespective of whether resource extraction is onshore or offshore (Bebbington, 2012a; Collier et al., 2004; Collier and Hoeffler, 2002b). The general advice is that centralisation rather than resource sharing of revenues, is desirable because of a number of concerns. First, it helps to manage the rentier effects of hydrocarbons on both national and regional economies (Ahmad and Mottu, 2003; Brosio, 2003; Collier and Venables, 2011). Second, local governments often have weak capacity to manage revenues (Collier and Venables, 2011). Third, transfer to resource regions can lead to regional inequalities (Ajakaiye et al., 2011; Bebbington, 2012b; Ross, 2007). Lastly, transfers to resource regions can also lead to more conflicts rather than reduce them (Arellano-Yanguas, 2012, 2011). In spite of these concerns, several unitary and federal states have rules that transfer a percentage of revenues to resource regions (Brosio, 2003). Several of these rules have emerged from processes of conflict between national and
subnational entities, and in the case of some Latin American countries like Bolivia, Ecuador and Peru; it is a key feature of resource politics (Bebbington, 2012). This suggests that the history, politics and ideas of national-subnational relations prior to the resource boom, helps to shape how countries handle these issues and this is consistent with the political bargaining between the Western Chiefs and the NDC ruling coalition (Chapter 4). The Ghana case also shows that the emergence of an initial set of institutions (like the PRMA) governing national-subnational relations and resource governance does not put an end to the claim-making of the oil region, particularly if local elites are dissatisfied with institutional outcomes. As we saw in Chapter 5, the enforcement of these rules is constantly subject to challenges as political dynamics change. Malaysia, currently, is dealing with a similar issue in the Kelantan state where oil and gas production is ongoing. Some observers note that the control of the Kelantan state by the opposition Pan-Malaysia Islamic Party (PAS) has intensified the claim for a share of petroleum royalties (IHS Global, 2009).

8.2.2 Transformation versus Redistribution Development Agenda

Socio-economic transformation is now the primary development agenda for Africa (ACET, 2014). At the recent Ordinary Assembly Meeting of the Africa Union in Addis Ababa, Ethiopia, the Heads of States and Governments of Africa adopted Agenda 2063, a development vision and action plan for continental transformation (AU, 2015). The plan envisages a process of economic transformation through the modernisation of agriculture and infrastructure and investment in human capital. This is a departure from the focus on poverty reduction and the good governance agenda of the 1990s and 2000s, though the transformation agenda incorporates those objectives as well. Notwithstanding this optimism, the challenge facing low and lower-middle income countries are still substantial (Cruz et al., 2015). For example, Kenya, which is a lower-middle country, still, has 43.37% of its citizens living below the $1.25 a day poverty threshold, while Liberia, which is recovering slowly from
years of conflict has 83% of her population living below $1.25 a day (UNDP, 2014). Additionally, some of these countries are compromised by a lack of inter-elite coordination around a shared development project. Natural resource boom can therefore impose significant pressures on ruling elites to use the resulting revenue flows to meet and maintain a basic level of state functioning, such as paying the salaries of public servants and security forces, or meeting basic needs of citizens. Coupled with these realities, expectations are often high, amongst both elites and citizens, as to the transformational role of hydrocarbons in what Soares de Oliviera describes as a ‘vision of el dorado’ (2007, p.36). This vision does not take adequate account of the challenges that come with dependence on natural resources like price volatility and the impacts on national budgets, the Dutch disease effects on other parts of economy, or the slide into indebtedness.

The key lesson is that there are trade-offs to choosing a short or long route to inclusive development (Bebbington, 2015, pp.111-112). If oil resources are spent on social spending (consumption items) that meet short-term objectives, there will not be enough to save for the future and it may produce Dutch disease effects. Moreover, consumption spending may be motivated by populist concerns to secure votes (Gelb, 1988; Jensen and Wantchekon, 2004; Ross, 2001). Within clientelist political settlements, these drivers can be strong enough to undermine, even, those institutions established to overcome these problems and secure natural resource revenues for long-term investments, as we see in the abuse of sovereign wealth funds by elites, in contexts such as Cameroun (Gauthier and Zeufack, 2011). Striking a balance between short-term and long-term routes is important, but not easy to do. In the Ghana case, though we see a genuine commitment on the part of elites to pursue a long-term strategy, both in terms of a national development plan, actual expenditures and establishment of a stabilisation fund to deal with volatility and a heritage fund to save for the future, the incentives for electoral survival act to undermine the effectiveness of the long-term strategy.
This electoral calculus is linked to the incentives generated by Ghana’s political settlement and may present similar dynamics in countries with competitive clientelist political settlements like Kenya, Liberia and Sierra Leone. The quest of most ruling regimes is to stay in power, which means that spending decisions will continue to be influenced by redistributive logics even as the rhetoric may be towards transformation (Whitfield et al., 2015).

8.3 Implications for the Governance of Hydrocarbons and Inclusive Development in Ghana

The prevailing political settlement, together with local configurations of power in Ghana, and the incentives it generates, has so far shaped the governance of hydrocarbons in Ghana and seems likely to do so in the foreseeable future. Overall, the pre-oil general rules on natural resource governance remain with some slight modifications via informal institutions (Chapter 4). The enforcement of these rules is most likely to continue to be driven by electoral competition, clientelist politics and ideas of the two dominant political parties, NDC and NPP, while reinforcing the centralising tendency of the state (Chapter 6). In this section, I look at two key challenges confronting Ghana, which have been highlighted by this thesis. These are the management of claims from the Western Region and other resource regions, and the likely impact of the current politics of oil revenue allocation on inclusive development outcomes.

