Ghana's Oil Find: An Unmitigated Solution to the Quagmire of Poverty?

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Abstract

This paper seeks to explore and discuss the high levels of poverty and grave inequalities accentuated in most natural resource endowed communities in the newly discovered oil find in Ghana. The paper contends that while natural resources can contribute to economic growth, employment, and fiscal revenue, if mismanaged or shared unfairly and unequally, it could deepen poverty and further widen the inequality gap. It further argues that countries with weak institutions often struggle to handle the potentially destructive force of inequality resulting in widespread corruption as various actors try to capture the wealth generated by natural resources. While this work acknowledges that governance of natural resources in a manner that ensures equity in most African societies is almost utopian, it also contends that a better understanding of the phenomenon and consequences of inequality by politicians and policy makers coupled with new and better approaches would be a major contributor to the fight against the potentially destructive social problem of inequality.

Key Words: Oil, Poverty, Inequality, Natural Resources, Ghana and Africa.

Introduction

Africa's 57 countries, as it stands currently, are endowed with both renewable (water, land, forest, fish) and non-renewable (minerals, metals, oil) natural resources that may be discovered, undiscovered, or barely harnessed. The continent contains more than half the world's resources of cobalt, manganese, and gold as well as significant supplies of platinum, uranium, and oil. An estimated $1 trillion of minerals, metals, and oil were extracted in 2008, with commodity exports accounting for 38 percent of the continent's GDP (Forstater et al. 2010).

Hence, natural resources can contribute to economic growth, employment, and fiscal revenue. They are often a major source of national income, but they are also, if mismanaged or shared unfairly, a major cause of conflict and instability (Collier and Hoeffler 2002; Auty 2001a; b). Countries with weak institutions often struggle to handle the potentially destructive force of corruption and inequality in the distribution of natural resource wealth, and efforts by various actors to capture the wealth generated by the natural resources. The governance of natural resources is especially important in the context of divided societies, because control over the benefits from local natural resources is often a chief motivator of ethnic or identity-based conflict (Lesourne and William 2009; Custers and Matthysen 2009). Many resource-rich and resource-dependent African countries are characterized by disappointing growth rates, high inequality, widespread impoverishment, bad governance, and an increased risk of civil violence (Collier 2007; Dunning 2008; Mildner et al. 2011). The challenges posed by managing natural resources have been characterized as the "natural resource curse" or "paradox of plenty" (Auty 1993; Humphreys et al. 2007; UNDP 2011).

Nevertheless, the experiences of countries such as Norway, Botswana, Thailand, and Malaysia give hope that the natural resource curse can be avoided if there are strong institutions as well as strategic policies to govern the sector. Also, given the extensive opportunities that the country has to learn from the broad experiences of oil-rich economies, there is ample opportunity to derive significant benefits from the discovery.

This however, is contrary to other held views that institutions in Africa are too weak to manage properly the significant and varied interests that evolve from the development of an oil industry or any extractive industry. Numerous poor examples have often been cited to support these views, and the most recurring ones being the situations in Nigeria, Cameroon and Gabon. Thus, the history of natural resource exploitation and management in Africa is certainly not a very positive. Besides, Ghana's own history with the extractive industries is quite contentious and which has led to debates about whether Ghana will be able to effectively apply the revenue from various extractive industries to finance its development agenda. This obviously, remains a question to be addressed properly with good research. This is especially so in view of the considerable deterioration in prominent mining communities such as Obuasi, a town in southern part of the Ashanti region, Prestea, is a town in the Western region in southwest, and Bogosu, is a small mining town in the Western region of Ghana, to mention but a few. These are often referred to as the mining curse. And specifically, oil discovery has been of economic benefit to the most developed countries while it has brought a curse to the economies of most developing countries, with the difference seen in the managerial principles adopted among these two categories of countries.

