

A REVIEW OF GHANA'S HERITAGE FUND UNDER THE GHANA PETROLEUM REVENUE MANAGEMENT ACT 2011 (ACT 815)

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Abstract:

In 2010, the government of Ghana introduced its proposals for managing petroleum revenue to parliament for consideration. The proposal was later passed into law as the **Ghana Petroleum Revenue Management Act 2011 (Act 815) (PRMA).** The preamble to the Act states:

> "An act to provide the framework for the collection, allocation and management of petroleum revenue in a responsible transparent accountable and sustainable manner for the benefit of the citizens of Ghana in accordance with article 36 of the constitution and related matters"

Article 36 of the 1992 Constitution of the Republic of Ghana sets out the economic objectives of the state and provides particularly in Article 36(1),(2)(d)(e) and (3) as follows:

36(1)- "The State shall take all necessary action to ensure that the national economy is managed in such a manner as to maximise the rate of economic development and to secure the maximum welfare, freedom and happiness of every person in Ghana and to provide adequate means of livelihood and suitable employment and public assistance to the needy"

36(2)- "The State shall in particular, take all necessary steps to establish a sound and healthy economy whose underlying principles shall include..."

(d)"undertaking even and balanced development of all regions and every part of each region of Ghana, and, in particular improving the conditions of life in the rural areas, and generally, redressing any imbalance in development between the rural and urban areas"

(e)"the recognition that the most secure democracy is the one that assures the basic necessities of life for its people as a fundamental duty"

36(3)- "The State shall take appropriate measures to promote the development of agriculture and industry".

This article reviews the Heritage fund, an endowment fund for the benefit of future generations set up under the Petroleum Revenue Management Act to see whether it conforms with the provisions of Article 36 of the 1992 Constitution of the Republic of Ghana in the light of Article (1)(2) of the Constitution which states as follows:

"This Constitution shall be the supreme law of Ghana and any other law found t be inconsistent with any provision of this Constitution shall, to the extent of the inconsistency, be void"

The idea of a Heritage fund not being a new idea took its roots in the idea of the creation by sovereign states of Sovereign Wealth Funds, a savings mechanism which has existed till today. There are many who argue that the creation of such a fund is unnecessary whilst there exists a present need for the funds and have advanced genuine reasons in support of their argument. This article reviews the arguments on both sides and tries to answer the question on whether the Heritage fund is necessary and whether the Heritage fund could be better applied than it is being done now. This article will also seek to review whether the current legal regime regarding the heritage fund is constitutional. In other words whether it is inconsistent with the provisions of Article 36 of the Constitution. Should we heed calls from sections of the public to use the Heritage fund for the present developmental needs of the nation for the benefit of the present and future generations?

Keywords: Excess crude account, oil and gas, sweet oil, jubilee field, resource curse, integenerational equity, qualifying securities, dutch disease, heritage fund, stabilization fund, sovereign wealth fund, Nigerian sovereign wealth fund, Alaska permanent fund, Norway pension fund, fiscal policy, nonrenewable resources.

1. Introduction

In June and September 2007, a consortium of companies comprising Kosmos Energy, Tullow Ghana Limited, Anadarko Petroleum Corporation, Sabre Oil and Gas Ltd and the E.O. Group, in conjunction with the Ghana National Petroleum Corporation (GNPC) announced the discovery of significant quantities of oil and gas in offshore deep waters of the Tano and Cape Three Points Basins. The 2007 oil discovery dubbed the 'Jubilee Find' because it coincided with Ghana's 50th Independence celebration has been described by industry experts as “one of the largest recent finds in Africa” and “a world class sweet oil field”, with proven reserves estimated at between 600 million and 1.2 billion barrels of oil and 800 billion cubic feet of natural gas[1].