8.3.1 Managing Claims of the Western Region and other Resource Producing Regions in Ghana

The passage of the Petroleum Revenue Management Act 2011 (PRMA), which ensured that oil rents would be centralised, the informal agreement to appoint some western elites to man oil governance institutions and the promise by the Late President Atta Mills to use the majority of a $3bn Chinese Development Bank loan to develop infrastructure in the Western
Region, brought to an end an intense period of subnational-national tensions around the sharing of the benefits of oil extraction in 2011. It, however, did not bring to an end the long-standing question of how natural resources revenues should be shared in Ghana. Since the PRMA was passed, several statements from Paramount Chiefs in the Western Region, in interviews with this author, indicate they have not given up on the demand. In addition, civil society actors in the Western Region, and in other poorer regions in the northern part of the country, have criticised the ways in which oil revenues have been distributed so far and have called for the government to fully apply s.24 of the PRMA, which obliges the government to distribute revenues in an ‘even and balanced’ manner (Obrempong, 2014; Vibe, 2015).

The challenge, however, goes beyond the political bargaining with the Western Region chiefs, in the Volta Region, where oil is also being exploited onshore in the Volta Basin, chiefs there have also indicated that they will support ‘legitimate demand’ of any region for a share of revenues (Akpabli, 2015). This position is not surprising since the current PRMA regime allows for royalties to be paid for onshore oil exploration, but not offshore exploration (PoG, 2011). From the sidelines of the ethno-regional demands for a review of revenue sharing arrangement, there has been a public spat between chiefs in the Western and Volta regions. Chiefs in the Western Region said that when they made their claim for ten percent the Volta Region was one of the regions that opposed the demand and therefore they would also block any claim that arose from the region (Obrempong, 2015). This accusation has been refuted by Volta chiefs (Daily Guide, 2015b). However, these events suggest that the rules around natural resource revenues, which was enforced and tightened in the PRMA, is far from settled and is likely to be challenged further. This is because the bargaining with various subnational entities affects the relations with other resource regions (like gold mining in Ashanti and Brong Ahafo), particularly, as chiefs continue to control access to land negotiated during the colonial period as a form of ‘social contract’ (Nugent, 2010). Ruling elites and stakeholders
have to seriously consider putting the entire natural resource revenue sharing arrangement to a national discussion again. As it stands now, the enforcement of rules in the case of oil and gas revenues will produce two separate regimes for revenue sharing in Ghana. Volta Region landowners will receive royalties, while Western Region landowners will not. This is a completely new situation compared with mining where exploitation occurred on land and, therefore, royalties were paid to the landowners wherever the minerals were being exploited. The disparate regime of revenue sharing, for regions in Ghana, is likely to create similar inequalities as observed in some Latin America countries (Bebbington, 2012; Ross, 2007), and the arrangement is unlikely to be accepted by chiefs in the Western Region.

Unfortunately, there are no easy solutions. Even though direct transfers of natural resource revenues are lauded as important for avoiding conflict and promoting subnational economic development (Karl, 2007), studies have shown that direct transfers create even more problems, including intensifying local conflicts (Arellano-Yanguas, 2008, 2011, 2012), corruption and deepening poverty (Idemudia, 2012) and spatial inequalities (Ross, 2007). In Ghana, clientelist politics is as pervasive at subnational levels as it is at the national level (Lindberg, 2003), corruption and lack of accountability is rife (GACC, 2014) while capacity remains weak (USAID/Ghana, 2011), thus the potential development impact of direct transfer, of oil revenues to the regions, is likely to be undermined by some of these pathologies. For example, in spite of the fact that local chiefs have not used mining royalties in an effective or accountable manner, this system of transferring mineral revenues to chiefs has not been challenged by ruling elites because of their roles as electoral brokers and their control over land (Abdulai, forthcoming). In terms of oil, direct transfers are unlikely to be fully pursued by any ruling coalition, thus, alternatives have to be found, in the short to medium-term, to manage subnational agitation. For Western Region elites the source of the agitation has been the lack of development in the region in spite of the region’s contribution to GDP (Chapter 4)
and the belief that if they do not fight to get the benefits of oil now they may never get another chance. In that regard, the strategy to establish development authorities, in particular zones, as growth poles, require significant attention (NDPC 2010, p. 92). So far, the potential impact of such development authorities, like the Savannah Accelerated Development Authority (SADA) for the northern regions, Brong Ahafo and northern parts of the Volta Region and the Western Corridor Development Authority (WCDA) that will cover the Western and Central regions, is yet to be felt and has been hampered by inadequate funding. In the case of SADA, it has been the subject of a major corruption and mismanagement scandal that has led to the wastage of a two hundred million Ghana Cedis endowment fund (Azure, 2014). If the central government can implement these development strategies more efficiently and effectively, it may go a long way to placate the frustrations of resource regions.

