Oil Industry Activities in Ghana: Community Perceptions and Sustainable Solutions

George Agyei, Joseph Gordon, Arhinful Erasmus and Issaka Yakubu
Department of Mineral Engineering,
Centre for Communication and Entrepreneurial Skills,
Department of Geomatic Engineering, University of Mines and Technology, Tarkwa, Ghana

Abstract: The discovery and exploitation of oil reserves in Ghana have generated different expectations and reactions from the local population about the inevitable consequences for industrialization and economic development in the oil producing area. In pursuit of the perceptions and expectations of communities closer to the offshore operations, a mixture of semi-structured, open ended questions were randomly administered. In analyzing the perceptions and reactions of the local population to the prospects created by the oil discovery in commercial quantities, insights in sustainability and Corporate Social Responsibility (CSR) were considered. The study reveals that the people in the communities closer to the offshore operations share the same convictions and aspirations; that is they are comfortable with their existing sources of livelihood, afraid that these sources might be hurt from oil-related activities and demanding a just allocation of the expected economic benefits through a harmonization of local fishing, farming and oil extraction activities.

Keywords: Ahanta west district, corporate social responsibility, ghana, oil extraction

INTRODUCTION

Corporate Social Responsibility (CSR) is broadly conceptualized and has different meanings to different players of the business world. Bowen (1953), one of the early precursors of the concept outlined corporate social responsibility as doing business that is in line with the values, objectives and aspirations of society. He proposes that the essence of business goes beyond profit maximization and adherence to legal framework. From a purely market perspective, Friedman (1970) proposes that in a capitalist system, the executive officer of a business is an employee of the stockholders and responds solely to their interest which is to do business according to the norms of society and gain profit as much as possible. In this postulate, the social responsibility of a business entity is to execute business and make profit. This school of thought argues that the relationship between managers and shareholders is a contractual one and any disbursement of funds outside the agreement is inimical to business objectives. This is known as the agency theory and is further explained in the study of various authors such as Bruno and Nichols (1990), Jensen and Meckling (1976) and Fontrodona and Sison (2006). The consequence of the agency theory is that, the totality of CSR is marginalized from core business objectives. The Brundtland Commission Report (1987), “Our Common Future”, pioneered the concept of sustainable development, which is a development that satisfies the needs of the present without compromising the needs of future generation. Sustainable development has a strong bearing on the interaction between business, environment, economy and society (Hilson and Murck, 2001; Azapagic, 2004; Korhonen, 2004; Kumah, 2006). In 1992, as part of the outcome of the Earth’s Summit in Rio de Janeiro, the World Business Council for Sustainable Development (WBCSD, 1998) was launched. Its core areas of attention were climate change, energy, business, development and the environment. In 2006, the World Business Council for Sustainable Development of Tomorrow’s Leaders Group emitted a document known as ‘Challenge to Opportunity- The role of Business in Tomorrow’s Society’. The document which was developed from the tenets of WBCSD (1998), ‘Meeting Changing Expectations; Corporate Social Responsibility; Stakeholder Dialogue on CSR’, stated that the leading global companies of 2020 will be those who do business that addresses the challenges of mankind including globalization, environmental degradation, climate change, poverty, demographic shift and resource depletion. It states that the actions and results of a business should be sustainable and profitable as well. However, it stresses that the contribution of a business to society should be the positive outcome of business rather than philanthropic gestures and sees stakeholder values as a factor to determine or assess how successfully a business has contributed to
society which is considered rather a means than an end. The idea of stakeholders' theory was initially suggested by Johnson (1971). In his definition of CSR, he conceives a socially responsible firm as being one that balances the interests of any group or individual that has a vital interest in the dealings of the corporation such that while striving for larger profits for its stockholders, it also takes into account several other stakeholders of the corporation. These stakeholders include employees, customers, suppliers, local communities, government authorities, the surrounding human and natural environment and the corporation's managers. In some situations, there are other stakeholders such as competitors. In the stakeholder theory, the corporation is the centre of analysis and is visualized as surrounded by its stakeholders. This theory received extensive acceptance by modern companies and was later consolidated by Freeman (1984) and thereafter defended and expatiated by various authors (Freeman, 1984, 1994; Bowie, 1991; Evans and Freeman, 1988; Beauchamp and Bowie, 2000; Freeman and Phillips, 2002).

Bench (2003) outlines standards to which companies and corporations must adhere in order to achieve a harmonious collective living. These standards include:

- Implementation of sustainable system of production and a just system for the distribution of benefits derived from production and the environment.
- Stakeholders and communities located at the catchment areas of corporations must be actively involved in decision-making on issues that directly affect them.
- Respect for the dignity of every individual; respect for every worker to join a trade union of his or her preference in order to get a fair collective bargaining with employers.
- A sustainable interaction with the environment whose result shall not compromise the needs of future generations.
- Monitoring and assessment of the conduct of corporations by local government institutions and non-governmental organizations through a strict code of conduct for the corporations.
- Recognition of indigenous people’s right to participate in business decisions that affect their ancestral lands and socio-cultural sites.
- Strict respect for human right principles as enshrined in the Universal Declaration of Human Rights.
- Commitment to the humane principle that every worker is entitled to quality health care including the access to antiretroviral for the treatment of AIDS.
- A CSR principle which tries to harmonize the contrasting interest of communities, managers, stockholders, employees which are based on ethical values including integrity, honesty, justice and transparency.