The Jubilee field straddles two oil blocks in the deep Atlantic waters (1,100-1,700m) offshore from Western Ghana, approximately 63 kilometres from the coastline and 132 kilometres southwest of Takoradi, in the Western Region of Ghana[2]. This was the result of decades of prospecting and exploration with huge investments from Oil Marketing companies. To many Ghanaians and indeed the investors it was a dream come true. No one is under any illusion as to the great financial prospects that oil finds presents to any country and as the main source of global non- renewable energy it was indeed a major breakthrough.

The discovery of oil and gas in Ghana has generated a range of expectations among many of its citizenry regarding local and national economic improvements, creation of jobs, an increase in the number of roads, schools, hospitals, rising income levels, reduction of budget deficit, developments in agriculture and industry, rural development, assurance of the basic necessities of life to all and justifiably so but the main issue that dominated discussions throughout the length and breadth of the nation was whether or not the oil find was a blessing or a curse. Indeed for many it was a curse recalling the political and social unrest prevalent in Nigeria as a result of its vast oil reserves and in many other parts of the oil producing world. For many oil producing countries like Chad, Ecuador, Mexico and Nigeria managing oil wealth has not been without its challenges. The Middle East region blessed with vast oil reserves is still afflicted with wars and conflicts. Among the many reasons advanced in support of this school of thought are the fact that it tends to attract the greedy eyes and attention of the powerful states and the tendency to create internal corruption among the governing politque[3]. There is however a more optimistic school of thought who consider it a blessing if only Ghana will take lessons from the experiences of its forebears who did not have the benefit of experience in order to embark on any long term fiscal policies. They believed that a well managed oil and gas economy would create better prosperity and benefit current and future generations[4].

Immediately following the public announcement of the oil find in July 2007, government initiated steps to ensure that Ghana avoids the pitfalls that other petroleum-rich nations had unfortunately fallen into: how to avoid the oil curse and to deliver the best possible future for citizens. Using oil revenues wisely was every politician’s slogan leading into the 2008 elections in part because of the public’s expectations of the perceived importance and benefits from oil wealth, and in part because of the strong sense of avoiding the mistakes of Nigeria, their giant neighbour, a country that is still struggling to mitigate the consequences of the ‘resource curse’[5]. Nigeria established an oil fund in 2004, the Excess Crude Account (ECA)[6]. The ECA was established to absorb the impact of petro-dollar inflow on the economy, insulate the economy from revenue shocks arising from the volatility and unpredictability of resource prices, as well as the need to also save for the rainy day somewhat similar to the Ghana Petroleum funds set up under Act 815. The ECA has however, been depleted and the subsequent establishment of a Nigerian Sovereign Wealth Fund (NSWF) has run into troubled waters, with the governors of the 36 federating States kicking against the idea. Nigeria are now undertaking a critical examination of the Ghana Petroleum Revenue Management Law which has been hailed as a worthy model for developing countries – with a view to determining whether the Nigeria government can use it as a model when setting up an enduring oil fund[7].

[1] Ghana's emerging petroleum Industry, March 2010
[2] ibid
[3] see Ghazvinian, John, Untapped: The scramble for Africa's oil (Harcourt, 2007)
[4] See Humphreys, MacCarten, Jeffrey D. Sachs and Joseph E. Stiglitz, “Future Directions for the Management of Natural Resources,” in Escaping the Resource Curse, ed. MacCarten Humphreys, Jeffrey D. Sachs, and Joseph E. Stiglitz (Columbia University Press 2007).
[5] see Public Participation in the Making of Ghana’s Petroleum Revenue Management Law by Joe Amoako Tuffuor, Natural Resource Charter Technical Advisory Group October 2011
[6] see Sovereign Wealth Fund (SWF) Institute
[7] Sovereign Wealth Fund: Is It A Panacea To Nigeria’s Oil Revenue Management Problems? By Efe Uzezi Azaino July 2012

Public consultations began with an oil forum held in Accra in February 2008 to solicit from the international community advice on best practices in institutional design in petroleum sector governance, contracting approaches, regulation, and revenue management experiences. A flood of advice followed with two key conclusions: (a) there is the fundamental need to develop a holistic petroleum policy framework that will guide the development of the sector; and (b) the need for further consultations on various regulatory frameworks, institutional structures, managing revenue flows and expectations, human capacity building and development, expanding local content and infrastructure development (Joe Amoako-Tuffuor, 2011).