8.3.2 The Politics of Oil Revenue Allocation in Ghana

In December 2014, President John Mahama submitted, to the Ghanaian Parliament, a Coordinated Program of Economic and Social Development (2014-2020) in fulfilment of a constitutional mandate setting out an ‘agenda for transformation’. The agenda is underpinned by the NDC ruling coalition’s manifesto of 2012 and has been operationalised in the Ghana Shared Growth and Development Agenda 2014 (GSGDA II). The vision statement, by the President, within this document captures the twin agenda of transformation and redistribution. However, pursuing this agenda has remained a challenge, as reflected in the assessment by the National Development Planning Commission of the GSGDA I (2010-2013). The strategic direction of the new medium-term framework is to leverage natural resources and exploit the agriculture and human resource potential of the country to accelerate growth and create jobs through light manufacturing (p.8). However, the current patterns of oil revenue allocation and spending need to be revised, otherwise, it is unlikely to promote inclusive development outcomes.
First, though the GSGDA II recognises agriculture as key to the transformation strategy (as the highest contributor to employment at 45%, in spite of its 22% share of GDP), oil revenue allocation was insufficient and inconsistent. In addition, the strategy for agriculture does not seem to take into account the key linkages between agriculture investment, infrastructure and inclusive outcomes (Fan et al., 2002, 2000b; Mosley, 2015; Mosley and Suleiman, 2007). The focus of the new medium-term plan involves improvements in seedlings, value chains, marketing, irrigation, extension services and mechanisation, among others (NDPC, 2014, p. 20-21). Though these interventions are critical to the sector and if implemented effectively will increase productivity and employment, the experiences of countries that have transformed their economy through agriculture, and also promoted more inclusive forms of development, suggest that the linkage between infrastructure and agriculture must be stronger. Unfortunately, this emphasis is not sufficiently strong in either the previous or current development strategy.

Second, the early impact of oil revenue allocation on the challenge of addressing the development gap between the north and south in Ghana, in particular, and spatial inequality, in general, needs to be reviewed. It is clear that in spite of economic growth and declining overall poverty, inequality is rising and has risen to the highest in the northern regions of Ghana (GSS, 2014; NDPC, 2014). However, oil revenue allocation to the three poorer northern regions has been lacking. For example, the poorest and most unequal Upper West region received the least oil allocations for the 2011-2013 periods of just 1% of total allocations (Chapter 6). Though, the expenditures in places like the Ashanti Region have been targeting some of population from these regions, which may respond to the economic concentration and maximization argument (Kanbur and Venables, 2001, WDR, 2009), as I have argued in Chapter 6, these coalition expansion strategies are likely to worsen the persistent north-south divide if there are no effective and sustained corresponding investment
in poorer regions. This corresponding strategy was supposed to be delivered by SADA, but as noted earlier, the SADA has not been successful so far.

The current politics of allocation of oil revenues have followed the general patterns of allocation, in that, it is partly influenced by the distribution of power within the ruling coalition, and it is based on the electoral calculus, whereby it favours equality rather than equity, marginalising poorer areas further (Chapter 6). In addition, the patterns of spending also reflect ongoing struggles with the twin agenda of transformation and redistribution.

8.4 Further Research

There are opportunities to improve and test the subnational-national framework, presented in Chapter 2, in other oil producing regions in Ghana and emerging oil and gas producing countries in the developing world. This will help to assess its external validity, and improve our understanding of the role of subnational politics and ideas in the governance of hydrocarbons. In this respect, there are three ways in which this research work can be deepened and extended.

First, there is a need to deepen investigation of the character of the holding power, in the Western Region, to help sharpen the framework for theorising about future subnational-national bargaining processes and possible outcomes. In that regard, an extended investigation of the power relations, between the coastal and interior districts in the Western Region, is needed to better understand the differences in the local configuration of power and how that shapes the construction of holding power at the subnational level. Additionally, there is a need to explore further, the likely effects different combinations of the indicators used to construct the subnational configuration of power will have, to aid hypothesis testing. For example, in a subnational area where the horizontal power relations comprised of higher-levels of organisational and economic holding power, lower-levels of social control and
electoral importance with a strong social movement, how will it affect the bargaining power of elites? How will other issues like timing and the political learning of actors affect bargaining outcomes?

Second, the political settlements-based framework and the insights generated could be tested further in Ghana, particularly in the Volta Region where onshore oil exploration is ongoing. The region can offer a good comparison to the Western Region, because it is perceived to be culturally homogenous in terms of language, cultural practices, land tenure and role of chiefs. Moreover, the region has remained the ‘vote bank’ of the ruling NDC since its inception in 1992. As such it will be expected to have a strong holding power compared to the Western Region. With the 2016 elections, in Ghana, on the horizon, we are likely to see different permutations if the NDC retains, or the NPP returns to, power. The nature of the ruling coalition in place at the time of oil production in the region will thus shape the ways in which the Volta Region bargains with the state and the possible institutional and development outcomes that might emerge. Lastly, because the exploration is onshore, local elites expect royalties to be paid based on the PRMA and the onshore nature of exploration is likely to generate more externalities than in the Western Region, the prospects of more conflicts, in the bargaining process with the state, could be expected, depending on whether it is the NDC or the NPP that controls the state.