The generally acclaimed managerial principles of oil wealth and macroeconomic principles concerning fiscal management and exchange rate policy should ensure airness and equity in oil wealth distribution wherein the inequalities that occur mostly is in oil-rich nations via multinational oil companies, which comprise of an auction design and bidder preference that involve oil management laws, the setting of accounts for oil revenue, transparency, accountability and, the oversight and control of oil revenue.

When these key principles are ignored, oil-rich countries could suffer from: environmental destructions, Dutch disease syndrome (shrinking other sectors of the economy), poverty, inequalities and unemployment, ineffective rule of law, attitude of rent-seeking, greater risk of conflicts and war that can cascade into a serious threat to democracy.

The question of whether Ghana is properly positioned to manage the new oil boom remains topical both on the policy front and in public discourse. In the main, we seek to address: (i) what specific policy measures and legislative instruments are required to engender transparency and accountability in the application of oil revenues?; (ii) what could be a reasonable expectation about the likely benefits of the oil discovery to the public, particularly in the context of poverty reduction and sustained local development, (iii) how do we manage oil revenue to address the issue of inequality?; (iv) how do we manage the likely environmental effects with its potential effects of widening the inequality gap?; and, (v) how do we manage the windfall to avoid potential `Dutch Disease effects?

Oil Exploration in Ghana

Ghana started the exploration and production of oil and gas in 1896. However, it is known that Signal & Amaco Group made the first commercial discovery in 1970. This was at Saltpond in the central region of Ghana. The recoverable oil reserves were estimated at 4.9 million barrels. The production at this field began in 1978 by Agri-Petco, producing a total of 4,800 barrels a day (modernghanaonline 2009). In 1985, when production decreased to 580 barrels per day, the field was eventually closed down. Production however resumed in the year 2000 at about 600 barrels per day (Ghana National Petroleum Corporation 2006). Active research on Ghana's oil began in the 1980‟s by the Ghana National Petroleum Corporation (GNPC). The Ghana government, with the aim of owning the reserves when discovery were made, decided to fund the exploration. This approach by the government towards the exploration was not successful due to the high cost associated with the exploration.

In 2001, the government of Ghana decided to move away from the nation-centric approach to an all-inclusive approach, which served as an incentive for the participation of private bodies. The change in taxes and other levies on oil production during the second quarter of the year 2003 also led to the involvement of several major international oil and gas firms like Tullow, Kosmos and Gasop. With the involvement of private interest groups alongside a re-equipped GNPC, both Kosmos and Tullow made new discoveries of oil and gas in commercial quantities in what is known as the Jubilee field. This field has a reserves of about 800 million barrels of light crude oil with an upside potential of about 3 billion barrels (Commerce Ghana 2010). And thus, other discoveries have since been made and are yet to be developed.

Ever since oil was discovered in large quantities, there have been several suggestions on how the government should use the oil and gas resources of the country for the greater economic benefits of its citizens. Many stakeholders including politicians, journalists and economic experts have added their opinions on how the oil rents must be utilized to achieve greater economic prosperity for the country. It is in this light that the subject of "oil discovery: a blessing or a curse" has been an important and major debating point across the length and breadth of the country.

Oil discovery obviously brings enormous excitement and anxiety to the citizens of those nations with the hope of greater economic transformation. In Ghana, oil discovery can affect its economy either positively or negatively, and of course, this depends on the managerial principles and models that would be deployed in the exploration process and in the management of the oil rents for the total benefit of every individual in the society. Thus, it is essential that the necessary conducive managerial settings are in place to ensure that the positive effects are maximized, whereas the negative effects are minimized.

And although there is uncertainty involved in oil discovery, it is important to note that large oil revenue (compared to the size of the economy) will have a significant impact as new oil rents flows with a significant increase in existing ones that can transform an economy for better or worse, as usually expectations are high as disappointment often follows. However, certainly, oil revenue has the potential to make an economy better-off although it also produces large risks that the potential benefits will not fully be realized or indeed, that it may make an economy worse-off than before (Najman, Pomfret & Raballand 2008).

