Escaping the Oil Curse in Ghana: Lessons from Nigeria

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Abstract

The resource curse thesis has been a subject of debate for many decades particularly in low-income nations such as those of Africa, which are endowed with abundant resources but are poor by every indicator of human development. This study was designed to find out the perceptions of Nigerians living in Aberdeen, Scotland on how the oil industry in Nigeria has impacted on the lives of the citizenry and to examine how the Nigerian experience can offer useful lessons for Ghana's budding oil sector. Both qualitative and quantitative techniques were employed to carry out the study. The study reveals that despite the oil wealth of Nigeria, it does not reflect in the standards of living of the people. The respondents attributed the unmatched aspirations of the Nigeriansto the low level of development directly spearheaded by the oil sector mostly due to bad leadership and corruption. From the key findings of the study, it is recommended that Ghana could be a shining example if it puts in place strong legislative measures to manage the contracting of oil concessions and the utilisation of the proceeds, diversify her economy into other non-oil sectors like agriculture, vigorously engender Corporate Social Responsibility (CSR) practices, and be transparent and accountable to her people in order to escape an oil curse.

Keywords: Oil Curse, Resource Curse, 'Dutch Disease', Ghana, Nigeria

Introduction

Resource curse is sometimes referred to as the 'Dutch Disease' and it is a term economists use to refer to a situation where a country has abundant resources, yet its manufacturing sector begins to decline and its economy underdeveloped (Ross, 2004). Before the past three decades, some economists believed that natural resources, particularly oil would propel low-income countries to develop (Rosser, 2006). Britain, U.S.A, Norway and others are always used as examples to support the claims of how low-income countries were transformed into wealthy nations with the discovery of natural resources (Rosser, 2006). Throughout the history of mankind, many great empires, countries, communities and individuals have competed for scarce resources for their development. This has sometimes led to conflicts and in some cases wars in many parts of the world. Oneimportant natural resource, which has generated a lot of conflict, is oil. For example, Angola, which is the second biggest oil and gas-producing nation in sub-Saharan Africa after Nigeria, for 27 years, was plagued with political violence and civil unrest (Reed, 2009). According to Reed (2009), even though $30 billion was received in 2006 alone as total exports of its oil, 70% of her population live on less than $2 a day (Wigg and Kolstad, 2010).

This indicates a sharp contrast between the country's oil wealth and receipts on one hand, and the impoverished living standards of the people on the other. Research has shown that Multinational Corporations are sometimes responsible for the many conflicts in resource-rich countries of Africa such as those of Nigeria, Angola and Democratic Republic of Congo (Obi, 2010). It is suspected that some corporations connive with some leaders to exploit the resources of Africa by signing contracts in secrecy with confidentiality clauses without considering the plight of the people. Most companies operate with the sole aim of making profits without considering the needs of other stakeholders forgetting that business and society are not mutually exclusive (Wood, 1991).

The Angolan story is not different from other resource rich countries of Africa including Nigeria, Liberia, Sierra Leone, and Congo Brazzaville among others. Vertigans (2011) states that international oil companies extract oil from the rich Niger Delta of Nigeria, yet a few meters away from these oil wells; the people cannot access basic health care and other social needs. Such neighbouringcommunities mayalso lack educational facilities, motorable roads and quality housing. That is why the recent discovery of oil in Ghana in commercial quantities does not excite some people judging from the examples of countries like Nigeria and Angola. Similar examples also exist in the diamond-mining sector of Sierra Leone. Sierra Leone since the 1930s discovered huge alluvial diamonds reserves in commercial quantities. Even though the country is ranked among the top ten diamond producers in the World, Sierra Leone has not been able to transform this industry into economic fortunes for its people. Hirsch (2001) attributes this situation mainly to bad governance and corruption among government officials at the helm of managing these resources. Notwithstanding the huge potential benefits, the returns from diamond mining were used to finance protracted conflicts that virtually ruined the country. According to Conteh-Morgan and Dixon-Fyle (1999), Sierra Leone has also been unable to address serious fractures in the country relating to ethnicity, social class and political affiliations, which tend to break down national cohesion.

Following the Nigerian and Sierra Leonean examples, Stiglitz (2007) and Humphreys et al. (2007) are of the opinion that it is better to leave resources in the ground to be exploited later when states are ready to utilise it properly. Some Ghanaians on various media platforms have also made similar pronouncements, that if the discovery of oil in the country will become a curse on the people, then, it should be allowed to stay in the ground. This follows the evidence that countries, which rely solely on primary commodities, have remained poorly developed no matter the resources they have (Bush, 2007). Ghana's close relationship with Nigeria dating back to the 1950s independence struggle and nationalists' movements certainly has lessons to learn from each other.