Third, this framework and insights could be tested in other new African oil producing countries that may offer a good comparison, in terms of understanding the extent to which the nature of the prevailing political settlement shapes oil governance. Kenya, Liberia and Sierra Leone can all fit a competitive clientelist political settlement framing and will offer a good comparison, to Ghana of the role of subnational politics. In contrast, Uganda as a dominant leader political settlement, and Tanzania and Mozambique as dominant party settlements, can
offer some interesting contrast to the Ghana case in terms of the role of national and local politics.
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**Parliamentary Hansards**


Ghana Parliamentary Debates, Official Report, Fourth Series, Vol. 72, No. 6, 26th January 2011
Ghana Parliamentary Debates, Official Report, Fourth Series, Vol. 72, No. 9, 1st February 2011
## Appendices

### Appendix 1: List of Interviewees

<table>
<thead>
<tr>
<th>Name</th>
<th>Designation and Institution</th>
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<tbody>
<tr>
<td>1.  Solomon Kusi Ampofo</td>
<td>Extractives Industries Project Officer, Friends of the Nation</td>
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<tr>
<td>2.  Wisdom Quaiku</td>
<td>President, United Civil Society Organization of Nzema East District</td>
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<td>3.  Nana Ama Yirrah</td>
<td>Executive Director, COLANDEF</td>
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<td>4.  Kwame Mensah</td>
<td>Coordinator, Western Region Network of NGOs</td>
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<td>5.  Dr. Steve Manteaw</td>
<td>Campaigns Coordinator, Integrated Social Development Center and Co-Chair of Ghana Extractives Industry Transparency Initiative (GHETI)</td>
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<td>6.  Dr. Mohammed Amin</td>
<td>Executive Director, Africa Centre for Energy Policy</td>
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<td>7.  Mark Asmah Arthur</td>
<td>Secretary, Nzema Youth Association</td>
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<td>8.  Emmanuel Kwofie</td>
<td>Community Activist, Asemda Suazo, Ellembele District</td>
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<td>9.  S. T. Awuah</td>
<td>Teacher and Member of Bonyere Citizens Association</td>
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<td>10. Awulae Annor Adjaye III</td>
<td>Paramount Chief (Omanhene) of Western Nzema Traditional Area</td>
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<td>11. Nana Kwasi Agyeman IX</td>
<td>Chief of the Lower Dixcove Area and Vice President, Western Regional House of Chiefs</td>
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<td>12. Nana Conduah</td>
<td>Chief Fisherman, Abeyisi and Chairman, Western Regional Branch of the Ghana National Canoe Fishermen Council</td>
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<td>13. Honourable. Sylvester Nuomah Daddieh</td>
<td>District Chief Executive, Jomoro District Assembly</td>
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<tr>
<td>14. James Bogoloh</td>
<td>Assembly Member for Takinta, Jomoro District Assembly and Member of Nzema Youth Association</td>
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<td>15. Joseph Nyamikeh</td>
<td>Assembly Member for Bonyere, Jomoro District Assembly</td>
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<td>16. Stephen Donkor</td>
<td>Assembly Member for Teleka-Bokazo, Ellembele District Assembly</td>
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<td>17. John Nketia</td>
<td>Assembly Member for Nkroful, Ellembele District Assembly</td>
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<td>18. Laud Cudjoe</td>
<td>Assembly Member for Nkroful, Ellembele District Assembly</td>
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<td>19. John Quashie</td>
<td>Assembly Member for Atuabo, Ellembele District</td>
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<td>20. Ernest Kwofie</td>
<td>Constituency Chairman, New Patriotic Party, Jomoro</td>
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<td>21. Antony Kwofie</td>
<td>Constituency Chairman, National Democratic Congress</td>
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<tr>
<td>22. Dr. Frank Abu</td>
<td>Former Western Regional Chairman of NDC and Western Regional Minister</td>
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<tr>
<td>23. Honourable Paapa Owusu Ankomah</td>
<td>Member of Parliament for Sekondi Constituency and former Majority Leader of Parliament, Minister of Education, Interior and Attorney-General</td>
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<tr>
<td>24. Honourable Kwabena Okyere Darko-Mensah</td>
<td>Member of Parliament for Takoradi Constituency</td>
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<td>25. Honourable Okudzeto Ablakwa</td>
<td>Deputy Minister for Education and Member of Parliament for North Tongu Constituency</td>
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<td>Dr. Ben Asante</td>
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<td>Professor Joe Amoako-Tuffour</td>
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<td>Hon. Alhaji Inusah Fuseni</td>
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<td>Kwasi Ayeh Darko</td>
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<td>34.</td>
<td>Honourable Osei Kwame Prempeh</td>
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<td>Eva Esselba Mends</td>
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Appendix 2: Interview Guide

PhD Field Research on Natural Resources and Inclusive Development in Ghana

Interview Guide for Informants

Introductory statements and instructions

- Introduction
- Indicate how long the interview will take (45mins to 1hr)
- Provide statement of confidentiality
- Confirmation of informed consent
- Check if the interviewee is happy to be recorded

Start Interview

Profile of interviewee
- Determine most of the information from secondary data and clarify where necessary during the interview (accurate name, gender, current position of interviewee, birthplace, where they grew up, education, professional life, who were their mentors, whether married, children, their principal beliefs)

The Existing Political Settlement (Power and Power Relations)

- Can we talk a little bit about your political/business/professional career – where did it start for you?
- Who have been your mentors in your career?
- Who would say are the key people in your organisation or sector who people listen to?
- Why do you think they have that authority? (wealth, income, position (public, traditional authority, business – organizational power (i.e. ability to mobilise – political actors, NGOs, religious leaders, media))?
- What relationship do you have with local elites and citizens in the Western Region?
- Which individuals or groups do you consult with at the local level and why?
- Are local elites able to provide for their own economic wellbeing or they rely on national patrons and/networks?
- Are there strong civil society groups in this region? (can you mention a few) -
- Would you say that the people in Western Region are very important in elections in Ghana and why? (do citizens and local leaders expect politicians to bring ‘things’ home (what things) and would they vote for them if they do?
- What kind of relationship has existed between western region and various national governments over the last 10 years?
- What beliefs do people hold dear - (particularly about identity, development strategies)?
- Do you think you have power?
- We have talked a lot about the networks and relationship between national and local actors - has the relationship changed since oil was discovered in 2007? If yes, in what way?