The quality of management of a commercial business firm will depend on how the business conducts itself towards the four main divisions of CSR: workplace, environment, community and marketplace. Whilst the applications of these concepts are widespread in Europe, America and Asia, in Africa and Ghana in particular, they are considered an afterthought and issue for the resolution of conflicts arising between companies and the host communities. Several CSR community investment initiatives by mining companies in their host communities in Africa have not yielded the expected results due to improper intervention and in some instances achievements are exaggerated and misrepresented as expressed in Kitula (2006), Hilson (2007), Idemudia (2009) and Hilson and Bachiringah (2009). In many rural communities in Africa some companies act as surrogate governments due to little or no government presence for the provision of social amenities (Gavin et al., 2009) or sometimes engage in relationships that consolidate the resource curse perception elaborated in Whitmore (2006) and Wiig and Kolstad (2010). As Ghana has become an oil and gas producing country, there is a growing debate by stakeholders on measures to implement sustainable development programs. The purpose of this study is to assess some socio economic characteristics and explore the expectations and perceptions of reference communities at the dawn of oil and gas extraction in Ghana and its consequences on sustainable corporate social responsibility practices.

**Background context:** Ghana joined the community of oil producing countries on the 15th of December 2010 by commissioning the Jubilee Oil Field operations. The Jubilee Oil Field is found in Deep Water Tano and West Cape Three Points blocks, about 60 km offshore Ghana and 130 km south-west of Takoradi, the regional capital of the Western Region. The calculated oil reserve in the Jubilee Field is estimated at 800 million barrels with a potential of 3 billion barrels.

In its development in different phases, phase one is expected to yield a daily output of 120,000 barrels and 120 million cubic feet of gas, however, the real production started with 58,000 barrels a day. Phase two will produce about 250,000 barrels/day and 250 million cubic feet of gas per day. During phase I, a gas pipeline would be constructed to Effasu to ship about 30-50 million cubic feet of gas to ‘Osagyefo’ thermal plant and the rest of the gas would be recirculated to improve reservoir pressure efficiency and thus on the oil recovery. During the second phase a pipeline would be constructed to send gas to Takoradi to power Aboadze thermal plant and satisfy other gas needs. The Takoradi gas pipeline would be connected to the West African gas pipeline (GNPC, 2008). The government of Ghana bought a land at Bonyere on which it planned to build a gas processing plant which would be able to process 300 million cubic feet of gas close to the Osagyefo Badge. However in
Table 1: Population distribution of Ahanta West District (2000 census) (Anon., 2008a)

<table>
<thead>
<tr>
<th>Age group (years)</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
<th>Percent of pop. (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-14</td>
<td>19,751</td>
<td>20,771</td>
<td>40,522</td>
<td>42.60</td>
</tr>
<tr>
<td>15-64</td>
<td>23,663</td>
<td>26,075</td>
<td>49,738</td>
<td>52.28</td>
</tr>
<tr>
<td>65+</td>
<td>1,986</td>
<td>2,892</td>
<td>4,878</td>
<td>5.13</td>
</tr>
<tr>
<td>Total</td>
<td>45,400</td>
<td>49,738</td>
<td>95,138</td>
<td></td>
</tr>
</tbody>
</table>

2012, the operators took a new decision to relocate it at Atuabo in order to reduce the laying of pipelines of 23 kilometers long. There will be no gas flaring. “The Christmas trees” (assembly of valves, spools and fittings used for oil well) would be put on the sea bed and the produced oil would be brought onto a Floating Production Storage and Offloading (FPSO). It is expected the (FPSO) vessel would provide employment to 120 individuals. A shuttle transfer ship will be periodically put in place to take the oil from the production site to Tema, an eastern port city of Ghana where the only oil refinery of the nation is located. The field is operated by Tullow Oil, having the highest share of 34.89%, Kosmos and Anadarko 23.49% each, the stake of Ghana National Petroleum Corporation (GNPC) 13.75% Sabre Oil 2.81% and E.O Group 1.57.

The discovery and exploitation of oil reserves in Ghana have generated different expectations and reactions from the local population about the socio economic development of the oil producing area. The operations of these companies may directly or indirectly affect the lives of the people living in the surrounding communities. Hence, the companies ought to handle the impact of their activities at the dawn of oil production through social investment in the communities to improve economic, social and environmental standards. Socio-economic arrangements that will make the communities resilient against negative impacts must be put in place to avert the social unrest provoked by complaints of lack of development as witnessed in neighboring Nigeria. Consequently, evaluating and analyzing the corporate social responsibility frameworks for the oil and gas production would contribute to the effort made by stakeholders to preserve and promote the sources of livelihood which are mainly based on fewer industrial activities such as fishing and farming.

The survey covered 10 villages of Ahanta West District Assembly. Ahanta West is the southernmost district of the Republic of Ghana. Its capital is Agona Nkwanta. The district has a total surface area of 591 km² with a population of about 95,000 people (Table 1).
It shares boundary in the east with Sekondi-Takoradi Metropolitan Assembly, in the west with Nzima East Municipal, in the north with Mponor Wassa East and Tarkwa Nsuaem Municipal and in the south with the Gulf of Guinea (Fig. 1)

The subsistence method of farming, a self sufficiency farming in which the farmers concentrate on growing enough food to feed themselves and their nucleus families, predominates over the other economic activities of the area. The average farm size is about 3500 m² and farming methods are not mechanized. The main crops cultivated by the famers are maize, cassava, oil palm and plantains. In the district there are two giant agro-industry companies, The Norpalm and the Ghana Rubber Real Estates Limited (GREL) with large stretches of plantations. These two companies employ directly and indirectly about 5000 people. These companies have contributed to the construction of schools, construction of rural roads and provision of potable water for the host farming communities. They have also established a symbiotic relationship by serving as ready market for the out-growing commercial farmers. These companies give financial and technical assistance to these farmers to help increase their output. In the services, women dominate with a participation of about 60% in the petty trading services. In fishery, women constitute about 95% of the distribution chain as fishmongers (Anon, 2008a).