Between mid-February and mid-April, 2010, a technical team drawn from the Ministry of Finance and Economic Planning, the Ministry of Energy, Ghana National Petroleum Company, and the Bank of Ghana, under the leadership of the Ministry of Finance and Economic Planning, took its public consultations on the road around the country. The composition of the team reflected the desire to address and to respond to a wide range of issues regarding petroleum activities. The goals of the consultation were:

(a) To ensure that the eventual rules and guidelines of the petroleum revenue management meet the aspirations of the people and, to the extent possible

(b) Ensure that there is broad consensus on the most fundamental elements of what would eventually become the law.

The results showed that nearly 55% of the population supported the idea of setting up the two funds from the outset and nearly half as much 28% favored the setting up of a single fund for the dual role of setting up a stabilization fund to support the budget and to save for future needs (Joe Amoako-Tuffuor, 2011). The Heritage fund is an endowment asset fund to generate an alternative stream of income for the future. It is also set up to build up the countries international reserves, to support its external balances and the external value of the cedi. The fund is also used to bolster the Country's credit worthiness and as a result its ability to borrow on the capital markets unsecured[8].

The establishment of a heritage fund reflects the nation's commitment to the future needs of the country as well as the needs of future generations. Since petroleum resources are extracted from non-renewable energy sources and are finite it would be irresponsible to plunder the resources now thereby mortgaging the future of our children who have an equal claim to the resources. Withdrawal from the Heritage fund is only permitted after the petroleum resources are exhausted. It is a purely savings fund. The money is invested in only specific qualifying securities abroad to boost Ghana's international reserve buildup[9]. In addition to all these honorable sentiments by which Ghanaians were motivated was the terrible fear and distrust towards corrupt politicians following a string of scandals and allegations of public officials involved in acts amounting to corruption

There have been recent calls by some members of the population to review the Petroleum Revenue Management Act 2011, Act 815 (PRMA) and amend some of its provisions 5 years after its promulgation. Some of the inconsistencies identified in the law include the calculation of the Petroleum Benchmark Revenue and allocations to the Ghana Petroleum Funds (the Ghana Stabilization Fund and the Ghana Heritage Fund) (GHF) and Annual Budget Funding Amount; membership of the Public Interest and Accountability Committee (PIAC) and the qualifying instruments which Ghana Petroleum Funds (GPF) should be invested in.

One of the main reasons championed against the use of the heritage fund for current expenditure is that government has proved incapable of effectively managing the economy and many have cited this government as "being one of the worst managed economies in the whole world"[10].

In 2010, the government introduced its proposals for managing petroleum revenue to parliament which was later passed into law as the **Ghana Petroleum Revenue Act 2011 (Act 815).** The preamble to the Act states:

> *" An act to provide the framework for the collection, allocation and management of petroleum revenue in a responsible transparent accountable and sustainable manner for the benefit of the citizens of Ghana in accordance with article 36 of the constitution and related matters"*

[8] see Endowment activity report, July 2012 - June 2013
[9] see the Ghana Petroleum Revenue Management Act 2011 (Act 815) (PRMA)
[10] see Forbes, 2010, The world's worst economies

2. The Legal Framework Establishing The Heritage Fund

2.1 Passing of the Petroleum Revenue Management Act

Ghana indeed achieved a landmark success by passing its Petroleum Revenue Management Act after a highly partisan debate on the bill. What is unique about the passage of the bill is that it coincided with the opening of the 5th Global Conference of the Extractive Industries Transparency Initiative in Paris, where global leaders, the private sector and civil society unanimously called for *greater transparency in the management of natural resource wealth of countries*. Unsurprisingly, the consensus by both the majority and the minority members of parliament on all the transparency provisions were quite significant[11].