Local-National Bargaining/Contestation and How Power is Exercised

Lets talk now specifically about the ….(particular case study)..

- How did you become involved?
- What specific role did you play in it?
- What were the key issues that were of concern to you?
- Who did you work with and why?
- Who did the group or you consult and why? (who did you consult locally, nationally, internationally?)
- Who had power in the group and why?
- Do the people who follow you trust you and why?
- Did you expect that local elites will listen to you and why?
- Where any of rules (institutions) locally or nationally a barrier to you? If yes how were able to overcome them?
- Were your issues resolved and how?
- Are there outstanding issues? If yes, how are you going to address them?

The Framing and Role of Ideas

- What ideas were driving your engagement with local elites? (check on rent sharing, development and identity)
- Have you always believed in these ideas or it was sourced from elsewhere?
- How did you communicate this to local leaders? (what did you tell them)
- What did they say?
- Have you changed your beliefs during this process or it remains the same?
- Has these ideas helped to bring people together to bargain with government? If yes, how?
- Are there people in national government who belief in these ideas?

Prospects for Inclusive Development

I am coming to the end of my interview. I want us to now look forward to the future prospects for development in Western Region and Ghana.

- Now that a number of rules have been established are you optimistic that the majority of people in western region will benefit from the oil resources? If not, why?
- Earlier we spoke about what might have changed since oil arrived in terms of who has power – are there other changes you may have observed?
- If you were to look ahead to 5 years from now what do you think western region will look like?
Conclusion

I have come to the end of my interview. Thanks again for your time. I hope I can come back to you if there any issues I wish to clarify. (Let me confirm your primary contact information).

I have been asking all the questions so far; at this point I want to find out if you have any questions for me. Also is there anybody else who is as knowledgeable as you that you might recommend that I talk to for the purposes of this research.
### Appendix 3: List of ABFA-Funded Road Projects in the Ashanti Region 2011-2013