METHODOLOGY

The methodology applied in this research is described next. In pursuit of the perceptions and expectations about the oil discovery, a total mixture of 200 semi-structured and open ended 8 research questions were required. They were randomly administered orally to stratified individuals in the selected communities which included fishermen, farmers, traditional elites, bureaucrats and others. Demographic information gathered from the unit committees, the lowest government structure of Ghana, gave a population estimate of 2500 for the study area. The cross sectional survey covered Cape Three Points, Dixcove, Akwidua Newtown, Princess Town, Boekrom, Ellobankanta, Nsemaba, Kxesikrom, Sankor and Busua.

The sampled villages and towns were purposely selected because they constituted an important reference point for the Jubilee Oil Field Operations where the impact of the oil activities was expected to be greatest. Many Ghanaians speak good English; however, due to the relatively low educational levels in the villages, the questions were either formulated in the local languages or in English and they were tailored to suit the interviewees’ conception and understanding of the issues. Again, they were selected on the basis of their desire to express legitimate views on the oil discourse. Formal discussions were held with obvious focal groups like the traditional elites and some officers of the district assembly. The questions covered the same theoretical dimensions for all the interviewees. Interviews lasted between 25 to 45 minutes. Reports of newspapers, companies and NGO’s were used to supplement the field data. Physical observations were also used to confirm some of the information provided by the interviewees. However, the basis for this research was to seek the perceptions of the community of Cape Three Points region on the oil discovery and extraction. Such an approach was important given the controversial nature of the issues discussed and the existence of several conceptions and understandings of the issues discussed.

In order to explore into the perceptions and expectations of the local population to the prospects

Table 2: Definition of variables

<table>
<thead>
<tr>
<th>Predictor variable name</th>
<th>Operational definition</th>
<th>Measurement indicator (simplified)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment opportunities</td>
<td>To determine the expectation of how the oil find will create new employment opportunities and their preparedness to assume roles in the industry.</td>
<td>Do you think the oil find will generate new employment opportunities for you? Do you think you are prepared to have access to employment in the oil companies?</td>
</tr>
<tr>
<td>Pressure on land sales and impact on life in general</td>
<td>The extent to which the cost of land has risen as a result of increasing demand for it, and the effect of oil find on life in general</td>
<td>To what extent has the cost of acquiring an acre of land appreciated since the announcement of oil in commercial quantities? Does the oil have impact on all facets of life? How?</td>
</tr>
<tr>
<td>Provision of infrastructure</td>
<td>The expectation of the possibility of infrastructural development</td>
<td>Do you think social amenities will improve with the coming of the oil industry?</td>
</tr>
<tr>
<td>Sensitization programmes</td>
<td>The extent to which people are given orientation on the challenges and opportunities of the oil industry by the stakeholders.</td>
<td>How many meetings have you held with any of the stakeholders about the challenges, opportunities and preparations to embrace the oil industry?</td>
</tr>
<tr>
<td>Resettlement</td>
<td>Willingness to relocate to new site should the need arise.</td>
<td>Will you accept relocation to a new site in case your community is needed for onshore oil development?</td>
</tr>
<tr>
<td>Human capacity building</td>
<td>To determine whether people within the oil found area are recruited for skills development.</td>
<td>Are you aware of any plan put in place to train people to acquire skills needed for the oil industry in this community?</td>
</tr>
<tr>
<td>Negative impact on farming or other livelihood</td>
<td>To assess the perception of people on the potential dislocation of farming activities and other livelihoods by the oil industry.</td>
<td>Do you think the oil find will help farming in this area? How?</td>
</tr>
<tr>
<td>Negative impact on fishing and other livelihoods</td>
<td>Assessment of the popularly acclaimed reduction of fishing caused by the oil development and extraction.</td>
<td>What do you attribute to the present reduction in fish catch?</td>
</tr>
</tbody>
</table>
created by the discovery and extraction of oil reserves, the following points which have dominated public discussion on the oil discourse were selected and specified (Table 2).

**Hypothesis:** The F-distribution test i.e., Analysis of variance (ANOVA) statistical test was adopted to ascertain the validity of the formulated hypotheses:

**H_0 (null hypothesis):** There are no differences considering the town one lives in and the expectations and perceptions one has on the impact of oil discovery on his/her life on a number of eight researched issues.

**H_1 (alternative hypothesis):** Accordingly there are differences considering the town one lives in and the expectations and perceptions one has on the impact of oil discovery on his/her life on a number of eight researched issues.

**RESULT AND DISCUSSION**

Presentation of the findings-analysis and discussion of the expectations and perceptions of the communities: About the gender distribution of the respondents, the females were 40%, while the males constituted 60%.

There were very low indices of education as illustrated by the results of the sampling in Fig. 2. The information gathered from respondents indicated about 90% did not have education beyond the Senior High School level. About 9% of the respondents had Middle School Leaving Certificate (MSLC), presently Junior High School Education. Farming, fishing and other basic economic activities that do not require formal skills are the main job opportunities for the people in the area. The high index of illiteracy in large sections of the local population means that many of them cannot gain access to skilled jobs in the oil and gas industry.

![Fig. 2: Educational background of the respondents](image1)

![Fig. 3: Economic activities of the respondents](image2)
Table 3: Communities, responses to impact of oil find on their lives

<table>
<thead>
<tr>
<th>Impact on living</th>
<th>Cape Three points</th>
<th>Akwidae</th>
<th>Princess</th>
<th>Boekrom</th>
<th>Ellobankata</th>
<th>Nsemahia</th>
<th>Dixcove</th>
<th>Kwisikrom</th>
<th>Sankor</th>
<th>Busua</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N = 29</td>
<td>N = 17</td>
<td>N = 21</td>
<td>N = 10</td>
<td>N = 19</td>
<td>N = 40</td>
<td>N = 13</td>
<td>N = 15</td>
<td>N = 20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>12 (75)</td>
<td>20 (69)</td>
<td>9 (52)</td>
<td>10 (48)</td>
<td>6 (60)</td>
<td>10 (52)</td>
<td>20 (50)</td>
<td>8 (61)</td>
<td>10 (68)</td>
<td>14 (75)</td>
<td>119 (60)</td>
</tr>
<tr>
<td>No</td>
<td>3 (19)</td>
<td>6 (21)</td>
<td>7 (41)</td>
<td>8 (38)</td>
<td>4 (30)</td>
<td>8 (42)</td>
<td>9 (23)</td>
<td>4 (31)</td>
<td>5 (33)</td>
<td>5 (25)</td>
<td>59 (30)</td>
</tr>
<tr>
<td>Do not know</td>
<td>1 (6)</td>
<td>3 (10)</td>
<td>1 (6)</td>
<td>3 (14)</td>
<td>0 (0)</td>
<td>1 (5)</td>
<td>11 (28)</td>
<td>1 (8)</td>
<td>0 (0)</td>
<td>0 (0)</td>
<td>22 (11)</td>
</tr>
</tbody>
</table>

