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*Ten years of promoting democracy  
and good governance in Africa*

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## IN THE ANNALS OF DEMOCRATIC GOVERNANCE

### Ghana's oil discovery and the "resource curse"

News that commercially significant quantities of oil have been discovered in the sea beds off the west coast of Ghana has raised high hopes and expectation that Ghana's long deferred dream of "accelerated development" might soon become a reality. That view assumes, wrongly of course, that Ghana's failure to escape the stranglehold of under-development is due to a scarcity of valuable natural resources. Nothing could be farther from the truth. As a country, Ghana has been blessed with many natural endowments: diverse mineral resources, one of which (gold) gave the country its former name; timber-rich forests; agriculture-friendly soils that have supported more than a century of export cash crops like cocoa; usable inland water bodies like the Volta River; a coastline capable of supporting a natural harbor as well as an artificial one; and a geography that is relatively free of recurring natural disasters like hurricanes, earthquakes, and floods. To add to this, Ghana has enjoyed 50 years of intramural peace; the country's ethnic diversity and political rifts have not degenerated into open internecine warfare or veered even close. Ghana's under-development, then, cannot be blamed on a conspiracy of natural misfortunes or the absence of civic peace. Thus, while the addition of "black gold" to Ghana's list of natural endowments is a significant development in the country's economic

history, it would be naïve, indeed misguided, to suppose that it represents the beginning of the end of Ghana's economic woes and the dawn of a new era of economic uplift. Ghana's own history of gross mismanagement of our natural resources serves as a cautionary tale in this regard and should make the discovery of oil a moment for critical national reflection and introspection, rather than a moment for popular jubilation.

The persistent underdevelopment and poverty of many oil- and resource-rich developing nations has, in fact, given rise to the phenomenon known as the "resource curse": the "blessing" of a valuable natural resource turned into a "curse" for the majority of a country's citizens as a result of a web of perverse economic and political behavior and decisions brought on by the new-found windfall. Instructively, all of Africa's oil-rich countries-Nigeria, Equatorial Guinea, Angola, Chad, Gabon, and the Congo-Brazzaville-are afflicted with this "paradox" of mass poverty in the midst of "plenty". In fact, among the mineral and natural-resource rich countries of Africa only Botswana can be said to have managed its natural resources (diamonds) in a responsible and sustainable manner and to the benefit of the country's population. The rest have had little to show for the natural resources with which they have been blessed by nature.

Admittedly, the fact that Ghana's oil comes at a time when the country is a functioning democracy sets us apart from many of our oil-rich African peers and also distinguishes this period in Ghana's

economic history from the dictatorial past. The active vigilance of civil society, the private media, and parliamentary opposition parties are, together with the prospect of defeat in general elections, important democratic safeguards that might help discipline and induce responsible behavior on the part of government and other public officials charged with the management of the country's oil-generated wealth. Yet, as the record of government in the Fourth Republic has shown, electoral democracy alone has not banished from public life the scourge of corruption, waste, mismanagement, and profligate spending. Nor has democracy transformed overnight a predatory political class into self-disciplined stewards and trustees of the public interest. In fact, in some respects an intense and zero-sum scramble for political power and patronage has heightened the corrupting influence of money and incumbency in our politics. The risk of petrodollars adding more fuel to the fire is real and worrisome indeed. In short, despite the progress Ghana has made in its democratic project, the country has not yet arrived at a point in its political and institutional development when we can call the resource curse a problem of the past or a problem for another place other than ours.

Institutionalizing honest, open and responsible governance continues to be a formidable challenge even in a democratic Ghana, yet honest, open and responsible governance is what an oil-producing Ghana needs above all else. Constitutionally-empowered "institutions of horizontal accountability," such as Parliament, CHRAJ, and the Auditor-General, continue to be under-resourced, under-motivated, under-appreciated, and even sometimes undermined by an Executive branch that has stepped into a longstanding political tradition of executive supremacy and is nonplussed about exploiting to its advantage the immense patronage resources it continues to wield. The presidency routinely implements important policy initiatives and makes significant fiscal commitments without the benefit of prior legislation. The nation's bureaucratic and regulatory capacity remains thin and ineffective, administrative discretion and arbitrariness is pervasive, and law and regulatory enforcement selective and inconsistent. Despite an increasingly alert media, a culture of secrecy, opacity and impunity remains entrenched in government and the public administration. The norms of transparency, open government, and accountability are still alien concepts to Ghana's "Big Men." Ghanaians are not even privy to the official salaries and other emoluments paid to the country's highest public officers. The rule-of-law remains an unrealized ideal in our democracy. In short, Ghana does not as yet have in place the kinds of institutional firewalls and regime of public ethics that are needed to avert the resource curse.