The bill received significant contributions from civil society particularly from the Civil Society Platform on Oil and Gas which demonstrates the commitment of the people to make Ghana a model of sustained democracy founded on transparency and accountability[12].

The bill outlines clear rules for petroleum revenue inflows and outflows. It provides for the establishment of a Petroleum Holding Fund to which all petroleum receipts will be deposited, a Stabilization Fund to account for the effects of revenue volatility through expenditure smoothing and a **Heritage Fund** to ensure intergenerational equity and create an alternative source of income for the future.

2.2 The essential features of the Act are:

- Assessment and collection of petroleum revenues
- Spending limits and Budget support
- Savings policy: The Ghana Heritage and Stabilization fund
- Management, Auditing and Reporting
- Limitations on borrowing
- Oversight and public interest accountability
- Institutional responsibility
- Periodic review of decision parameters

Disbursements of the Holding fund are further provided in the Act as follows:

- 70% of benchmark annual revenues to the budget;
- 21% tothe Ghana Stabilization Fund; and
- 9% to the Ghana Heritage Fund.

What engaged the attention of most Ghanaians is the appropriateness of the Heritage Fund at a time the country is faced with serious developmental challenges as well as allegations of corruption against some members of the ruling government (Mohamed Amin Adam, March 2011). The question that remains unanswered in the literature on Future Generations Funds is whether the objective is sustainable income or sustainable impacts. That is, if petroleum revenues were invested in projects that would have sustainable impacts on future generations, could that be said to have achieved intergenerational equity? Whiles this question remains unanswered, most citizens in Ghana came to support the establishment of the Heritage Fund because of the emotional attachment of Ghanaians to their future generations; and also to give meaning to the sense of preparing oneself against the future (Mohamed Amin Adam, March 2011).

2.3 The Ghana Petroleum Revenue Management Act 2011 (Act 815)(PRMA)

The Ghana Heritage Fund is a creature of statute and its legal basis can be found in the Ghana Oil Revenue Management Law 2011 (Act 815). Its specific provisions are found in section ten of the Act which provides for the object of the Ghana Heritage Fund in S. 10(2), namely to: *(a) Provide an endowment to support the development for future generations when the petroleum reserves have been depleted; and (b) Receive excess petroleum revenue. The Act also provides* the obligations of the Minister responsible, those of the Bank of Ghana, and the requirements for internal, external, annual and special audits.

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[11] Ghana's Petroleum Revenue Management bill promises greater transparency and accountability: Commentary by Mohamed Amin Adam

[12] ibid

2.4 Commentary

The idea behind the setting up of the Heritage fund is one that is not unique to Ghana. It finds expression in different forms in other jurisdictions. Two great variations which we shall talk about and consider are the pension Fund in Norway and the dividend system of Alaska. When Ghana set up the Heritage fund, the main objective was of a twofold one. It served as a savings mechanism for present and future generations and an endowment fund to support the development of future generations just like the form of pension fund adopted in Norway but quite unlike the dividend system in Alaska which benefited only the present generation[13]. The essential highlights of the fund are as follows:

- Establishment and objects of the Ghana Heritage Funds
- The Ghana Heritage Fund and the Ghana Stabilization Fund forming the Ghana Petroleum Funds
- Payments into the fund from the Petroleum Holding Fund
- Withdrawals from the Ghana Heritage Fund
- Disbursements from the Petroleum Holding Fund
- Consolidation of the Ghana Heritage Fund and the Ghana Stabilization
- Transfer into the Ghana Heritage Fund and Ghana Stabilization Fund
- Obligations of the Minister and the Management obligations of the Bank of Ghana
- Investment rules and the reports on the Ghana Petroleum Funds
- Oversight of and reporting on the Ghana Petroleum Funds of the Investment Advisory Committee
- Encumbrances on the assets of the Petroleum Holding Fund and Ghana Petroleum Funds
- Auditing of the Petroleum Funds
- Accountability, transparency and public oversight
- Penalties for any misappropriation of the Petroleum Funds