#### Appendix 3.1: Full List of ABFA-Funded Road Projects in Ashanti Region 2011-2013

<table>
<thead>
<tr>
<th>Road Project</th>
<th>Year</th>
<th>Amount Released (GHC)</th>
<th>Project Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Partial Reconstruction of Bomfa Junction-Asiwa and Bekwai-Amoaha Asiwa road</td>
<td>2011</td>
<td>5,387,778.17</td>
<td>Ongoing</td>
</tr>
<tr>
<td>2 Reconstruction of Sunyani Road in Kumasi (Sofoline Interchange)</td>
<td>2011</td>
<td>12,114,004.37</td>
<td>Ongoing</td>
</tr>
<tr>
<td>3 Rehabilitation of Amnwiakwanta Manso-Abore-Adumasa Road</td>
<td>2011</td>
<td>3,785,562.21</td>
<td>Ongoing</td>
</tr>
<tr>
<td>4 Anwiankwanta-Assin Praso Road</td>
<td>2011</td>
<td>325,256.12</td>
<td>Ongoing</td>
</tr>
<tr>
<td>5 Rehabilitation of National Trunk Road N.8 (Assin-Praso-Asante Bekwai) relocation of Telecom facilities</td>
<td>2011</td>
<td>804,989.74</td>
<td>Ongoing</td>
</tr>
<tr>
<td>6 Emergency Rehabilitation of Mampong-Boanim-Jamasi Road – Phase 2</td>
<td>2011</td>
<td>569,763.79</td>
<td>Ongoing</td>
</tr>
<tr>
<td>7 Upgrading of Kumawu Town Roads</td>
<td>2011</td>
<td>219,306.38</td>
<td>Ongoing</td>
</tr>
<tr>
<td>8 Upgrading of Sefwi Bekwai-Eshiem-Asankragwa Road</td>
<td>2011</td>
<td>14,223,690.28</td>
<td>Ongoing</td>
</tr>
<tr>
<td>9 Dualization of Accra-Kumasi Highway Lot 1A: Fumesua-Ejisu Road</td>
<td>2011</td>
<td>5,380,121.68</td>
<td>Ongoing</td>
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<tr>
<td>10 Addendum No. 2 Rehabilitation of Anyinam-Konongo Road Overlay of Konongo Odumase Road</td>
<td>2011</td>
<td>1,120,395.64</td>
<td>Ongoing</td>
</tr>
<tr>
<td>11 Accra-Kumasi Highway Lot 6:Fumesua-Ejisu Road</td>
<td>2011</td>
<td>613,487.13</td>
<td>Ongoing</td>
</tr>
<tr>
<td>12 Messrs Rehabilitation of Anyinam-Konongo</td>
<td>2011</td>
<td>1,481,562.62</td>
<td>Ongoing</td>
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<tr>
<td>13 Rehabilitation of Anyinam-Konongo Road: Nkawkaw By-Pass No.2</td>
<td>2011</td>
<td>6,026,262.06</td>
<td>Ongoing</td>
</tr>
<tr>
<td>14 Rehabilitation of Anyinam-Konongo Road: Nkawkaw By-Pass No.1</td>
<td>2011</td>
<td>1,419,372.92</td>
<td>Ongoing</td>
</tr>
<tr>
<td>15 Rehabilitation of Anyinam-Konongo Road overlay of Nsawam main road</td>
<td>2011</td>
<td>65,509.00</td>
<td>Ongoing</td>
</tr>
<tr>
<td>16 Rehabilitation of Anyinam-Konongo Road</td>
<td>2011</td>
<td>64,179.00</td>
<td>Ongoing</td>
</tr>
<tr>
<td>No.</td>
<td>Project Description</td>
<td>Year</td>
<td>Cost (GHS)</td>
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<tr>
<td>-----</td>
<td>-------------------------------------------------------------------------------------</td>
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<tr>
<td>17</td>
<td>Addendum No.1-Anyinam-Konongo Section</td>
<td>2012</td>
<td>4,891,827.74</td>
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<td>18</td>
<td>Upgrading of Besoro (Kumawu) – Agogo Road Project</td>
<td>2012</td>
<td>1,727,398.80</td>
</tr>
<tr>
<td>19</td>
<td>Bomfa Junction – Asiwa – Bekwai (Amoafu) Road Project</td>
<td>2012</td>
<td>580,781.69</td>
</tr>
<tr>
<td>20</td>
<td>Emergency Rehabilitation works on Oyoko (Effiduase) – Nsuta Road</td>
<td>2012</td>
<td>1,126,998.05</td>
</tr>
<tr>
<td>21</td>
<td>Rehabilitation of Anwiankwanta – Manso – Abore Adumasa</td>
<td>2012</td>
<td>6,612,537.69</td>
</tr>
<tr>
<td>22</td>
<td>Rehabilitation of Obogu-Ofase-Gyadem Bodwesango Adansi Asokwa Road</td>
<td>2012</td>
<td>401,958.76</td>
</tr>
<tr>
<td>23</td>
<td>AFD Oforikrom-Asokwa Bypass and Lake Road Improvement</td>
<td>2012</td>
<td>412,224.43</td>
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<tr>
<td>24</td>
<td>Upgrading of Technical Police station - Asokore Mampong Roads Hostel Road at KNUST-Kumasi</td>
<td>2012</td>
<td>202,950.88</td>
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<tr>
<td>25</td>
<td>Reconstruction of Sunyani roads in Kumasi (Sofoline interchange)</td>
<td>2013</td>
<td>2,207,351.38</td>
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<tr>
<td>26</td>
<td>Construction of Oforikrom-Asokwa bypass and Lake Road improvement</td>
<td>2013</td>
<td>5,939,788.96</td>
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<tr>
<td>27</td>
<td>Rehabilitation of Obogu-Ofoase-Gyadem Bodwesango-Adansi Asokwa Road</td>
<td>2013</td>
<td>3,248,160.40</td>
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<tr>
<td>28</td>
<td>Upgrading of Obogu-Ofase-Gyadem-Bodwesango-Adansi Asokwa Road</td>
<td>2013</td>
<td>655,421.53</td>
</tr>
<tr>
<td>29</td>
<td>Upgrading of Emena-Bodai main road in Kumasi</td>
<td>2013</td>
<td>493,384.39</td>
</tr>
<tr>
<td>30</td>
<td>Upgrading of Abaawa Ruth/resealing of selected roads in Kumasi</td>
<td>2013</td>
<td>1,387,522.10</td>
</tr>
<tr>
<td>31</td>
<td>Rehabilitation of Breman-UGC and Sepe Dote road Kumasi</td>
<td>2013</td>
<td>597,377.51</td>
</tr>
<tr>
<td>32</td>
<td>Upgrading of market road and selected roads within Obuasi</td>
<td>2013</td>
<td>1,224,640.33</td>
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<td>33</td>
<td>Rehabilitation of Anyinam-Konongo Road</td>
<td>2013</td>
<td>225,474.58</td>
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<tr>
<td>34</td>
<td>Construction of steel bridge over river Offin on Adansi Owusu krom-Assin Asamang feeder road</td>
<td>2013</td>
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</table>
### Appendix 3.2:
List of Selected ABFA-Funded Road Projects in the Ashanti Region 2011-2013