Natural Resources Governance in Africa

The natural resources sector's value chain consists of five stages (Humphreys et al. 2007; Dunning 2008): These are award of Contracts, Monitoring of Operations, Collection of Taxes and Royalties, Distribution of Revenue and Utilization in Sustainable Projects.

The chain is governed by laws and regulations to ensure maximum efficiency and effectiveness for favorable beneficial outcomes. Even though natural resource rich African countries including Ghana, have designed laws and regulations to manage their natural resources, these laws and regulations have been considered "more investment friendly…and in line with international best practices in the industry and as well take cognizance of relevant stakeholder views" (World Bank 2008b: 32). They liberalize and deregulate the sector. However, they also reinforce the point that "In hindsight, and in view of current high mineral prices, some of the natural resource codes then adopted and some of the agreements negotiated may have been overgenerous to foreign investors" (UNCTAD 2007: 161). For instance, in spite of the several reforms of the legal framework of the Ghanaian and Nigerian mining and oil sectors, respectively, the legal framework governing both sectors has been found to be extremely investor-friendly and deficient in some areas (Ayee et al. 2011; Gboyega et al. 2011).

Studies on natural resources in Africa highlight vulnerabilities in sector governance along the value chain and explain why it has been difficult to implement best or second best welfare-enhancing policies. The sector is vulnerable to rent-seeking activities because of certain characteristics such as the requirement for large initial capital expenditures; lack of choice in location; the sudden wealth and easy money image; the local nationals' previous experience with multinational companies; the particular sense of entitlement that local people have with respect to the wealth generated; and the high level of government regulation (Barma et. al. 2012).

There are sector management vulnerabilities in the regulation and award of leases, in revenue collection and administration, and eventually, in the way budget procedures secure sustainability in revenue re-investment. Contracts are often subject to strong confidentiality clauses by the multinational companies, governments, investors, and banks involved (Ayee 2014). Corruption is only a part of the explanation but high levels of inequality which is ingrained in the Ghanaian cultural and historical practices also, to a very large extent, explain the phenomenon. Governments argue that they cannot make all details of the extractive industries public and that they have limited influence on companies. Countries also compete for the scarce managerial and technical skills needed for resource extraction. Yet, shortages of legal and negotiation skills play a major role in driving down tax revenue from natural resources (Collier 2011).

Despite the strong focus on development by many governments, there are still incentive problems in several of the institutions involved in natural resources governance in Africa. An excessively centralized policy-making process, a powerful executive president, strong party loyalty, political patronage, lack of transparency, and weak institutional capacity at political and regulatory levels, not least inequality in all these spheres, have greatly contributed to the extractive industries' inadequate flow of net benefits. Consequently, it has been argued that the net benefit of natural resources is likely to be improved with appropriate reforms in governance (Barma et. al. 2012; Ayee et al. 2011; Gboyega et al. 2011).

Admittedly, among potentially important values from the industry, other than direct revenue, are transfers of technological and organizational skills and corporate social responsibility. Multinationals' home-country regulations or standards, accounting rules, production technology, and procurement procedures may also help strengthen the sector. Consequently, arguments to downplay the importance of the natural resources to the national interest need to be considered in light of these perspectives (Eden and Lenway 2001; Obeng-Odoom 2012).

Nevertheless, the economic importance of the natural resources is not adequately matched by forward and backward linkages to other economic growth-promoting activities (UNDP 2011; Gaille 2011). A net benefit assessment requires estimations of benefits from natural resources, including royalties and taxes, infrastructure, technology transfers, and employment, as well as their multiplier effects and how they compare to costs, such as environmental consequences, health problems, cultural difficulties, and loss of agricultural land. The paradox of natural resources wealth is that many of the countries endowed with such resources also have a high level of poverty and experience what is commonly referred to as the "resource curse" (Barma et. al. 2012; Obeng-Odoom 2012).