Questionnaire Survey 2010

About 43% of the respondents were subsistence farmers. This supports the fact that the potential land loss through establishment of oil related companies and other allied facilities could lead to huge job losses for the affected people in the area (Fig. 3). These small scale farmers have not adopted either the use of fertilizers or of irrigation based techniques of production and therefore get low yields. As a result of low productivity most farmers are generally poor, however, the totality of their production contributes substantially to foodstuffs output of the district. It was deduced that about 10% of the respondents who described themselves as unemployed sometimes carried out farming related activities or undertook other construction works as supplementary job opportunity especially during the off-season periods of farming.

The perceived impact of oil discovery on living and on land values: On the question whether they had perceived any impact of the oil discovery on their lives, the survey data in Table 3 indicates that approximately 30% of the respondents expressed they had not experienced any significant change in their living standards since the announcement of the discovery in commercial quantities. A one way Analysis of Variance (ANOVA) of the data did not produce significant differences in the various communities. According to the test $F = 0.36$ and the critical $F = 3.02$. Therefore we accept the null hypothesis. It means that there is no statistically significant identifiable relationship between the town lives in and the expected impact of oil discovery and extraction on his or her life.

About 60% of the respondents expressed optimism that the oil will help to improve their standard of living. Though the operations are offshore, visitors’ records at the Light House of the Ghana Ports and Harbors Authority at Cape Three Points showed an increase of about 100% in the number of national tourists since July 2007 as compared to the same period in 2006. The increase may be attributed to the announcement of the discovery of oil in commercial quantities which generated a lot of curiosity from national and international tourists leading to a high influx of people into the area due to a wrong perception in the mass media that the oil was in Cape Three Points. The presence of visitors was also attributed to people seeking to purchase land for various reasons. Reports from the Western Regional Lands Commission subsequently indicated it had received a total of 200 land transactions from Cape Three Points area of the Ahanta West District representing 600% increase in 2 years (Anonymous, 2010b). Interaction with operators of tourist sites at Busua Beach, Princess Town Beach, Cape Three Points Light House, Trinity Yard and Alaska Beach revealed that the number of visitors to their facilities had increased between 10 to 5 % from July 2007 to April 2009, respectively as compared to similar periods in the previous year which may also be attributed to visitors exploring the area for acquisition of land for investments.

The effect of unbridled expectations has a spillover and goes beyond the Cape Three Points region making shylock landlords take undue advantage of the oil fever to increase accommodation fee at Takoradi, ‘property owners are also feverishly converting some rooms into stores and other facilities to meet the demand of the banking institutions that are trooping to the metropolis. Litigations, forced ejections, trading of insults and curses are on the increase. Tenants who were formerly paying 25 Ghana Cedis per month are now forced to cough out 60 Ghana Cedis or more. This state of affair is gradually eroding cohesion and communal living, leading to mistrust, segregation, social unrest, litigation, broken homes as well as causing fear and panic’ (Anonymous, 2011c). Other facilities which have attained much relevance as a result of the oil activities are Fort Groof Fredburg, the only German Fort in Ghana located at Princess Town, Fort Metal Cross in Dixcove and Akwidae Fort converted into a grove and a shrine. The serene sea waters at Akwidae, Miamia and Butre are deep enough to be used for diving and other deep sea sports and are also expected to be influenced by the oil-related activities. Table 3 summarizes the responses to the question about the expectations of the oil discovery to justify that rush. On the issue of pressure on land for farming due to the oil find, about 50% of the respondents confirmed the ascending tendency in values or appreciation of land; thus the cost of acquiring an acre of land had increased by 100% (from 800 Ghana Cedis in 2007 to an average of 1600 Ghana Cedis in 2010) as several companies and individuals scrambled to locate their services in the region to take advantage of the emerging multi-billion dollar oil and gas project, though there was no scientific business forecast to justify that rush. The researchers were asserted that before 2007 it was practically difficult to to sell or lease land to people living outside the area.
when asked whether they have ever had interaction with government officials or managers of the oil companies or other stakeholders, 100% of the respondents from Cape Three Points indicated that they had received an official communication from the Government of Ghana in 2008 about possible relocation.

About 100% of the respondents in that village welcomed the idea of moving them to a new site provided they were offered improved housing facilities; however, it seemed they had not analyzed the challenges of resettlement to their livelihood. They expressed dissatisfaction about the government’s inability to show further interest in the resettlement plans because the extraction was going to be offshore. They had not been informed what their present site would be used for. All of them expressed hopelessness on the fact that they were sitting on tenterhooks. However, others were of the view that inadvertent and involuntary resettlement should be avoided. Nevertheless, where involuntary resettlement is unavoidable, people who would be affected should be compensated fully and fairly for lost assets. 8% of the people have had official sensitization programs on the oil discovery. This means the stakeholders have not created the necessary platform for community discussion on many issues which affect the people; if the present status does not change, the environment will not be conducive for smooth business.