<table>
<thead>
<tr>
<th>Road Project</th>
<th>Total Amount (Ghc)</th>
<th>Funding Years</th>
<th>District</th>
<th>Constituency/s</th>
<th>Incumbent Party</th>
<th>Wining Vote Margin (%)</th>
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<tbody>
<tr>
<td><strong>Southern Catchment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1 Partial Reconstruction of Bomfa Junction-Asiwa and Bekwai-Amoahasiwa road</td>
<td>5,387,778.17</td>
<td>2011</td>
<td>Bosome Freho</td>
<td>Bosome Freho</td>
<td>NPP</td>
<td>52</td>
</tr>
<tr>
<td>2 Bomfa Junction -Asiwa-Bekwai (Amoeful) Road Project</td>
<td>1,727,998.80</td>
<td>2011</td>
<td>Bekwai Municipal, Bosome Freho</td>
<td>Bekwai</td>
<td>NPP</td>
<td>72</td>
</tr>
<tr>
<td>3 Rehabilitation of National Trunk Road N.8 (Assin-Praso-Asante Bekwai) relocation of Telecom facilities</td>
<td>804,989.74</td>
<td>2011</td>
<td>Bekwai Municipal, Assin North, Adansi North and South, Amansi East)</td>
<td>Bekwai</td>
<td>NPP</td>
<td>72</td>
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<tr>
<td>4 Upgrading of Sefwi Bekwai-Eshiem-Asankragwa Road</td>
<td>14,223,690.28</td>
<td>2011</td>
<td>Wassa Amenfi</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Rehabilitation of Amnwiankwanta Manso-Abore-Adumase Road</td>
<td>4,912,560.26</td>
<td>2011-2012</td>
<td>Amansie West</td>
<td>Manso Nkwanta, Manso Adubia</td>
<td>NPP</td>
<td>64, 58</td>
</tr>
<tr>
<td>6 Anwiankwanta-Assin Praso Road</td>
<td>325,256.12</td>
<td></td>
<td>Bekwai Municipal, Adansi North</td>
<td>Bekwai</td>
<td></td>
<td>72</td>
</tr>
<tr>
<td>7 Dualization of Accra-Kumasi Highway Lot 1A &amp; Lot 6: Fumesua-Ejisu Road</td>
<td>5,993,608.81</td>
<td>2011</td>
<td>Ejisu Municipal, Ejisu Juabeng</td>
<td>Ejisu</td>
<td></td>
<td>61</td>
</tr>
<tr>
<td>8 Rehabilitation &amp; Upgrading of Obogu-Ofase-Gyadem Bodwesango Adansi Asokwa Road</td>
<td>15,800,487.05</td>
<td>2012-2013</td>
<td>Adansi North, AsanteAkyeam South</td>
<td>New Edubiase, Adansi Asokwa, Fomena</td>
<td>NDC, NPP</td>
<td>18, 13, 46</td>
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<tr>
<td>9 Upgrading of market road and selected roads within Obuasi</td>
<td>597,377.51</td>
<td>2013</td>
<td>Obuasi Municipal</td>
<td>Obuasi East, Obuasi West</td>
<td>NPP</td>
<td>23, 32</td>
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<td><strong>North Eastern Catchment</strong></td>
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<td></td>
</tr>
<tr>
<td>11 Upgrading of Besoro (Kumawu) – Agogo Road</td>
<td>4,891,827.74</td>
<td>2012</td>
<td>Kumawu, Sekyere Afram Plains</td>
<td>Kumawu, Sekyere Afram Plains</td>
<td>NPP</td>
<td>58, 48</td>
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<tr>
<td>No.</td>
<td>Project Description</td>
<td>Cost (GHS)</td>
<td>Year</td>
<td>Location</td>
<td>Agency</td>
<td>Party</td>
</tr>
<tr>
<td>-----</td>
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</tr>
<tr>
<td>12</td>
<td>Emergency Rehabilitation works on Oyoko (Effiduase) – Nsuta Road</td>
<td>580,781.69</td>
<td>2012</td>
<td>Sekyere Central, Sekyere Kumawu</td>
<td>Nsuta Kwamang</td>
<td>NPP</td>
</tr>
<tr>
<td>13</td>
<td>Emergency Rehabilitation of Mampong-Boanim-Jamasi Road – Phase 2</td>
<td>569,763.79</td>
<td>2011</td>
<td>Sekyere East &amp; West</td>
<td>Afigya Sekere East, Effiduase Asokere</td>
<td>NPP</td>
</tr>
<tr>
<td>14</td>
<td>Central Catchment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Construction of Oforikrom-Asokwa bypass and Lake Road improvement</td>
<td>2,609,310.14</td>
<td>2012-2013</td>
<td>KMA (Asokwa, Oforikrom)</td>
<td>Asokwa, Oforikrom</td>
<td>NPP</td>
</tr>
<tr>
<td>15</td>
<td>Upgrading of Emena-Boadi main road in Kumasi</td>
<td>655,421.53</td>
<td>2013</td>
<td>KMA (Oforikrom)</td>
<td>Mampong</td>
<td>NPP</td>
</tr>
<tr>
<td>16</td>
<td>Upgrading of Abaawa Ruth/resealing of selected roads in Kumasi</td>
<td>493,384.39</td>
<td>2013</td>
<td>KMA (Suame)</td>
<td>Asawase, Oforikrom, Asokwa</td>
<td>NDC, NPP</td>
</tr>
<tr>
<td>17</td>
<td>Upgrading of Technical Police station - Asokre Mampong Roads Hostel Road at KNUST-Kumasi</td>
<td>412,224.43</td>
<td>2012</td>
<td>Asokre Mampong (Asawase)</td>
<td>Mampong</td>
<td>NPP</td>
</tr>
<tr>
<td>18</td>
<td>Rehabilitation of Breman-UGC and Sepe Dote road Kumasi</td>
<td>1,387,522.10</td>
<td>2013</td>
<td>KMA (Suame &amp; Asawase)</td>
<td>Manhyia North</td>
<td>NPP</td>
</tr>
</tbody>
</table>
Appendix 4: List of political office holders by region 2011-2013