Two reasons are adduced for the paucity of tax revenue from the natural resources sector. First, the contracts with multinational companies are often unfavorable for African governments, with calls for re-negotiation so far difficult in the light of the stringent contracts. Second, the level of corruption in the sector is generally enormous, with international dimensions (World Bank 2006: Lederman and Maloney 2007; UNDP 2011: Barma et. al. 2012). A third reason for the high levels of poverty in the face of much natural resource availability can be attributed to the high and widening levels of inequality in all fronts in the Ghanaian experience.

Theoretical Framework

This paper draws from the strengths of the theoretical models of the "resource curse", and the "Dutch disease" for an in-depth analysis of Ghana's natural resource sector relative to the conundrum of poverty and inequality.

One of the more influential ideas in recent development discourse and policy is the so-called 'resource curse'. The big idea behind the 'resource curse' is that mineral and fuel abundance in less developed countries (LDCs) tends to generate negative developmental outcomes, including poor economic performance, growth collapses, high levels of corruption, ineffective governance and greater political violence. Natural resources, for most poor countries, are deemed to be more of a 'curse' than a 'blessing'.

In terms of intellectual history, this negative view of mineral and fuel abundance goes against much of the earlier thinking on the subject. Many analysts suggested a historically positive association of natural resource abundance and industrial growth in many now advanced countries. For instance, the 'staple thesis' demonstrated that growth in backward areas commonly began through the initial stimuli that primary product exports brought in terms of attracting capital and labour and inducing a more diversified production structure (Innis 1930; Watkins 1963). Also, natural resource rents, to the extent that state governments appropriate them, can relax common resource constraints to growth –namely the savings, foreign exchange and fiscal constraints (Gelb & Associates, 1988: 17-18).

Second, the economic concept of Dutch Disease refers to the potential negative effects natural-resource windfalls and accompanying appreciations of exchange rates can have for the rest of the economy. One of the potential dangers of oil booms, for example, is that exchange-rate appreciation renders the non-oil-tradeable sectors such as manufacturing less competitive and thus can generate de- industrialization.

The logic of the simple Dutch Disease theories can be described as follows. In an economy in full employment equilibrium, a permanent increase in the inflow of external funds results in a change in relative prices in favour of non-traded goods (services and construction) and against non-oil traded goods (manufacturing and agriculture), leading to the crowding out of non-oil tradeable by non-tradeable. That is, an appreciation of the exchange rate leads to a decline in the competitiveness, and hence production and employment of the traded-goods sector.

The mechanism through which this change takes place follows directly from the model's assumptions of full employment equilibrium and static technology. With these assumptions, the external funds (from an oil boom) can be translated into real domestic expenditure only if the flow of imports increases. However, since non-traded goods cannot be imported easily (or only at prohibitive costs), a relative contraction of the traded-goods sector is inevitable, otherwise the resources needed to enhance the growth of the non- traded sector would not be available. Thus, the model predicts that de-industrialization is the inevitable structural change that occurs as a result of oil booms. A second mechanism through which manufacturing can become less competitive in this model is through the increase in manufacturing wage rates that result from increases in aggregate demand for labour that the oil booms can generate. In the short-run, when productivity levels are fixed, unit labour costs in manufacturing rise, which can, in the absence of compensating policies, lead to a loss in manufacturing competitiveness.