The mistakes committed by Nigeria including reports of corruption, violence and power struggle for the control of oil resources, have prevented the country from achieving its full development potential (Collier, 2008). These damning mistakes must be avoided by Ghana so that the revenue from the oil sector can be used efficiently for the betterment of all Ghanaians. In line with this background, this research sought to explore the perceptions of Nigerians living in Aberdeen on how the oil industry in Nigeria has benefited their people or otherwise, and which lessons it offers Ghana. Already the government through the Ghana National Petroleum Corporation (GNPC) has signed various contracts with leading oil exploiting partners including Kosmos Energy and Tullow Oil. The next sections of this paper reviews literature on the Dutch Disease and also presents the background to Ghana's oil exploration trajectories so far. The methodology, and the data presentation and analysis sections follow this. The last two sections of the paper are the findings and discussions, and conclusion and recommendation sections.

The Resource Curse and the Dutch Disease Discourse

The 'Dutch Disease' came about in the 1970s when The Netherlands discovered large quantities of gas in Groningen and suddenly abandoned their manufacturing and agriculture sectors. When there were price volatilities in the gas sector, it led to serious economic distress in the other sectors (Karl, 1997). Africa is home to 9% of the world's confirmed oil reserves with the leading oil nations as; Nigeria, Angola, Sudan, Republic of Congo, Chad, Libya, Gabon, Egypt among others (Obi, 2010). Africa's strategic location has made its oil and gas resources the most sought after in the world especially in recent times (Obi, ibid). The United States of America, South Korea, China and India have their oil and gas companies across Africa either producing or searching for newer wells (Obi, ibid). The increase in demand for oil and gas resources for socio-economic development throughout the world has led to a new scramble for Africa's oil. This scramble for Africa's 'black gold' and the many political conflicts in parts of Africa has influenced some researchers to find out if there is a relationship between the production of oil and gas and conflicts (Ross, 2004).

Generally, when there are conflicts in oil and gas producing countries, it affects global oil supplies (Luciani, 2011) and may lead to price hikes as a result of shortages. Research has shown that oil and *'lootable'* goods are responsible for violence and civil war. It is as a result of oil wealth that the People's Movement for the Liberation of Angola (MPLA) staged wars against the National Union for the Total Liberation of Angola (UNITA) for many decades (Obi, 2010). Ross (2004:69) argues that, "natural resources play key role in triggering, prolonging, and financing conflicts". Oil exports could therefore be responsible for conflicts in parts of the world.

Le Billon (2001) also posit there is a positive correlation between violence and resource wealth in Angola dating back to 500 years ago but which became more aggravated when oil was discovered in the 1950s. Lujala (2010:15-16) expresses similar views by claiming "oil substantially prolongs conflicts when located in conflict zones" pointing to the activities of rebel groups in the rich Niger Delta Region which dates back to the onset of the discovery of oil. Ross (2008) believes the production of oil retards democracy and good governance, promotes corruption and supports violent conflicts. Centralised elites mobilise political support by using their public positions to utilize and distribute state resources in a manner so as to secure personal favours (deGrassi, 2008). It is also sometimes the case that a small group of politicians and technocrats monopolize both decision-making and financial control instead of decentralizing these (Obi, 2010; Soares de Oliveira, 2007; Bush, 2007).

Evidence available indicates that some Energy Transnational Corporations (TNCs) in the Niger Delta Region of Nigeria have paid and awarded contracts to armed groups in order that they provide them with 'security' (WAC Global Services, 2003) cited in (Obi, 2010). This is sometimes responsible for some of the conflicts in the region as various armed groups fight each other in order to control the oil wealth. Tensions continue to be rife in this region because the locals feel they have not had their fair share of the oil wealth (Luciani, 2011). Collier andHoeffler (2004) advanced the argument that the production and export of oil and primary commodities in general increase the risk of conflict. The assessment of the political economy of Angola and conflict by Le Billon (2012) attests to this fact and so is the conflict between North and South Sudan over the distribution and expansion of oil (Global Witness, Monday, 7th September, 2009). These researches have extended the position that there is a correlation between oil and gas production and conflicts.

With the discovery of oil, many people usually have high expectations to get rich overnight but the truth is that, resources are not, they become (Zimmerman, 1951). This is because evidence shows most oil rich countries grow slower in terms of economic development than countries without oil resources (Sachs and Warner, 2001) cited in (Larsen, 2004) and the possession of oil resources does not necessarily mean development will naturally take place. This oil resource has turned out to be a curse rather than a blessing in many developing countries, which has led to distrust and anger among citizens, resulting to conflicts many a time. This argument tends to be true as Nigeria, which discovered oil over five decades ago, still has the same Gross Domestic Product today as it had at the time of oil discovery (Gylfason, 2001). On the contrary, however, Obi (2010) argues that the production of oil and gas do not have any correlation with political violence and conflicts, but that, other factors including historical and external factors are responsible for such violence and conflicts.