Appendix 4.1: List of Political office holders by region in 2011

<table>
<thead>
<tr>
<th>Region</th>
<th>Name</th>
<th>Portfolio</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Accra</td>
<td>*Enoch Teye Mensah</td>
<td>Employment and Social Welfare</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>*Hanny-Sherry Ayittey</td>
<td>Environment and Science</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Joseph Nii Laryea Afotey-Agbo</td>
<td>No Portfolio</td>
<td></td>
</tr>
<tr>
<td></td>
<td>**Dr. Quaye Kumah</td>
<td>Roads and Highways</td>
<td></td>
</tr>
<tr>
<td></td>
<td>**Nii Amasah Namoale</td>
<td>Agriculture (Fisheries and Aquaculture)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>**Rojo Mettle-Nunoo</td>
<td>Health</td>
<td></td>
</tr>
<tr>
<td></td>
<td>**Reuben Nii Nortey Dua</td>
<td>Youth and Sports</td>
<td></td>
</tr>
<tr>
<td></td>
<td>**Dr. Mustapha Ahmed</td>
<td>Water Resources, Works and Housing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>**Gideon Quarcoo</td>
<td>Communication</td>
<td></td>
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<tr>
<td>Ashanti</td>
<td>*Dr. Kwabena Duffour</td>
<td>Finance and Economic Planning</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>*Betty Mould Iddrisu</td>
<td>Education</td>
<td></td>
</tr>
<tr>
<td></td>
<td>*Dr. Oteng Adjei</td>
<td>Energy</td>
<td></td>
</tr>
<tr>
<td>Western</td>
<td>*Lt. General J. H. Smith (retired)</td>
<td>Defence</td>
<td>3</td>
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<tr>
<td></td>
<td>John Gyetuah</td>
<td>No Portfolio</td>
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<td></td>
<td>**Emmanuel Armah-Kofi Buah</td>
<td>Energy</td>
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<tr>
<td>Volta</td>
<td>*Joseph K. Gidisu</td>
<td>Roads and Highways</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>*Juliana Azumah</td>
<td>Women and Children Affairs</td>
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<td></td>
<td>Akua Sena Dansuah</td>
<td>Tourism</td>
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<td></td>
<td>Clement Kofi Humado</td>
<td>Youth and Sports</td>
<td></td>
</tr>
<tr>
<td></td>
<td>**Seth Tekper</td>
<td>Finance and Economic Planning</td>
<td></td>
</tr>
<tr>
<td></td>
<td>**Fifi Kwetey</td>
<td>Finance and Economic Planning</td>
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<tr>
<td></td>
<td>**Chris Kpodo</td>
<td>Foreign Affairs</td>
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<td></td>
<td>**Henry Ford Kamel</td>
<td>Lands and Natural Resources</td>
<td></td>
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<tr>
<td></td>
<td>**Elvis Afriyie Ankrah</td>
<td>Local Government and Decentralisation</td>
<td></td>
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<td></td>
<td>**Samuel Okudzeto-Abakwa</td>
<td>Information</td>
<td></td>
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<tr>
<td></td>
<td>**Dzifa Peace Aku Attivor</td>
<td>Transport</td>
<td></td>
</tr>
<tr>
<td>Central</td>
<td>**John Evans Atta Mills</td>
<td>President</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>*Hannah Tetteh</td>
<td>Trade and Industry</td>
<td></td>
</tr>
<tr>
<td></td>
<td>*Kwesi Ahwoi</td>
<td>Food and Agriculture</td>
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<td></td>
<td>*Mike Hammah</td>
<td>Lands and Natural Resources</td>
<td></td>
</tr>
<tr>
<td></td>
<td>**Joseph Annan</td>
<td>Trade and Industry</td>
<td></td>
</tr>
<tr>
<td></td>
<td>**Ebo Barton Oduro</td>
<td>Attorney General</td>
<td></td>
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<tr>
<td></td>
<td>**Elizabeth Amoah-Tetteh-</td>
<td>Education</td>
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<tr>
<td>Eastern</td>
<td>*Samuel Ofosu-Ampofo</td>
<td>Local Government and Decentralisation</td>
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<tr>
<td>Region</td>
<td>Minister Name</td>
<td>Portfolio</td>
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<tr>
<td><strong>Kobby Acheampong</strong></td>
<td>Interior</td>
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<td><strong>Antwi Boasiako Sekyere</strong></td>
<td>Employment and Social Welfare</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>James Agyenim-Boateng</strong></td>
<td>Information</td>
<td></td>
<td></td>
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<tr>
<td><strong>Dr. Edward Oman Boamah</strong></td>
<td>Environment, Science and Technology</td>
<td></td>
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<tr>
<td><strong>Collins Dauda</strong></td>
<td>Transport</td>
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<tr>
<td>Alexander Asum-Ahensah</td>
<td>Chieftaincy and Culture</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Yaw Effah Baafi</strong></td>
<td>Food and Agriculture</td>
<td></td>
<td></td>
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*Cabinet Rank Minister, **Deputy Minister*
## Appendix 4.2: List of Political office holders by region in 2012

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## Appendix 4.3: List of Political office holders by region in 2013

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*Cabinet Rank Minister, **Deputy Minister

Note: There are instances where two Ministers are assigned as holding the same portfolio. This reflects reshuffles undertaken by the president during the year. These overlaps are factored into the calculation of the Representation Index.