Presently, there are no clear guidelines for compensation of acquired land in the oil industry in Ghana. The existing one is project specific; it is designed for Bonyere, the site for the gas plant. The people also expressed disappointment that all developmental attention was focused on Takoradi. A young lady expressed with disappointment, “the only change we have witnessed is the continuous flying of jets over our heads from Takoradi to the oil rig”.

Employment expectations: The employment targets and expectations of the people of Ghana are expressed in the Local Content Policy of Ghana and the Oil Skills Development Fund Policy. Under the newly drafted oil and gas legislations, it is expected that nine out of ten jobs in Ghana’s oil and gas industry should be held by Ghanaians by 2020. This official policy means Ghanaians must position themselves in ownership, operation, management and control of the oil business. On the question whether oil discovery would generate new employment opportunities for the people in the oil found communities, about 84% of the respondents expected the companies to provide employment for them (Table 4). It is the responsibility of the Government of Ghana and its partners in the Jubilee Oil Fields to manage the high expectations for employment in the oil sector among the people. Many enthusiastic youths do not know the requisite skills for the various services in this industry; however, they demand they deserve jobs. There is the need to educate the people through business orientation programs. To this effect, Tullow Oil, GNPC, Anadarko, Kosmos Energy in conjunction with community based NGO: (Sigma Technical Services) have set out to sensitize the youth to prepare themselves with the requisite skills. Several unaccredited institutions have also sprung up as oil and gas training centers and allowing this trend to continue unchecked could lead to frustration among the youth who are investing their scarce resources in these programs. In the present context of high unemployment rates, local and national political leaders sometimes give empty assurances for employment opportunities in the oil and gas companies to gain political capital.

A village elder at Akwidae asserted, “The district assembly member of our electoral area requested for names of some youths in 2008 for training but nothing came out of that. These things form part of political gimmicks during electioneering campaign seasons in
Ghana”. Several steps have been taken by stakeholders to handle the issue of training expectations of the oil found communities.

For example, Management Development and Productivity Institute (MDPI) of the Ministry of Employment and Social Welfare have teamed up with a company called Goodwill Group to train Ghanaians in oil and gas competencies. In this programme, candidates with basic and secondary education will be trained as unskilled workforce; those with diplomas and first degree certificates shall be assigned to semi-skilled competencies and the fully qualified professionals will be trained as consultants, managers and advisors. The plan envisages that oil found communities will be allocated 1600 working posts. Certified foreign companies operating in the communities shall fund 30 to 40% of the fees for the candidates from the oil found communities, MDPI and its partners, 30-40% and the remaining 20 to 30% shall be deducted from the first six months salary of the candidate if he or she secures job after training (Anonymous, 2011d).

The writers express cautious optimism about the real accessibility of these communities to this program. The experiences of scholarship schemes for the children of poor rural cocoa farmers in the past have shown that the targeted groups usually miss the opportunities due to cumbersome and corrupt bureaucratic procedures. Presently, there are no clearly defined policies on skills development for the host communities of the oil and gas industry. These host community area demarcations are arbitrarily determined by companies in Ghana. To be included on the “privileged” list of communities to qualify for CSR programs, sometimes communities have to lobby with multinational companies or threaten them with violence before this status is attained for development.

Problems with data precision and the traditional land tenure system pose serious challenges to companies when it comes to issues of land ownership. Like many other African countries, Ghana has imprecise demographic and settlement documentation. About 90% of its people are working in the informal sector-self-employed small undocumented enterprises and wage employment in unregulated and unprotected jobs and migrate sporadically in search of jobs in the country (Ghana Statistical Service, 2005). This situation makes it very difficult for companies to define the exact constituents of their host communities. This is because there can be an influx of people overnight to an area once it is announced that compensation measures and other social benefits are going to be implemented to mitigate the effects of the operations of a company. Some views in the oil and gas discourse contend that in a competitive and unitary state like Ghana there is no need for quota privileges for training the people in the southern part of the Western Region. Whilst these views are legally valid, and; the gains of the oil exploitation may be considered a national wealth, in times of spills, the nearby communities bear the brunt of the calamity leading to displacement of livelihoods. For example, the oil spill of July 2010 in the Gulf of Mexico impacted heavily on the economic activities of neighboring Louisiana. It is therefore imperative that the people in these areas are economically empowered in diverse ways to be resilient to the effects of oil related environmental disasters and to enable them participate fully in the oil and gas industry in Ghana.

About 80% of the respondents expressed optimism that the oil drilling companies would be socially responsible for the provision of amenities where local governments have failed (Table 4). It is important to note that the infrastructural needs of the ten communities were practically similar.

A one way Analysis of Variance (ANOVA) of the survey data in Table 4 results F = 1.11 with the critical F = 2.04. This shows that null hypothesis is accepted while the alternative is rejected. This means that there are no significant differences in considering the town one lives in and the expectations one has on a number of eight dominant issues of the oil discourse. The major community needs of the study areas where respondents expressed dissatisfaction were potable water, household toilets, pre-school infrastructure, health post/centre, electricity and community recreational centers. Some of the special needs per community identified in the Area Councils were sea defense wall and sanitation problems in Dixcove, a police station and cassava grinding mills (locally known as gari processing machine) for Akwidae. Others included a clinic for Busua and Kvesikrom, community centre and street light for Busua and micro-credit facilities and electricity for Boekrom and Sankor.

The perceived impact of oil discovery on fishery:
Analysis of data gathered from fishermen showed that about 25% alleged the 500 m security radius zone for the oil rig and 1000 m for the FPSO had caused reduction of fish catch, though there was no official data to support that claim. However, 50% of the respondents described the phenomenon as seasonal, whilst another 25% accused the Chinese pair trawling fishing for their woes (Table 5). The safety measure is normal in offshore operations; however, the necessary communication channels must be put in place to engage the communities for its acceptance.