Basedau and Lay (2009) for example believe oil and gas production does not fuel conflicts, but rather reduce conflicts. Their argument is that such resource wealth is used to pay rebels and opposition armed groups in order to silence them. Abdallah (2002) agrees with this school of thought by stating that such resources have sustained rather than caused violence and conflicts. In his view, the argument that oil and gas production is responsible for political violence is inadequate, lopsided and cannot be relied upon, as there are many parts of the world experiencing political violence and conflicts but do not produce such resources (Abdallah, 2002). Somalia, Burundi, Central African Republic have been engaged in violent conflicts over many decades but are not into oil and gas production.

Adedeji (1999:10) argues that, "throughout the world, conflicts are the consequences of the fear of the future, lived through the past" adding that, the "collective fear of the future based on a history of social uncertainty, due to the failure of the state to arbitrate justly between or provide credible guarantee of protection for groups, resulting in emerging anarchy and social fractures". From Adedeji's argument, it is safe to say that it is not oil resources that are responsible for political violence, but the struggle for political power (Abdallah, 2002). Some leaders especially those in Africa believe it is their birth right to stay in political office till death which is often met with fierce resistance by disgruntled individuals who form themselves into armed and rebel groups. Colonialism to a very large extent is responsible for most of the violence and conflicts in Africa (Mbah, 2009). According to Mbah (2009), many ethnic groups, which were once together, were divided and had to join other ethnic groups to form countries, which were shared among European powers.

There are, however, exceptions to the argument that oil and gas production has a correlation with conflicts as Norway after discovering oil in 1969 experienced massive economic growth rates and development (Larsen, 2004). Prudent management of oil resources have enabled Norway to become one of the most developed nations in the world devoid of conflicts.

Larsen (2004) notes that, Norway strengthened its institutions and diversified its economy and that has accounted for its prosperity using oil wealth. Similar examples also include the United States, Russia and Canada, which have all benefited significantly from oil find and relied on it to propel industrialisation and economic growth.

It is not surprising why the Norwegian model is often prescribed to most of the oil producing nations particularly those of Africa. It is believed that if a small country like Norway was able to turn oil find into a big fortune, then African oil producers have some lessons to learn from their model. The closest African country to the Norwegian example is Botswana. Botswana succeeded in reaping fortunes from their oil find by building formidable governance structures (see Samatar, 1999). It succeeded in creating a stable and united political regime that ensured that resources are put to judicious use and that no conflicts arose between the various social clusters. They also succeeded in building technical capacities and functional bureaucracies from the scratch since independence (Acemoglu et al., 2002). With these examples, it is possible for African states to minimise the negative effects of oil mining on other economic sectors whilst optimising the opportunities thereof.

Oil Discovery in Ghana and its Exploitation Trajectories so Far

In many parts of Africa, the lack of effective and efficient policies and legislations governing the oil and gas sector has led to conflicts, inequalities and increasing poverty levels amongst the poor (Akabzaa, 2010). It is against this backdrop that many people in Ghana including civil society organizations such as Centre for Responsible Business (CRB)-Ghana and Africa Centre for Energy Policy (ACEP) continuously mount pressure on government through their public fora and symposia to ensure that Ghana's oil wealth becomes a blessing rather than a curse. For fear that government might not manage the oil sector well, the Ghana Catholic Bishops' Conference Dialogue and Advocacy Office on Good Governance said, "…the public has to know the details of oil contracts, unfortunately such agreements are not placed in the public domain" (Akabzaa, 2010:2). Before oil production started in 2010, some civil society organizations such as ACEP and IMANI Ghana expressed similar concerns over lack of transparency in information disclosure as both government and oil companies were not forth coming with information (Gary, 2009).

Civil Society Organizations (CSOs) continue to express concerns about the activities of oil companies operating in the country. For instance, in August 2010 when Kosmos Energy released toxic waste into the marine waters, a group of civil society organizations led by the Dialogue and Advocacy for Good Governance of the Ghana Catholic Bishops' Conference were first to describe the behaviour of the company as "corporate impunity and arrogance". The company was subsequently fined GHc40 million by the Ghana government. These CSOs, however, felt this amount was not deterrent enough and called on government to increase the fine to US$100 million (Ghanaweb, Friday, 24th September, 2010). In a press statement which was issued by over ten civil society organizations and copied to the local media, the group stated that four whales died in a matter of two weeks in the Half-Assini (Western Region) area as a result of the toxic substances released into the marine waters. The group noted that, "by the spirit and letter of the Organization of Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, companies cannot use absence of regulations or weak regulations in developing countries to pollute the environment and violate national laws of host countries with impunity. Stiffer penalty would have been imposed on Kosmos Energy, if it had negligently spilled poisonous substances into the sea and made attempts to conceal the level of pollution in the US" (Ghanaweb, Friday, 24th September, 2010).