The association of 'de-industrialization' as a 'disease' stems from the unique growth-enhancing characteristics the manufacturing sector can potentially embody (Kaldor, 1967). The potential dynamism that manufacturing can generate, however, opens up an important role for policy in affecting the growth outcomes of oil booms. In the simple Dutch Disease model, technology is assumed to be given (ie, it is a 'blueprint'), which means that additional foreign exchange is not of particular relevance from the point of view of economic growth. However, when a late-developing country faces a technological gap, additional export revenues, if channeled by an appropriate industrial policy, can play an important part since the additional foreign exchange can accelerate the process of importing advanced technology and the machines that embody them. Additionally, if the industrial strategy promotes 'learning', additional revenues can theoretically accelerate the growth process. For instance, during the boom, the government could promote industry by channeling resources toward that sector through protection, subsidies, financial incentives and investments in infrastructure. This can serve to modernize the manufacturing capital stock, which in turn can improve productivity.

As a result, structural change against non-oil tradeable, such as manufacturing, is not inevitable; rather, the outcomes resource booms depend on state policy responses. Neary & van Wijnbergen (1986) note: 'In so far as one general conclusion can be drawn [from our collection of empirical studies] it is that a country's economic performance following a resource boom depends to a considerable extent on the policies followed by its government even small economies have considerable influence over their own economic performance'. Evidence from Venezuela, for instance, suggests that policy responses (such as industrial policy and exchange-rate management) determine how oil booms affect the growth prospects of the economy. What the Dutch Disease literature does not address is why growth-enhancing policies are chosen in some contexts and not others and, more importantly, why some leaders do not correct ineffective policies.

The “Resource Curse” and the “Dutch Disease” models have been deemed appropriate for analyzing Ghana’s oil sector relative to the nagging question of poverty and inequality because even though they have been critiqued just like most other theories, their combined strength offer an amazing opportunity for a critical examination of the appropriateness or otherwise of management practices in the natural resources sector generally and the oil sector specifically, and how these practices address or exacerbate the issue of poverty and inequality which has remained a bottleneck in Ghana’s quest for development over the years.

Method and Materials

The data gathered for this paper is from secondary sources. Information was gleaned from relevant documents and scholarly articles that provide insightful information on Ghana’s natural resources but specifically on oil. Relevant books in the area of oil studies which could be accessed in the various libraries and institutions were consulted in order that this paper would provide an in-depth understanding of Ghana’s oil find and its implications for poverty reduction in the face of current economic conditions.

Discussions

Ghana’s Oil Find and the Issue of Inequality

Inequality in the African context and for Ghana specifically, is more of a belief than a practice, and this is ingrained in the historical and cultural practices of the people, which have been translated into various aspects of societal live including political leadership. This points to the fact that the resource curse phenomenon is not only about concentration on oil tradeables at the expense of non-oil tradeables such as manufacturing, but it is also an issue that is embedded in the culture of the people which propels the thinking rather unfortunately, that inequality is part of human existence and necessary part of life. The World Bank and others concerned with poverty reduction cite access to health services, education and power, or decision-making as well as levels of income, consumption and exposure to risk as issues affecting poverty (Rath, A. 2011). These issues are undergirded and exacerbated by greater forces of inequality in Ghana and elsewhere in Africa. For example, access to quality health care, better education, higher income earning jobs, high political office, among others, is more and more a preserve of the affluent and influential in society. Unequal distribution of natural resource wealth, to sound a bit euphemistical, is an antithesis to the Ghanaian economy and for poverty reduction. Here, the issue of inequality is examined from two perspectives, thus, vertical inequality, which emphasizes inequality between the rich and the poor and horizontal inequality, dealing with inequality in the regional distribution of oil wealth.

