

Ghanaian Network on Debt and Development

This is your role:

You are a member of the non-governmental organisation *Ghanaian Network on Debt and Development*, which aims to prevent unsustainably high debt from jeopardising the progress achieved in development. As a non-governmental organisation, you are independent of the government. You represent the interests of impoverished people, especially women and children, who suffer most from state austerity measures.

Due to negative experiences in other countries in the Global South, especially in Nigeria, you are against borrowing from the Chinese.

These are your group's tasks:

1. Read all the documents your group has received.
2. Select a speaker from the work group. This person will represent the work group on the panel at the hearing.
3. All members of the group advise the speaker. You and your colleagues will consider convincing arguments for the hearing. Prepare a maximum 3-minute introductory statement. Also consider how the arguments of the ministries could be refuted.
4. Additionally, prepare a statement or critical question for each member of your organisation who will sit in the audience at the hearing.

Information for the *Ghanaian Network on Debt and Development*:

The daily newspaper states that the Ministry of Finance and the Ministry of Economic Affairs are strongly committed to accepting the loan.

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. The Oil Production Act stipulates that all payments made by the oil companies to the Ghanaian state are disclosed.
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 stipulates that Ghanaian specialists must be trained and that 90 percent of the contracts must be awarded to Ghanaian companies.

The government expects huge economic growth that will benefit all population classes.

Nigeria as a cautionary example

Your organisation is very sceptical about the promised blessings that oil production is supposed to bring. You have looked intensively at the impact of oil production on the Nigerian economy and population.

You know from the newspaper that the Niger Delta is now extremely polluted due to oil production. Western corporations pay high salaries to employees from abroad, but only a few Nigerians benefit from prosperity. Many fishermen and women and farmers have lost their livelihoods due to pollution of the land and soil. According to the government, Nigerian companies account for less than a fifth of the value-added process.

Your non-government organisation fears there will be further problems for Ghana:

Hardly any new jobs and price increases

It is not possible for the required experienced specialists to be trained in Ghana within a short period of time. Consequently, foreign companies will bring their own people. Your organisation estimates that the oil industry will create a maximum of 1,500 direct jobs, which will be filled by Ghanaians.

Foreign workers need housing and food. This drives up the prices for rent, food, and transport. Foreigners will not do much shopping at the local markets. Most of them will have supplies sent from abroad. This will hardly promote the economy, but rather harm it.

Your organisation fears that Ghana will become a separated country between the few who live in great wealth and the many who are driven further and further into poverty.

The rise of corruption

The planned oil production law, to which the ministries like to refer, does not regulate how the money that flows into the national budget is to be distributed. The committee members who must monitor compliance with the law should be appointed by the president. What this means for the future is uncertain. It can prevent corruption, but it can also encourage it.

Risk of a sovereign debt crisis

It was only a few years ago that Ghana benefited from debt relief. Since the discovery of oil, billions in international government bonds have been raised because the Ghanaian government expects oil revenues to be sufficient to repay the debt. However, as we do not currently know the production volumes or whether the oil price will remain stable, this is a risky development that threatens to set back the development of the „model country Ghana“.