On the issue of transparency, the Africa Centre for Energy Policy (ACEP) commended Tullow Oil and Kosmos Energy for showing the way in Ghana in terms of transparency and accountability. While Kosmos Energy in their report focused on how independent verification could be done with regards to royalties paid to the government of Ghana, Tullow Oil on the other hand gave the actual figures of all royalties paid to the government. This is worthy of emulation and should be highly commended (ACEP, Tuesday, 5th December, 2013). The Ghana Extractive Industries Transparency Initiative (GHEITI), however, blamed Kosmos Energy and Tullow Oil for not providing detailed disclosures aside the payments made to the government. The "terms of reference for the assignment, however, required the Reconciler to analyze and comment on some details including operating cost, capital allowance computation, prices and liftings by Ghana National Petroleum Cooperation (GNPC) and the oil companies all of which they failed to do. They only disclosed detailed information to institutions in their home countries, which shows lack of respect for the institutions in Ghana (ACEP, Tuesday, 5th December, 2013).

Also, International Oil Companies (IOCs) are sometimes engaged in or accused of bribery and corruption. Recently, a South African oil company, PetroSA was accused of bribing officials of Ghana National Petroleum Corporation (GNPC) in its purchase of Sabre Oil's stake in the Jubilee Field. PetroSA acquired 4.05 per cent of the Tano Block and 1.7 per cent of the offshore Jubilee Field at a total cost of $20 million. According to Ventures-Africa (Wednesday, 1st May, 2013), substantial amounts of this money went into bribing officials to see the deal go through. The Ghana National Petroleum Corporation (GNPC) has, however, denied any bribery allegation in the deal with PetroSA.

Furthermore, the Civil Society Platform on Oil and Gas in October 2012 accused a Chinese company, SINOPEC of fraud and lack of accountability with regards to the development of the Ghana Gas Development Project. According to the group, SINOPEC short-changed Ghana by a minimum of US$140million by overpricing the Liquefied Petroleum Gas (LPG) processing plant, as various estimations show there are alternatives, which are far cheaper when compared with what SINOPEC demanded from the Government of Ghana. SINOPEC overpriced the materials (power plant and pipes) used for the project (ISODEC, 2012).

The key to an accountable and transparent oil and gas sector depends on how effective policies and regulations are promulgated and enforced to the latter. In Ghana, the laws governing the oil and gas sector include; Ghana National Petroleum Corporation Act 1983 (P.N.D.C.L 64), the Petroleum Exploration and Production Act, 1984 (P.N.D.C.L, 84), the Petroleum Income Tax Act 1987 (P.N.D.C.L 188), the Internal Revenue Act 2000, the Ghana National Petroleum Corporation Petroleum Model Agreement, the Ghana Shipping Act 2003 and the Maritime Security Act, 2004 (Act 675).

Acknowledging that a strong legal and institutional framework will be required to regulate the oil and gas sector without which will lead to an oil curse, the Petroleum Regulatory Authority Bill was introduced in 2007 as well as the Petroleum Exploration & Production Act 2010. The Petroleum Revenue Management Bill (PRMB) was passed in 2011 to ensure accountability and transparency in Ghana's budding oil and gas sector. The Petroleum Revenue Management Bill (PRMB) clearly stipulates how revenues are to be distributed among the annual budget, stabilization fund, and heritage fund (Heller and Heuty, 2010).

The Petroleum Commission Bill establishes the Petroleum Commission to "oversee the regulation and management of petroleum" as well as the following, "promoting well-designed and cost-effective exploration and exploitation; monitoring compliance with national policies, laws, and regulations, including on fiscal and environmental matters; auditing activities of oil companies; promoting local content; managing data; and assessing applications" (Heller and Heuty, 2010: 63). The problem, in Ghana and many countries in Africa is not about the absence of laws or policies but how they are enforced. It is open knowledge that there areusually the lack of monitoring systems in place to ensure that all parties abide policies and laws. Oil and Gas contracts and laws unfortunately are signed in secrecy without public scrutiny in Ghana (Gary, 2009). For instance, apart from the Petroleum Revenue Management Bill (PRMB), the other bills were passed without any public input. Also, there are excessive presidential powers with limited independence of the agencies mandated to regulate the sector (Gary, 2009).

Methodology

The studyemployed both quantitative and qualitative methods to carry out the research. A total of eighty-one (81) Nigerians living in Aberdeen, Scotland were identified and questionnaires were administered to them. In identifying them, a snowball sampling technique was used. With this method, some Nigerians known to the researchers were identified and after administering questionnaires to them, they suggested some more Nigerians to contact. In addition, three (3) Nigerians from the Niger Delta Region (oil producing areas in Nigeria) were interviewed using face-to-face interviews to obtain additionalinformation on Nigeria's oil. They were identified using purposive sampling technique.

After obtaining data from questionnaire administration, it was analysed by employing the Statistical Package for Social Scientists (SPSS). From the graphs and tables drawn from the data obtained, critical inferences were then made. The three interviews conducted were transcribed. After transcriptions, responses were categorized and put into themes. Similar themes were put into one heading and analysed. This, the researchers believe would help inform Ghana on which path to follow in managing her budding oil industry.

