

Ministry of Finance

This is your role:

You are a member of the Oil Production Work Group of the Ministry of Finance. The Ministry of Finance is in favour of borrowing from China. With the proceeds from the sale of oil, the loan will be able to be subsequently repaid without any problems. Ghana has learnt from the bad example of Nigeria and will do everything it can to ensure that the mistakes made there are not repeated.

These are your group's tasks:

1. Read all the documents your group has received.
2. Select a Minister of Finance from the work group. This person will represent the work group on the panel at the hearing.
3. All members of the work group will advise the Finance Minister. You know that the issue of borrowing is controversial. That is why you and your colleagues will consider convincing arguments for the hearing. Prepare a maximum 3-minute introductory statement. Also consider how the objections of the other groups could be invalidated

Information for the Ministry of Finance:

The Ministry of Finance advocates that an oil production law be passed as soon as possible. This law is intended to regulate how income is distributed. It provides the conditions for all people to benefit from oil and reduce poverty in the country:

1. 1. The Oil Production Act stipulates that all payments made by the oil companies to the Ghanaian state are disclosed.
1. 2. Three quarters of oil and gas revenues must flow into the state budget and be used primarily for agriculture, education, and road construction. The rest is to be saved in a sovereign wealth fund for future generations and a stabilisation fund for times of crisis if the price of oil falls.

Another bill has been tabled. It stipulates that Ghanaian specialists must be trained and that 90 percent of contracts must be awarded to Ghanaian companies.

You know from the newspaper that civil society in your country fears that oil production in Ghana could have similar effects as in Nigeria. Oil production there has led to widespread contamination of land and water. Fishermen and women and farmers in Ghana now also fear for their livelihood.

Civil society also fears that foreign companies could take over the oil business. In Nigeria, local companies only account for 18 percent of the value-added process. They think that oil production will make a few individuals rich, while the majority of the population is impoverished.

Critics also note that the world market price for oil could fall. They also fear that the domestic currency Cedi could be devalued against the US dollar. Both risks would make repaying the loan more expensive.

However, the Ministry of Finance sees no signs of these negative developments. In addition, bills already drafted are intended to prevent these problems.

The Ministry of Finance repeatedly emphasises publicly that foreign oil companies should not be badmouthed. They would be aware of their social responsibility. The leading US oil producer Tullow-Ghana has announced that it will award 114 scholarships each year to provide Ghanaians with academic training in the oil sector. Two local radio stations will broadcast educational programmes in which representatives of the company address critical questions.

Incidentally, there is still room in the state budget for further loans to be taken out and serviced in times of need.