Dixcove had a distinct scenario on this issue; there were divergent opinions about the cause of the reduction in fish catch: 35% of the sampled views blamed it on the presence of the rig which supplied waste food and light, attracting more fish to it in the night. However, about 60% of them said it was seasonal phenomenon and when
fishes moved away from the local waters they also sailed further to places like Ivory Coast and other areas along the Gulf of Guinea for fishing. Whilst 5% blamed it on the illegal pair trawling activities of Chinese fishermen and urged the government to enforce the battle against this banned fishing practice by foreign fishermen in Ghanaian territorial waters. On a contentious issue like the oil discovery and reduction in fish catch, using a one way Analysis of Variance (ANOVA) of the survey data in Table 5 yielded no significant differences. According to the test $F = 0.17$ with $F_{crit} = 3.02$. The null hypothesis was accepted. This means that there is no statistically significant influence on the town one lives in and the perception about the reduction in fish catch. Small scale artisanal canoe fishermen activities constitute the main livelihood of the coastal communities of the region contributing about 90% of the region’s catch (Ministry of Food and Agriculture, 2003). The respondents expressed worry over the offshore petroleum activities which have threatened their source of income. Confrontation between state security apparatus in charge of the protection of the oil extraction installations and fishermen are well documented (Anonymous, 2011e). In Akwidae a fisherman said, “These companies have taken control of the sea, how can we take care of our families?” They claimed they should have been in the bumper season; however, at the time of sampling, production was relatively low as compared to previous harvests. Many fishermen expressed the desire to fish closer to the rig, but the platform was heavily guarded by the navy within a 500 m security zone. The imposition of this restriction has not gone down well with the fishermen. “The movements of giant oil tankers and other vessels impede free and safe movements on the sea,” expressed George Arthur, warden of the Light House at Cape Three Points. Though it seemed exaggerated, they said they had to travel to Agona Nkwanta and other areas where refrigerators were found for their domestic consumption.

When the research crew reached the village of Cape Three Points and other coastal villages, sailing boats were seen busily fishing. Mills et al. (2004) in their analysis about the decline of fishing in Ghana blames the depletion on competition with Europe’s distant water fleets, globalization of the fishing industry and adoption of exclusive economic zones by other West African nations. The fishermen claimed fishing in Ghana’s territorial waters along the western coast had become less lucrative to them because of oil exploration and extraction. Since there is an open debate on the measurement and the causes of changing fishery patterns in the area there is the need to research the actual situation and suggest real valid solutions. The presence of tar-balls in River Ankobra estuary traced to oil operations was a concern to the fishermen. Kosmos Energy resisted compensation to spills and the disposal of other pollutants into the sea (Anonymous, 2010f).

**Corporate governance and the legal system:** In August 2010, Ghana made a landmark move towards transparency in the oil sector. The country restructured to extend the oil and gas sector to Extractive Industries Transparency Initiative (EITI) for full disclosure of oil proceeds. This however is not a guarantee for total transparency because EITI focuses much on income but not expenditure. How the oil revenue can be used to reinvest for economic diversity in the localities is the key to sustainability which can help erase the resource curse perception in the region. The natural resources are not to blame for the poverty and many social problems in resource-rich communities; it must be blamed on the failure of governments to use royalties judiciously in the interest of their people (Atkinson and Hamilton, 2003; Davies and Tilton, 2005).

Like the mining sector, Ghana has modern and well-structured laws and legal frameworks for oil and gas; however, experiences from the former have shown that the bane of governance to the benefit of people is the lack of will for the implementation of these promulgated laws. Though Ghana is often praised as a beacon of democracy in Africa, the rule of law is often undermined by corruption, crony capitalism, unfunctional public institutions and mischievous allegiance to political parties. In Ghana, like other Sub-Saharan African countries, tax laws and policies are easily flouted by big businesses with the connivance of bureaucrats, local business elites and politicians leading to low taxation and as a result government presence is limited in national life. The failure of Ghana to use its mineral resources to improve the living standards of its people after independence does not inspire much hope that oil will perform economic wonders for Ghanaians because the country is working.

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**Table 5: Respondents’ justification to the reduction of fish catch**

<table>
<thead>
<tr>
<th>Reason for reduction in fish catch</th>
<th>Villages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seasonality</td>
<td></td>
</tr>
<tr>
<td>Cape three points</td>
<td>N = 16</td>
</tr>
<tr>
<td>Akwidae</td>
<td>N = 29</td>
</tr>
<tr>
<td>Princess</td>
<td>N = 17</td>
</tr>
<tr>
<td>Boekrom</td>
<td>N = 21</td>
</tr>
<tr>
<td>Ellobankata</td>
<td>N = 10</td>
</tr>
<tr>
<td>Nsemaba</td>
<td>N = 19</td>
</tr>
<tr>
<td>Dixcove</td>
<td>N = 40</td>
</tr>
<tr>
<td>Kwisikrom</td>
<td>N = 13</td>
</tr>
<tr>
<td>Sankor</td>
<td>N = 15</td>
</tr>
<tr>
<td>Busua</td>
<td>N = 20</td>
</tr>
<tr>
<td>Total</td>
<td>N = 200</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pair trawling by expatriates</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cape three points</td>
<td>5 (31.0)</td>
</tr>
<tr>
<td>Akwidae</td>
<td>15 (52.0)</td>
</tr>
<tr>
<td>Princess</td>
<td>8 (47)</td>
</tr>
<tr>
<td>Boekrom</td>
<td>11 (52)</td>
</tr>
<tr>
<td>Ellobankata</td>
<td>5 (50)</td>
</tr>
<tr>
<td>Nsemaba</td>
<td>8 (42)</td>
</tr>
<tr>
<td>Dixcove</td>
<td>24 (60)</td>
</tr>
<tr>
<td>Kwisikrom</td>
<td>6 (46)</td>
</tr>
<tr>
<td>Sankor</td>
<td>7 (47.0)</td>
</tr>
<tr>
<td>Busua</td>
<td>11 (55)</td>
</tr>
<tr>
<td>Total</td>
<td>100 (50)</td>
</tr>
</tbody>
</table>

Questionnaire Survey 2010
with the same internal and external socio-economic and political arrangements which are not designed for the people of Ghana to reap the full benefits of their natural resources. In neighboring Nigeria for example, Otusanya (2011) reveals how transnational companies in the oil and gas industry have resorted to complex tax schemes like skillful conversion of profits to assets, registering as offshore intermediary companies, claiming recharges, royalties, technical fees and under-declaration of profits to avoid tax. These factors raise little optimism about whether Ghana can make a difference in corporate governance standards as far as oil is concerned.