Mineral booms have strong effects on the labour force; yet little is known about their ultimate impact on the vertical distribution of income. It may be useful, however, to describe how mineral booms typically affect the labour force and to highlight some concerns. It is generally agreed that a mineral boom in a country can affect the labour force through two mechanisms. The first is the Dutch Disease described as a sharp rise in mineral exports which will typically cause an appreciation in the real exchange rate, which in turn will reduce the international competiveness of the country's agriculture and manufacturing exports and may reduce employment in these sectors (Corden and Neary 1982; Van Wijnbergen 1984). Although governments can do much to offset the effects of the Dutch Disease, too frequently they do not. Nigeria's economy, for example, suffered because of the government's failure to act (Humpherys et.al 2007). A sharp rise in Nigeria's petroleum exports in the 1960s and early 1970s led to an appreciation of the exchange rate. The higher exchange rates made it virtually impossible for firms in the agriculture and manufacturing sectors to sell their goods profitably abroad. Instead of devaluing the currency, the government kept it overvalued, for fear of inflation. The result was that booming oil exports crowded out agriculture and manufacturing exports and hence jobs in these areas (Humpherys et. al 2007). The Nigerian experience is not an isolated case as this is evidenced in most oil-dependent countries and even in emerging ones. Since July 2007 when Ghana discovered oil in commercial quantities said to be the largest offshore discovery in the last two decades in West Africa, emphasis have shifted from the need for the modernization of agriculture and the drive for manufacturing and industrialization to a concentration on the oil industry almost vicariously. It is not an exaggeration that Ghana's agricultural sector still remains largely small scale, unattractive and her agricultural products less competitive in their raw form in the global market. The paradox is that a large part of the country's food requirements are still imported yet the main stay of the country's economy, until recently when the service sector came up strongly, has been agriculture. A shift in exports from the agriculture and manufacturing to oil leads to a shift in the sectorial composition of the labour force. Consequently, agriculture and manufacturing are neglected with many of their labour force left with low or no income. Additionally, there is little transparency about the investment of Ghana's oil rents and how this either directly or indirectly impacts on the poor majority of the people who are mainly in the agricultural sector. For example, little is known about how much of oil rent is invested in areas towards improving the incomes of the rural poor. The agricultural sector still remains small scale with primitive practices, unequal access to quality education, health care, potable water, as well as unequal provision of road infrastructure in the rural and urban centres. This phenomenon further widens the inequality gap, which affects all development efforts in most developing countries and Ghana. Development cannot be comprehensive without an equal measure of comprehensive approach to dealing with the issue of inequality.

However, as the phenomenon of inequality is a part of the history and cultural practices of Ghanaians, stretching from the colonial era to cultural practices as well as in politics, it is firmly entrenched in the mindset and psyche of the ordinary Ghanaian. Therefore, policies with regard to the oil revenue, should be, if not entirely, but to a larger extent, free from rent-seeking measures and efforts should be made to avoid the Dutch Disease as the effort continuous towards creating opportunity for all in a fair, just and democratic environment.

Government Measures: Dealing with Inequality

Since 1992 efforts by various governments towards dealing with inequality has been less than convincing. The district assembly concept, which is enshrined in the 1992 Constitution of Ghana, is one of the known attempts towards addressing this phenomenon. By this concept the district assemblies are allocated not less than 5% of national total revenues for development purposes (1992 Constitution: 252). However, this strategy is neither sufficient nor adequate for addressing the inequality situation in the country given that weak institutions carry out revenue collection. In the end, therefore, total government revenue collected is paltry hence a single digit percentage is obviously scanty for any meaningful development, much less one intended for bridging the inequality gap between rural communities and the urban areas. Over the years, the evidence has been a growing gap between the rich and the poor and between regions in the country. Access to quality education, quality health care, good housing, employment opportunities, potable water, good food, electricity supply etc., still remains a challenge and actually worsening for the poor people while those in the middle income bracket are increasing. Where these services are available, they are unaffordable for most poor people in the rural communities. Again, apart from the Northern Scholarship Programme introduced by Dr. Kwame Nkrumah, the Savannah Accelerated Development Authority (SADA) is by far the most comprehensive programme targeting the overall development of Northern Ghana in the history of the country. Yet SADA, which is all-encompassing, looking at agricultural development, industrialization, economic and social infrastructure, presented great opportunities for the development of the north as a whole that could lead to the bridging of the development gap between the north and the south. Unfortunately, all the three SADA modules which include the guinea fowl rearing and processing project, the afforestation and tree planting project and the Ghana Youth Employment and Entrepreneurial Development Agency (GYEEDA) have collapsed on the shoulders of a magnitude of corruption never known under Ghana's forth republic. Corruption, which has infested almost every institution and government structures, has made it a near impossibility for any government intervention programme to achieve its objective and leverage the playing field for promotion of social justice, equity and equality.