This past February the Government convened a "National Forum on Oil and Gas Development" to elicit and examine ideas and options for the sound and sustainable exploitation and management of Ghana's newly-discovered oil resources

and expected proceeds. The Government has also invited Norwegian and British oil industry regulators and experts to help Ghana develop appropriate oil revenue management practices.

**“Our own past and continuing record of mismanagement of our national resources and assets, as well as the many cases of oil-rich nations afflicted with the ‘resource curse,’ should give cause for sober reflection and critical deliberation within the Ghanaian body politic”**

The Government is to be commended for acknowledging Ghana's deficit of knowledge and expertise in the area of oil and gas development and management and for its apparent willingness to learn from the experience of others. In its quest for expertise, Government must not lose sight of the fact that there are also Ghanaians in the diaspora many of whom possess the range of talent and experience required for a proper development and management of Ghana's oil resources. It would be a costly mistake, at any rate, for Government to view Ghana's deficit in this area as purely or even primarily a technocratic one. No doubt, Ghana needs to develop the appropriate technocratic expertise and capacity to complement its new status as an oil-producing country. Technocratic deficits, however, can be overcome relatively easily with the appropriate investment in recruitment and training. What the country needs to focus on, beyond the technocratic issues, are the longstanding governance and institutional weaknesses that Norwegian expertise cannot fix for us but which, left unattended, will surely undermine even the best efforts of the oil experts.

It is also not encouraging that what little public debate Ghana's oil find has generated in the media has been dominated by "distributional" issues. Instead of demanding to know, as we should, the structure and terms of the contracts or concessions Ghana has entered into, or proposes to enter into, for the development of our oil and gas resources public discussion has mainly taken the form of pleas and entreaties to Government to ensure “a fair distribution” of the “National cake” - whatever that means. Instead of insisting on the installation of a legal and regulatory regime of transparency and prompt disclosure of all payments and revenues accruing to and received by Government from its oil contracts, concessions or participation agreements, we have rather been preoccupied with how to share the “National Cake,” which is yet to be baked and whose size is barely known. We are indeed counting our chickens before they have been hatched and yet have done nothing to secure the chicken coop from the foxes that continue to guard it.

Ghana's emergence as an oil-producing nation will pose an important test and challenge for our democracy, and it is

one we cannot afford to fail. Our own past and continuing record of mismanagement of our national resources and assets, as well as the many cases of oil-rich nations afflicted with the "resource curse," should give cause for sober reflection and critical deliberation within the Ghanaian body politic. This issue, like many others, is too important to trust or leave to the "good intentions" of the political class alone or the ebb and flow of partisan politics. Ghana's democracy needs to mature to a new level in order to make the best use of this potential opportunity. Important legislative, regulatory and institutional firewalls and safeguards, adopted in an open, inclusive and bipartisan manner, need to be put in place as soon as possible; the culture of opacity in government must give way to an ethic of openness and transparency; Parliament must awaken to its critical oversight responsibilities; and the rule-of-law must replace unregulated discretion as the norm in the governance and administration of the state. Success in this regard will require the civic engagement, activism and vigilance of all Ghanaians—civil society, media, political parties, and the general public. The stakes are high indeed. We must not let our guards down. ■ ■

### Debating state funding of Ghana's political parties

The issue of state funding of political parties has come back on the public agenda after it was recently reported that Ghana's political parties had collaborated in drafting a proposed bill that would entitle the political parties to receive annual taxpayer-funded cash support. While the details of the proposed bill remain sketchy and incomplete, proponents of state funding for political parties defend the proposal as necessary in the light of the importance of effective political party organization and activities to the success of multi-party democracy.

Political parties indeed play a critical role in the establishment and sustenance of democratic government. In fact, the 1992 Constitution, recognizing political parties as key institutions for the mobilization and representation of citizens' preferences and interests, guarantees the right of every adult Ghanaian to freely associate with others in the form of a political party and the right of every political party to register and organize for the purpose of contesting public elections; prohibits the establishment of a one-party state; and imposes certain organizational and financial reporting obligations on all political parties, including, notably, the duty of each party to be internally democratic and national in character. However, merely because political parties have an important role to play in Ghana's democracy, does not make public funding of political parties a forgone conclusion. The proposed bill must be placed within the broader perspective, and examined within the context, of the overall state of Ghana's democratic development.