On the issue of local content policy for local participation and control, it is worth mentioning that Ghana has come out with this inclusive strategy on time, unlike Nigeria which waited for more than 50 years after oil production before bringing similar policy into practice. However, some of the legal frameworks tend to imitate what has failed in the mining sector for years. There are legal distortions and a vacuum in Ghana as far as compensation of property destroyed by the activities of mining companies is concerned. According to section 74 (2) of the Minerals and Mining Act 2006, Act 703 in the case of compulsory acquisition of property, prompt payment of fair and adequate compensation shall be made. The ambiguity inherent in this law serves as a ground for conflict between landowners and mining firms. Section 73 (3) of Act 703 states ‘the amount of compensation payable under section (1) shall be determined by agreements between parties but if the parties are unable to reach an agreement as to the amount of compensation the matter shall be referred to either the Minister...’ This negotiation condition without clear national or international standard usually puts the farmers at a disadvantageous position when it comes to negotiating with powerful transnational firms.

For example, the Term of Reference (TOR) Resettlement Policy Framework- Natural Gas Transportation and Processing Plant is narrow in focus. This document makes reference specifically to Bonyere Gas Plant and Transportation Project. The Bonyere Gas Project has had to sail through protracted chieftaincy dispute in the area and what farmers described as undue process of land acquisition by GNPC (Anonymous, 2010g) Though the TOR is based on World Bank-IFC standards, it is ambiguous and lacks well-defined compensation guidelines making it subject to various interpretations by consultants and bureaucrats as manifested in Ghana Mining Law 703, which has resulted in confrontation between communities and transnational mining companies in the country.

As Ghana prepares to join oil producing countries, care must be taken to avoid the dislocation of other economic activities, especially in the Western Region. Agriculture employs about 65% of the population in the oil producing region (Ministry of Food and Agriculture, 2003). The Region is probably the richest area in Ghana as far as minerals are concerned and hosts about 70% of Ghana’s gold production companies. It is better to promote the coexistence of the existing livelihoods with that of the oil industry than dislodging them and later implementing fragile and unsustainable alternative livelihood projects as implemented by mining companies in the region. Kosmos Energy has started making contributions to Western Regional Education Fund, an institution focused on giving financial assistance to brilliant but needy students to get affordable access to higher centers of learning. The company has also contributed cash to Otumfo Educational Trust Fund established in 2001 in the Ashanti Region. The oil companies are also working with the Ghana Navy in diverse ways to improve maritime safety. They have also linked up with some district assemblies in the provision of water to rural communities. During the 2010, FIFA World Cup competitions, Tullow Oil supplied giant screens to some rural communities in the Eastern Region. These fragmented window dressing programs by the oil companies are not the way forward, they cannot help solve the problem of rural poverty. It is too early to evaluate any evidence of dislocation of livelihoods; however, the demands of the fishermen are not given any serious attention. There is no assurance that fishing communities will be compensated for their non attributable damage or loss of fishing rights. There is ambiguity and inconsistency about the efforts being made by the Jubilee Oil Field partners to manage their differences with the fishing communities. Skeptics, especially the traditional elite, often express fear that the oil industry is likely to follow the bad trails of mining in the region. Ghanaoilwatch (2011) reports Awulae Adjahe Anor III, the Paramount Chief of Nzima West Traditional Area in expressing his discontentment on this issue said, “Our fishermen can no longer fish where they used to because of the oil rigs and that is why we need a policy document that spells out clearly how we will benefit. We are tired of the rhetoric.” It is commonplace to read news items like the following in Ghana ‘minister threatens recalcitrant fishermen’ ‘naval officers injured in clashes with fishermen in Takoradi fishing harbour’ Davies and Frank (2011) advise against the generally accepted wrong notion that considers local communities as powerless in their interaction with big business companies. Conflict with communities has the potential to pose negative consequences to the companies involved-as well as the communities themselves, governments and the society in general.

Drawing on the experience of Nigeria, excluding local communities from the decision making process would breed mistrust. Historical reasons make the traditional elite and their subjects the real owners of the
land not the government of Ghana. In the minds of the local people they are making legitimate demands which must be met as a compensation for the use of their land and sea.

RECOMMENDATIONS

All people who will be affected by involuntary resettlement should be consulted and be involved in resettlement planning to ensure that the mitigation of adverse effects and resettlement benefits are appropriate and sustainable. There should be proper grievances arbitration system put in place and a desk set up for corporate social responsibility and community grievances reportage so that aggrieved individuals and groups can seek redress amicably.

Many of the respondents raised the loss of lands as a factor that will definitely affect their livelihood. With over 40% of respondents living on agriculture, adequate compensation must be paid to farmers whose lands will be affected. These should not be based on the compensation guidelines similar to Minerals and Mining Law (Act 703) where well-defined compensation standards are nonexistent. Strict adherence to this would avoid a situation where companies pay low compensation to farmers after disrupting their livelihood and impose alternative livelihood projects in the form of philanthropic gestures.

Seismic activities by the oil drilling companies should not coincide with breeding periods of fishes. There should also be dialogue between the oil companies and fishing communities to enhance continuous collaboration. The study shows that while the people of communities in and around Cape Three Points would make demands for a share in the wealth discovered in their land, it is not possible that the greater majority of them would benefit directly from the industries that would spring up in these communities.