Data Presentation and Analysis

As a result of ethical considerations, the letters A1, A2 and A3 were used to represent the names of the interviewees. Various themes were derived based on the interviews conducted which were to examine the impact of the oil industry on Nigerians and lessons Ghana can learn from the Nigerian experience in order to escape from the oil curse.

Views on the Impact of the Oil Industry and the Economy of Nigerians

A1, who is a 40-year-old male, believes “oil is a major source of Nigeria’s wealth, income and source of livelihood. The impact is massive and without oil Nigeria would have gone into coal or agriculture but it won’t be massive to the economy like oil”. In a second interview with A2, a 27-year-old female, she indicates, “oil has helped to improve standards of living in Nigeria. Jobs have been created and a lot of investments have also been undertaken”. The third interviewee A3, 32-year-old male states “the impact of oil is in two ways-negative and positive. For positive, it gives huge revenue to Nigeria and also it puts Nigeria in good standing globally in terms of oil producing nations. For negative, shell has not been socially responsible which have led to oil spills, explosions and destruction of marine life”.

Also, participants were asked which sectors of the economy oil have affected the most whether positively or negatively. According to respondent A2, “education and health have worsened as a result of oil production. Education in Nigeria is crap and no one seems to care”. For participant A1, “In the Oguna lands of the Delta State, before the discovery of oil, the lands were fruitful and they were into fishing and farming but oil production came to put a stop to these sources of livelihoods. Health and safety measures have not been put in place and with the oil spills, it affects the biological form of children because their water bodies and environment have been heavily polluted”. Respondent A3 further adds that, “to a large extent, Nigeria has not grown economically with the oil wealth that we have. It has not helped the economy much and only few people have benefited”.

Subsequently, the study sought to assess if the participants in the interviews have directly benefited from oil resources in Nigeria. All 3 of the interviews reported they have not directly benefitted from the oil industry. According to the first participant who is designated A1, “scholarships are given to Nigerian students to further their education and so far as I have not benefited from that, there is no direct benefit for me”. He, however, concedes that some scholarships have been awarded to Nigerian students to study on various oil related programmes both home and abroad. The second respondent named A2 says, “people do get contracts and jobs from the oil industry but I am yet to enjoy any of those, so I have not benefited directly. May be in the future (laughs)”. The last respondent from the Niger Delta region named A3 added that he has not benefited directly from Nigeria’s oil, “I expected to be on scholarship with the oil wealth that we have, but, that is not the case and so I have not benefited”.

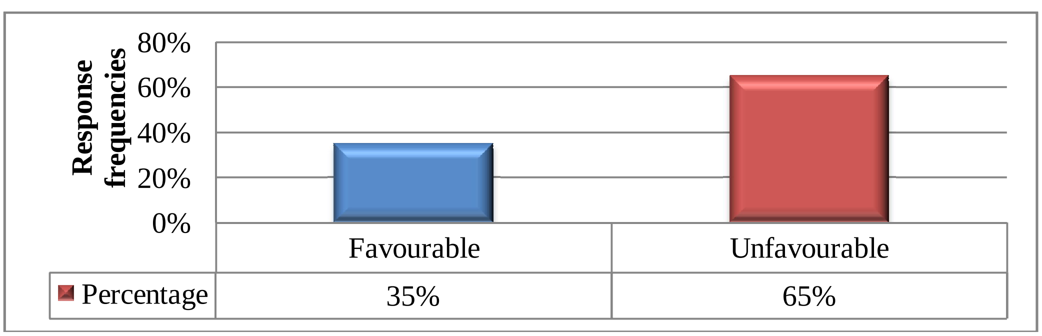

Figure 1: What is your perception about Nigeria’s Oil industry?
Source: Survey, 2013

Indeed from these responses, all respondents even though they have not directly benefited from Nigeria’s oil wealth; they are positive that these benefits may reach them in the future. A total number of eighty-one (81) respondents were drawn from Nigerians living in Aberdeen, Scotland. These respondents were not allfrom the Oil Producing areas but were considered because of their Nigerian citizenship. From Figure 1, more than half of the respondents representing 65% indicated that the oil industry in Nigeria has been unfavourable to Nigerians whereas 35% said the oil industry has been favourable.