The Oil Sector and its Implications for Poverty Reduction in Ghana

The poverty situation in Ghana, especially among the rural populations and not very surprisingly, most oil extracting communities is crunchy and lamentable. Worthy of note is the fact that Ghana has been lauded as a remarkable economic success story in Sub-Saharan Africa in recent development. After a decade of robust economic growth, and following a recent review of its national accounts, Ghana attained middle-income status in 2011, well in advance of its 2015 Millennium Development Goal (IFAD, May 2012). The country is also said to be on track to cut poverty by half and attain a solid level of domestic food security by reducing malnutrition among the general population. The Government‘s efforts towards achieving these goals have made the country an attractive destination for project funding from the international donor community according to the IFAD Report May, 2012.

However, Ghana‘s success story has not touched its entire population. In the face of abundant natural resources, including cocoa, gold, timber, bauxite, manganese, and recently oil, poverty is still pervasive in most rural and even urban communities in Ghana. While successive, freely elected governments can lay claim to cutting poverty almost by half since the 1980s, poverty reduction has slowed in recent years. Moreover, far too many people, even those who are employed, are still subsisting on less than US$1.25 a day (IFAD, May 2012), and the poverty gap and inequality between rural and urban areas is still quite wide, with almost four times as many people living below the poverty line in rural areas (39.2 per cent in 2004–06) as in urban areas (10.8 per cent in 2004–06) (IFAD, May 2012).

National growth did not translate in poverty reduction in the North. According to the IFAD report, the number of poor people in the three regions constituting Northern Ghana, covering 40 per cent of Ghana‘s land area, climbed by 900,000 between 1992 and 2006. In the South, the number of poor people declined by 2.5 million during that same time frame. Moreover, each one of the specific regions constituting Northern Ghana, thus, Upper West, Upper East, and Northern, has a poverty story of its own to tell. Poverty in Upper West is still the most pervasive, at 88 per cent, a level that has not changed in 20 years. Poverty in Upper East, which at 70 per cent is the next highest level of poverty, actually deteriorated in the past 20 years. And poverty in Northern Region, with the third highest level in the country at 52 per cent, is actually at the same level Ghana was countrywide in 1990/1991(IFAD, May 2012). According to the Ghana Population and Housing Census 2010, the contribution of rural deprivation to national poverty was estimated at 72.3% but higher for the three northern regions; Upper West Region-92.6%, Upper East Region-87.3%, Northern Region-80.8%.

The fundamental issue of the paradox of plenty (Ayee 2014) is certainly beckoning Ghana in the face of oil discovery in commercial quantities in the jubilee field. Best practice in oil management strategies require investment of oil rent in productive sectors of the economy for the benefit of all. The Ghanaian expectation has been one that requires government to invest more in social services that would improve domestic livelihood and lesson the economic burden that already confronts the people. For example, majority of Ghanaians expected a reduction in fuel tariffs, cost of electricity, water bills, reduced cost of education, improvement in the housing deficit, more investment in agriculture to improve sector performance and by extension empower rural populations economically, more investment in manufacturing sector to boost employment, improvement in health facilities to enhance the quality of life of the people, investment in water projects to broaden access to potable water and the building of road infrastructure to open up the country for easy movement, all of which still remain a dream to the ordinary Ghanaian. Instead, utility tariffs continue to soar up on regular basis, cost of education at all levels continue to remain a burden on parents and guardians, access to quality medical care is a major problem for most rural and even urban dwellers, and general conditions of live continue to be unbearable in the light of oil discovery in commercial quantities, said to be the largest discovery offshore West Africa in the last two decades. Hopes for improvement in living standards within Ghana continue to wane almost on daily basis. It is not surprising therefore, that most workers are getting more and more dissatisfied resulting in strike actions, political apathy and waning sense of patriotism in the country. The paradox of plenty is also attributed mostly by Ghanaians to poor management of the economy undergirded by corruption, lack of transparency, oversight and enforcement of relevant laws, cronyism and lack of political will to adhere to global best practices in the management of public and natural sources.