First, if Ghana's political parties face a funding crisis, their predicament is hardly unique or exceptional. Nearly all of the key constitutionally-mandated institutions of democratic governance and horizontal accountability, notably Parliament, the judiciary, Commission on Human Rights and Administrative Justice (CHRAJ), Audit Service, and the Electoral Commission (EC), have consistently been grossly underfunded by the state. Indeed, since the very first constitutive (1992) elections of the Fourth Republic, Ghana has not been able to fund any of its general elections entirely from its own domestically generated resources. In effect, the most basic process that underpins Ghana's democratic project suffers from a recurring funding deficit. Yet, despite the chronic underfunding of our key democratic and governance institutions, our political class has not seen it fit to propose legislation to earmark sufficient funds annually to support any of these institutions. In our view, political parties, while important as agencies of popular representation in our democracy, must not enjoy priority or special status in funding above such public constitutional bodies like Parliament, the Judiciary or CHRAJ.

***“In order to deepen democracy and popular accountability within political parties, it is important that parties rely primarily on internal fundraising sources, typically through regular membership dues and other membership contributions.”***

In this regard, we believe that the proposed bill, in focusing only on public funding of political parties and thus ranking political parties above all other rivals for public funding, falls short of the comprehensive, all-inclusive approach that is needed to address the recurring funding needs faced by the key democratic and governance institutions of the Fourth Republic. A bill to provide public funding for political parties makes sense, in our view, only as part of a package of legislative proposals designed to address the perennial funding deficits confronting Parliament, the Judiciary, CHRAJ, the Electoral Commission, and the Audit Service, among others.

The process by which the proposed bill was formulated also leaves much to be desired. The fact that the proposed bill is the product of extra-parliamentary collaboration among the political parties themselves, with the exclusive help of self-selected civil society collaborators, smacks of cartel-like dealing by a self-interested political class. The process was not sufficiently transparent, deliberative or participatory. Although the proposed bill has been made public, the bill's authors have indicated their intention to secure its placement on the legislative calendar in the next session of Parliament. Given the fact that the proposed bill already has the joint- and self-interested support of all the political parties represented in Parliament, there must be ample opportunity for extensive public and civil society debate, review, scrutiny,

and rewriting of the proposed bill before it is presented to Parliament. In short, it is premature to present the proposed bill for the consideration of Parliament or the Attorney General at this time. At best, the proposed bill represents the collective view and preferences only of Ghana's political parties (the bill's intended beneficiaries); the general public and civil society must weigh in on the matter and have their own input reflected in any final funding proposal before it is submitted to Parliament.

Finally, we believe that any proposal for public funding of Ghana's political parties must incorporate certain basic principles.

- First, political party funding must begin, first and foremost, with the membership of the party. In order to deepen democracy and popular accountability within political parties, it is important that parties rely primarily on internal fundraising sources, typically through regular membership dues and other membership contributions. So far, Ghanaian political parties have shown little interest in developing a "mass" source of funding, preferring, instead, to raise money through "big" financiers and the party's public office holders and presidential candidates-sources that often raise concerns about corruption and deepen oligarchic control of parties. Ghana's political parties must tap and exhaust internal membership-based funding opportunities before they can justifiably turn to the state to come to their aid.
- Second, state support for political parties need not mean "cash" support. In-kind support, such as requiring all state print and electronic media (and also, as a condition for their licenses, all private FM and TV stations) to carry a limited number of "free" adverts for political parties during election season, should be preferred to cash subsidies.
- Third, any cash support for political parties must be limited to "matching funds." This means that political parties must be required to raise (and show proof that they have raised) a certain amount of money from their own membership, before they may be considered eligible for state funding.
- Fourth, state support for political parties must be conditioned upon a sufficient showing by a party that it has satisfied, fully and satisfactory, all of its constitutional and statutory obligations, including its financial disclosure and reporting obligations under existing laws.
- Fifth, state funding of political parties must go hand-in-hand with statutory regulation of party expenditures, in the form of spending limits or ceilings on election-related expenditures in both primaries and general elections.
- Lastly, any state financial support for political parties must be limited to assisting political parties to build and develop their internal capacity in such areas as policy development and training, as opposed to helping to maintain so-called "party foot-soldiers." ■■

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