Table 1: Explain your answer further to question 1 above

	Responses	
	Frequency	Percentage
Could use proceeds to uplift living standards	12	14.8%
Environmental degradation resulting from the industry is disregarded	12	14.8%
Widened gap between rich and poor	6	7.4%
Increased violence and theft	9	11.1%
Economy tied to international market	3	3.7%
Contributed to Nigeria's GDP	18	22.2%
Boosted Nigeria's foreign exchange earnings	3	3.7%
Over dependence on oil weakening other sectors	6	7.4%
Revenue not accounted for	3	3.7%
Source of employment	6	7.4%
It has kept Nigeria in the league of oil producing Nations	3	3.7%
Total	81	100.0%

Source: Survey, 2013

In explaining the responses in Figure 1 further as to whether or not the oil industry has been favourable or unfavourable to Nigerians, various answers were given by respondents as evident on Table 1. A total of 14.8% said proceeds from oil have been used to uplift living standards of Nigerians and the same figure, 14.8% indicated that the oil industry has led to environmental degradation. A total of 7.4% of respondents said the oil industry has widened the gap between the rich and poor, 11.1% said violence and theft have increased in the country and 3.7% said the economy is tied to the international market describing it as an enclave economy.

Majority of respondents representing 22.2% indicated that the oil industry has contributed greatly to Nigeria's Gross Domestic Product (GDP) whereas 3.7% said it has boosted Nigeria's foreign exchange earnings. Also, 7.4% said there is over dependence of the economy on the oil sector, which has weakened other sectors of the economy, which hitherto were booming. In addition, 3.7% said revenue from the oil sector has been unaccounted for indicating lack of transparency on the part of officials. Furthermore, a total of 7.4% said the oil sector is a source of employment to many people and 3.7% said the oil industry has put Nigeria in the league of oil producing nations making it internationally recognized. From Figure 2, 40 % of respondents indicated that they have benefited directly from the oil industry whereas more than half of respondents representing 60% said they have not benefited from the oil industry.

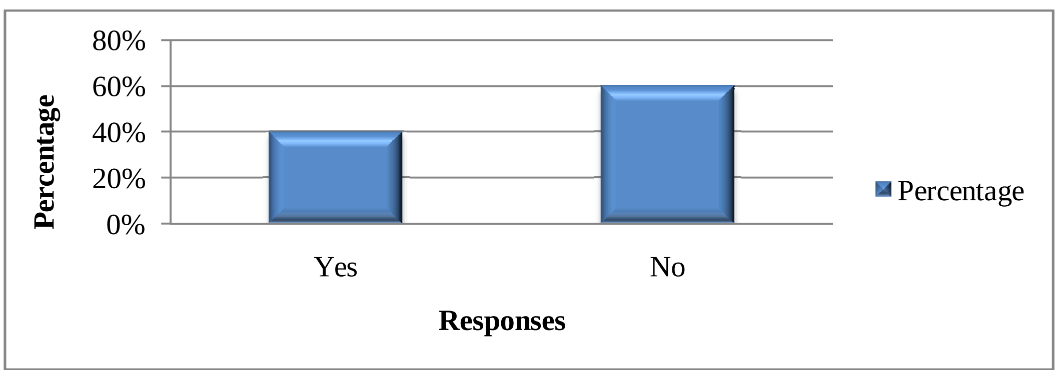

Figure 2: Have you benefited directly from the oil industry?
Source: Survey, 2013

What should Nigeria do to make the oil industry more beneficial to the people?

Respondents say the oil industry in Nigeria can be made to benefit the people more than the current state by doing the following; Respondent A1 advises that, "Corporate Social Responsibility (CSR) should be encouraged. Education should be improved and the welfare of the people must also be taken care of by creating jobs for them and also subsidies should be introduced to help farmers".

The second interviewee named A2 shares similar views as the first. According to her, "the oil companies should increase the practice of CSR. Corruption must also be stopped and domestic businesses must be encouraged". For his part, the third interviewee believes for Nigeria to benefit more from the oil wealth, the laws should be able to bite. According to him, "without laws they won't be order. So laws should be made to work to let oil companies be responsible because the laws in Nigeria are toothless bulldogs". Respondents who indicated they benefited directly from the oil industry were expected to state in what form the benefits came from. From Figure 3, the opinions of the 81 respondents as to whether the oil industry in Nigeria is beneficial to the people. In total, 60% of the respondents were of the opinion that the oil industry has been beneficial to the people while 35% think otherwise.

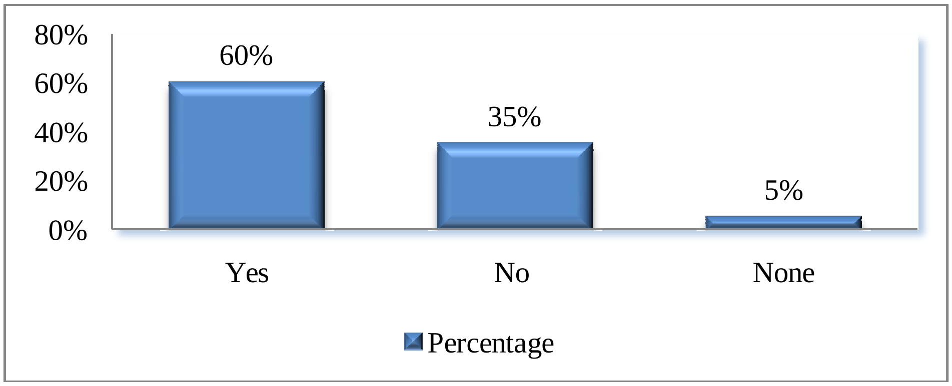

Figure 3: Do you think the oil industry has been of benefit to Nigerians?
Source: Survey, 2013

What lessons can Ghana learn from Nigeria?

