

## Scenario description

---

We find ourselves in the West African country of Ghana in 2009. The country is doing relatively well politically, economically, as well as in terms of reducing poverty.

### Background: Debt relief and poverty reduction

Gold, cocoa, and soon oil will account for 80 percent of Ghana's exports. In the 1980s, raw material prices on the world market fell. Since Ghana depended on sufficient export revenues to pay its external debt, this led to a very high level of public debt over the years.

Ghana benefited from a debt relief initiative by the International Monetary Fund and the World Bank in 2004. This enabled the country to invest in education and the health sector. Almost all children go to school now. The government is democratic and the political situation stable.

### Ghana in 2009: half poor, half rich

According to the World Bank, average annual per capita income rose from just under 400 US dollars in the 1980s to just under 2,000 US dollars today. Life expectancy is now 65 years. While in 1992 half of the population still lived below the poverty line, in 2006 it was

„only“ 28 percent who had less than 1.25 US dollars per day available.

The middle class is also growing. According to the African Development Bank, it covers 20 to 47 percent of the population. This can be seen in everyday life in the increasing car and motorcycle traffic, the ubiquitous construction boom, and the growing spread of telephones, refrigerators, and televisions.

Nevertheless, poverty is still widespread in Ghana. A walk through the densely populated districts of the capital Accra with stinking sewers or through the countless dilapidated fishing villages on polluted beaches or a view of the neglected villages on barely passable sand paths is enough to be convinced of this. At Accra's crossroads, there is a crown of street vendors and beggars, including women with babies on their backs and heavy loads on their heads.

In 2009, Ghana had foreign debts of about 7.4 billion US dollars, which corresponds to about 30 per cent of its gross domestic product.

### Ghana and oil

The future looks bright after oil was found off the coast two years ago. The

oil is located off the coast of western Ghana. It will be pumped to the port of Takoradi and shipped from there. This makes Takoradi the oil capital of Ghana.

The Ministry of Economic Affairs expects a gigantic upswing. However, the country lacks the money to build the infrastructure needed to produce and transport the oil.

Experts estimate the volume of the Jubilee oil field at 1.8 billion barrels (1 barrel = approx. 159 litres). Tullow Oil subsequently discovered two more fields off the Ghanaian coast, increasing the estimated oil reserves to 5 to 6 billion barrels.

If oil production in the Jubilee 1 oil field begins in 2011, this is expected to increase from 120,000 barrels daily to 250,000 barrels within three years. This

alone will generate annual revenues of between 0.4 and 1 billion US dollars for the country by 2030.

### **What it's about:**

Recently, a letter from China reached the Ghanaian government offering to give Ghana a loan for oil production.

### **This is what you have to decide:**

Should the government accept the offer from China and take up the loan? The government is guided by the principle that borrowing must be transparent. That's why it informed the press of China's offer.

Before a final decision is made in parliament, a hearing of government representatives and civil society organisations will take place with a trial vote.