Further, Ghana has a predominantly agriculture-based economic only now over taken by the service sector, and the Government recognizes that agriculture growth has a greater impact on poverty reduction than other sectors. The agriculture sector is the backbone of the economy, representing more than 30 per cent of GDP in 2010, and employing 63 per cent of the workforce in rural areas (IFAD, 2012). Since the mid-1990s, the Government‘s poverty reduction strategy, thus, accelerated economic growth, fuelled by agricultural growth, has lifted rural incomes, even if largely in the South. However, acknowledging that the highest percentage of poverty is in Northern Ghana, and that the regions within the north contain the highest percentage of both women and men engaged in agriculture (IFAD, May 2012:52), the Government has recently pursued two initiatives targeting the region specifically, the Northern Development Strategy (2010–2030), to reduce the poverty rate in Northern Ghana to one fifth by 2030, and the Savannah Accelerated Development Authority (SADA) Initiative, to align economic, developmental, and human capital progress between the North and South.

These initiatives, especially the SADA project, have been plagued by a magnitude of corruption deemed unprecedented in Ghana's competitive democratic era spanning the period 1992 to 2014. For a project that was initiated to help bridge the North-South decades long development gap, to be engulfed in such a filth of corruption can only be described as transcendental at least, and a mystery at best and begs the question of whether political leaders are actually committed to ensuring that poverty and issues of inequality are addressed to afford the majority of Ghanaians the opportunity of equity, fairness and the good life.

Conclusion

The point has been made in the forgoing discussion that even though Ghana's oil discovery in commercial quantities presents enormous prospects to the country as a whole in terms of wealth generation and development, it does not necessarily present such an equal measure of opportunity in real terms for addressing the poverty situation in the country. It has also been argued that even though Ghana has abundant natural resources, the evidence is a growing inequality between the rich and the poor as a result of unequal distribution of natural resource wealth, vertically and horizontally. It has been contended also that as witnessed in the use of the other natural resources that the country has been endowed with before the oil discovery, mismanagement of the oil sector and lack of commitment by politicians to adopting measures and policies that would ensure efficiency, equity and fairness, and a focus and determination to addressing the issue of poverty which has bedeviled most marginalized communities in the country, the issue of poverty will continue to characterize large parts of the Ghanaian community in the face of natural resource abundance. It has also been made clear in the discussion above that government shift of attention from agriculture and manufacturing sectors to the oil sector, is a danger that could result in many people losing their jobs and thereby losing income in those sectors and thus, exacerbating the poverty situation in the country. The approach to dealing with this quagmire of poverty and inequality is the building of strong institutions to deal with oil management and distribution of natural resource wealth for the benefit of all. Institutions such as the judiciary, the legislatutre, the executive, the Economic and Organized Crimes Office (EOCO), the National Commission on Civic Education (NCCE), among others, should be strengthened and adequately resourced to work effectively to be able to institute and implement measures aimed at ensuring accountability and thereby stamp out corruption at all levels. Independent democratic institutions such as the Institute of Democratic Governance, Third World Networks, Centre for Democratic Governance (CDD), the Institute for Economic Affairs (IEA) as well as academia should be encouraged into more research and publications in the oil sector to keep government and civil society adequately informed about the state of the art practices in oil management, but also expose corruption and mismanagement in the oil sector to ensure higher levels of accountability and transparency in Ghana's oil find.

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