Participants believe Ghana certainly have lessons to learn from the Nigerian experience both from the positive and the negative perspectives. The first respondent, A1 appeals to Ghanaians to choose good leaders. He states, "Ghana should choose good leaders to manage their oil for them and not leaders who are corrupt like Nigeria. Ghana should also send students abroad to study in order to acquire skills so they can be employed in the oil industry and they should not allow external forces to determine how to use their oil revenue.

In fact, Ghana needs prayers so they don't become like Nigeria. "Respondent A3 thinks that in order for Ghana to benefit fully from the oil wealth, "there should be proper legal framework. Government must be less corrupt if not, oil will be a curse to Ghanaians rather than a blessing". For her (A2), corruption is the bane of Nigeria and should not be allowed to show its ugly head in Ghana adding that, "corrupt leaders in Nigeria are like virus and this affect all the people and Ghana should not be like that. Ghanaians should be educated to acquire skills. Policies must also be put in place to control these oil companies because they can exploit".

Table 3: Explain the reason for the choice of your answer to the above question

	Responses	
	Frequency	Percentage
Revenue from oil industry sustains the economy	15	18.52%
It is a curse to Nigeria as it breeds corrupt leaders	9	11.11%
It is benefiting those who have access	6	7.41%
Increased foreign exchange earnings	6	7.41%
Created jobs	9	11.11%
Other sectors have become weak	15	18.52%
Poverty reduction interventions	6	7.41%
Fuel subsidy	6	7.41%
It has developed other sectors of the economy	9	11.11%
Total	81	100.00%

Source: Survey 2013

From table 3, 18.52% of the respondents indicated that revenue from the oil industry sustains the Nigerian economy whereas 11.11% believe the oil industry has been a curse to the country and wished that the oil were left on the ground. In addition, 7.41% believe those who have access, that is, officials are the only beneficiaries. However, 7.41% of the respondents believe the oil industry has increased the foreign exchange earnings of the country and 11.11% said jobs have been created as a result of oil production.

As many as fifteen respondents representing 18.52% believe the oil industry has weakened other sectors of the economy as those sectors have been neglected and left undeveloped. Furthermore, 7.41% believe poverty reduction intervention programs have been implemented with the use of oil revenue whereas 7.41% said Nigerians enjoy fuel subsidies probably because the country is an oil-producing nation. On the other hand, 11.11% believe the oil industry has helped to build other sectors of the economy, which clearly contradicts the 18.52% who indicated the industry has weakened other sectors of the economy.

Table 4: What lessons can Ghanaians learn from the Nigerian example?

	Responses	
	Frequency	Percentage
Ghanaians should control the oil industry by itself	20	24.69%
Ghana should know the number of their oil wells	5	6.20%
Ghana should not ignore other sectors of the economy like Nigeria did	12	14.81%
Host community do not benefit from the economy	8	9.87%
There should be transparency in how the money is used	18	22.22%
Ghana should have strong policy governing the industry	15	18.52%
Ghana should adopt good CSR	3	3.70%
Total	81	100.01%

Source: Survey, 2013

On the lessons to help Ghana avoid the oil curse, a number of respondents representing 24.69% indicated that Ghanaians should control the oil industry by themselves and not allow foreigners to determine how they should run the industry. Also, 6.20% also said Ghanaians should know how many oil wells they have so they can determine how much oil is being produced in order not to be cheated by International Oil Companies (IOCs).

In addition, 14.81% of respondents also indicated that Ghana should diversify her economy and not concentrate on only the oil sector as that have serious repercussions on the economy in times of serious oil price volatility. However, 9.87% said host communities do not often benefit from the oil wealth and Ghana should do well to avoid such negative practices. Furthermore, 22.22% advised that transparency should be upheld so Ghanaians would know how much is being received from the proceeds of oil and what the money is being used for whereas 18.52% of respondents stated that government of Ghana should put in place strong legal policy and framework to regulate the oil industry whereas 3.70% said good Corporate Social Responsibility (CSR) practices should be implemented to help sustainablyprotect the environment as well as the people.

Findings and Discussions

Respondents from both interviews conducted and questionnaires administered indicated general negative perceptions about the Nigerian oil industry on the people. However, respondents also revealed that the oil industry has benefited Nigerians, which tends to contradict their perceptions of the industry. This means it is possible the oil industry has benefited the people in the area of job creation, revenue to the economy, scholarship programs among others as they vividly mentioned but people have failed to recognize these benefits and always focus more on the negatives such as environmental pollution, land degradation and lack of diversification of the economy. Most of the respondents indicated that they have not benefited directly from the oil wealth of Nigeria. Scholarship programs and job attainment are some of the benefits they wished they could benefit directly from.