The present fee of over five thousand Ghana Cedis per year (GHC 5000) to pursue petroleum engineering course at the University of Mines and Technology in Tarkwa is very expensive for an average family in Ghana. The capital intensive and mechanized nature of oil production means only few direct job opportunities would be generated in the Jubilee operations. If stakeholders coordinate well there can be economic symbiosis: the farmers can benefit by producing to ensure food security for the oil industry and society and vice versa.

The chiefs who are the custodians of the land must secure equity in companies seeking to locate in the region to participate in the oil industry, rather than take cash payment for the use of their land. There is a huge infrastructural deficit in the region. The demand for 10% of the oil revenue to develop the region by the Regional House of Chiefs is a call for government and its partners to take the infrastructural needs of the region seriously. Huge capital investment in the area will eventually support the oil industry.

The survey further reveals that the oil companies have not done much in terms of corporate social responsibility and community engagement in the area. Historical reasons dictate that the people are not asking for a favor, they are making legitimate demands from the government and its business partners to participate in the exploitation of resources of a land which was inherited to them by their ancestors. Key issues dominating the oil and gas debate in Ghana are as follows:

- Job creation
- Skills and training opportunities
- Building the capacity of the local people to participate in the oil industry
- Perennial oil spills and its impact on the local communities and emergency response mechanism to deal with them

The implementation of the proposed local content policy which intends to bring about sustainable development and judicious use of resources is faced with major constraints like lack of financial resources, lack of human resources and technology. Part of proceeds from the oil and gas should be directed to the Oil and Gas Business Fund in the form of micro credit facility for the small scale farmers to undertake added value agro-processing industries in the area. Part of the Skills Development Fund should be used to finance the Council for Technical and Vocational Education and Training (COTVET) to coordinate training programmes for skills development and transfer of technology and recognition of prior learning for a broad spectrum of pre-tertiary, tertiary and the informal education at affordable cost. The Local Content Policy of Ghana makes it mandatory for internal oil company to have at least 5% of local participation. No matter how difficult it is for a country like Ghana in the context of a neoliberal globalised world to control its resources, it must speed up training and financing of its citizens for employment and business participation.

CONCLUSION

The study delivers information on the perceptions and reactions of the domestic population to the prospects created by the discovery and exploitation of oil reserves in Ghana. Since insights in sustainability and CSR issues are very limited when it comes to Africa and Ghana in particular, the study can really make a useful contribution to the relevant body of knowledge.

The study reveals that the people in the host communities are currently conformed to their sources of livelihood which are mainly farming and fishing. The oil and gas project has caused serious perceived social and
environmental impacts. These sources are depleted through the introduction of oil extraction activities in the area. The village one lives in is irrelevant to one's perceptions. It is therefore, the expectation of the communities that with the boom of oil production in the area, the communities would be drafted into the corporate social responsibility programs of these oil giants for improvement in their quality of life. Actually the main finding of the research is that the inhabitants of all the communities share the same problem, perceptions, fears and expectations regardless of sex, activity or age. They are not calling for philanthropic gestures from the companies. The traditional leaders and their subjects were the owners of the land until the British gained control of them in 1844. After independence, successive governments followed the colonial order. Laws governing natural resources in Ghana vested all the authority to the central government without giving any right to the traditional authorities. However, in the conscience of the people, nothing has changed. Any dialogue with the people should therefore be based on this principle. This context makes them legitimate stakeholders and it is consistent with the view of Freeman (1984) because these communities can affect or can be affected by the achievements of the jubilee field operation and dedicating time and resources to solve stakeholder’s problems is a justifiable business activity.

A mutually benefiting relationship can exist between the oil companies and the fishermen. Therefore, even if many of them would not work directly in the oil companies, efforts should be made by the companies and the Government of Ghana to preserve and promote their sources of livelihood side by side with the oil industry by providing sustainable coexistence and coordination between the fishing industry, farming and other economic activities that the communities depend on. Opinion leaders, economists and social commentators have expressed concern over what has been termed as the ‘Dutch Disease’, a dimension of the resource curse hypothesis which postulates deindustrialization of a country upon discovery of natural resources and deepening of socio economic and political problems within a country. The potential collapse of non-oil sectors will mean economic erosion of important sectors which in turn has catastrophic consequences for the economic advancement of large portions of the Ghanaian society. However, contrary views assert that the occurrence of ‘Dutch Disease’ in Ghana is exaggerated since Ghana’s calculated oil reserves are not so vast to perpetuate over-dependence for a long time. Though oil revenue will help the economy to some extent, for the fiscal year 2011 the expected revenue from oil sales represented 6% of the total domestic revenue of the nation (Ministry of Finance and Economic Planning, 2011)

The infrastructural deficit of western region threatens the smooth operation of the oil industry. The perception of neglect in social amenities and infrastructure by successive governments must be managed. The people of the communities in and around Cape Three Points area would likely make legitimate demands for a fair share in the wealth discovered in the area due to historical and cultural reasons which make the traditional elite and their subjects the real owners of the land, not the central government in Accra. However, skeptics claim it is not likely that it would be met. The trail of mining in the same region and other parts of the country tend to perpetuate the view that oil cannot make any difference from mining. The absence of skilled manpower to man the industry makes it imperative for stakeholders to invest in local capacity building as a means of promoting local participation. It will therefore be important to dialogue with the communities on activities which will have direct impact on them and collaborate in developmental agenda without perpetuating the culture of dependence. The occasional military sweeps and other oppressive measures which have characterized the mining communities must be avoided in this sector.

To put emphasize on this point, it is worth quoting from Whitmore (2006), ‘the key question is, who has the right to make decisions over the future of communities: companies, governments, NGO or communities themselves? In any decision-making process there must be the concept of Free, Prior and Information Consent (FPIC). With Indigenous Peoples, this must take account of collective decision making’.

REFERENCES