In the study of Obi (2010: 491), he argued that “the oil curse is a fetish hinged upon a partial reading of the internal processes in oil-rich African countries without capturing its connections to globalized class relations and capitalist accumulation by dispossession, in which transnational elites appropriate the resources that could have gone to African workers, peasants and people in the informal sector”.

This is probably why some of the respondents of this study suggest that Ghana should have an absolute control of her oil wealth and not allow foreign corporations to dictate to her.Foreign corporations continue to participate in Africa's oil exploitation because of their technical capacities but also because they find the signed contracts favourable in many respects. Soares de Oliveira (2007:1-2) explains that many American, European and Asian oil giants continue to invest several billions of dollars in African minerals sector notwithstanding the high risks levels because, such conditions enable them to easily exploit in their own interests the resources of the states, leaving the people worse off. Humphreys et al. (2007) note, in most instances governments are disadvantaged since these investors tend to know more about the value of the resource, and thus are in a stronger bargaining position than the governments. It is this situation which when left unaddressed enables such multinationals to extract and dictate the use of resources in their own interests. Ross (1999) is of the view that resource induced development will be elusive as long as foreign multinationals are allowed to dominate resource extraction without them being compelled to invest profits locally.

Hence, Le Billon (2001) has observed that in most countries of Sub-Saharan Africa, instead of the possession of abundant resources propelling the growth of their economies, it has rather led to a decline or collapse which is what the resource curse thesis postulates. This means that possessing such resources have rather led to a curse rather than a blessing. According to Auty (2001), income levels of resource poor countries with proper governance structures have increased three times faster than their counterparts in the resource rich countries since the last four decades. This is because oil wealth for example has led to rent seeking behaviours in many resource rich African countries (Le Billon, 2001) including Nigeria, where politicians divert money accruing from the country's resources into their individual pockets instead of channelling it for the development of the country. This has led to massive poverty levels and lack of basic amenities in the Niger Delta Region, where most of the country's oil wealth is found.As a solution to this phenomenon, Sachs (2007) advocates that windfall revenues be used for public investments and the provision of basic needs, infrastructure and private sector led growth rather than consumption. As argued in Karl (1997:5), the extent to which natural resources are applied in public investments is largely dependent on public policy. Hence, if a country would succeed in transforming resource boom into its economic performances, then it must embark on brisk policy and institutional development. In the same vein, Le Billon (2004) is of the view that, the successful utilisation of natural resources for economic development depends on the underlying social and political relations. This can be achieved through the establishments of legal systems to enforce contracts, administer effective tax administrative regime, enhance corporate governance capabilities and ensure a well-developed financial system to undertake the needed investments (Stiglitz, 2007).

Conclusion and Recommendations

From the study, the mere possession of resources does not mean development will naturally take place unless such resources are transformed efficiently and effectively for the development of the country where those resources are found. The study concludes that despite the oil wealth of Nigeria and most Sub-Saharan African countries, it does not reflect in the standards of living of the people. In many cases, it has rather led to conflicts and in some cases wars, massive corruption, and rent seeking behaviours among others. The resources have become a curse rather than a blessing. The causes of such negative developments in resource-rich countries come from both within and without. With the positive examples of other countries such as Norway and Botswana, one can also conclude that resource endowments per se are not a curse.

A state may be rendered cursed, if the political, social and economic fundamentals are weak and opened to exploitation by multinational extraction corporations. Corruption by state actors and political elites may also not allow natural resources to stimulate growth at the local levels. In such instances, adhering to good governance and transparency may be the way to reduce the negative impacts on resource rich countries, though this may not be spontaneous, gathering from the examples of South Korea, Taiwan, Thailand and Malaysia. For Ghana to escape an oil curse, the following recommendations must be considered. First, government and all stakeholders of the oil industry must be transparent and accountable. Almost all the respondents admitted that accountability and transparency have been lacking in Nigeria since oil was discovered, which has potrayedthe country as one of the corrupt nations in the world.

Secondly, oil and gas companies should vigorously pursue CSR programs in order to give back to society in the form of community level projects and programmes aimed at mitigating the impacts of oil exploitation. This agrees with the assertion that, business and society are interwoven and the two cannot be mutually exclusive.

Therefore, it is important for oil and gas companies to listen to the concerns of all stakeholders in their operational areas and not concentrate on making only profits for their shareholders. In addition, strong legal and institutional frameworks must be put in place to ensure that multinational corporations abide by the agreements signed in the various contracts and agreements. This will help ensure checks and balances in the system. As one respondent remarked, “without laws they won’t be order. So laws should be made to work to let oil companies be responsible because the laws in Nigeria are toothless bulldog”. From this study, Ghana certainly has great lessons to learn from Nigeria in managing her oil resources; else she will sink in terms of economic development.

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