The Ghana Heritage fund cannot be assessed until after intervals of every fifteen years of investment and saving after which Parliament may by a resolution supported by the votes of a majority of members of Parliament review the restriction on transfers from The Ghana Heritage Fund and authorize a transfer of a portion of the accrued interest on the Ghana Heritage fund into any other fund established by or under this Act. The principal itself cannot be touched. Section 20 of the Act provides that one year after the depletion of the oil and gas resource, the Heritage Fund and the stabilization funds shall cease to exist and shall be consolidated into the Ghana Petroleum Wealth fund. This effectively puts beyond reach the issue on anyone laying his hands on the money for any other purpose than that for which it was designed. One may ask that is there any guarantee that future generations will access this fund and use it for the benefit of themselves or even for the right purpose of their own future generations. Does this fund continue in perpetuity until one generation decides to halt the cycle and use it for themselves? This is the main issue that is the subject of this article

The resources of the Ghana Petroleum fund subsequently the Ghana Petroleum Wealth Fund shall be invested in qualifying instruments prescribed by Executive Instrument.

The range of instruments designated as qualifying instruments shall be reviewed every three years by the Minister on the advice of the Investment Advisory Committee

Within one year after petroleum reserves are depleted, the moneys held in both the Ghana Stabilization Fund and Ghana Heritage Fund shall be consolidated into a single Fund to be known as the Ghana Petroleum Wealth Fund after which the Ghana Stabilization Fund and the Ghana Heritage Fund shall cease to exist.

After petroleum reserves are depleted, the Annual Budget Funding Amount shall not exceed the sum of dividends from the national oil company and the earnings on the Ghana Petroleum Wealth Fund[14].

3. Justification For A Heritage Fund

3.1 History behind Heritage and other Savings funds

The idea behind the Heritage fund - saving for the rainy day - dates back to biblical times. The first of its kind can be traced to the one established by the Egyptians though it was not called a Heritage fund, the idea was to save for the future. According to the Bible, the Egyptian King in his dream saw seven fat cows being eaten up by seven lean cows. An interpretation of this dream by Joseph, led the king to conserve the surplus in the

[13] see the PRMA
[14] ibid

prosperous seven years and in the seven years of famine that followed, Egypt had enough in its inventory to survive[15].

What has, however, boosted the recent drive to establish these funds among oil exporting countries are the oil price boom and bust cycles. Consequently, the general justification for these funds is that some share of government revenues derived from the exploitation of a non-renewable resource should be put aside for when these revenues decline.

Such a decline might come about through fluctuation of prices or depletion of resources or both. This situation led to the creation by many nations of Sovereign Wealth Funds (SWF)[16].

3.2 Sovereign Wealth Funds

Sovereign Wealth Funds (SWF) are pools of money derived from a country's reserves, which are set aside for savings or investment purposes that will benefit the country's economy and citizens. The funding for a sovereign wealth fund (SWF) comes from central bank reserves that accumulate as a result of budget and trade surpluses, and even from revenue generated from the exports of natural resources. The types of acceptable investments included in each SWF vary from country to country; countries with liquidity concerns limit investments to only very liquid public debt instruments. Some countries have created SWFs to diversify their revenue streams. For example, the United Arab Emirates (UAE) relies on oil exports for its wealth. Therefore, it devotes a portion of its reserves to a SWF that invests in other types of assets that can act as a shield against oil-related risk. The amount of money in these SWF is substantial. As of May 2007, the UAE's fund was worth more than $875 billion. By 2013, the estimated value of all SWFs is pegged at $5.78 trillion[17].

Natural resources are finite and will dry up at some point in the future. Therefore, as preparation for a lean season in the foreseeable future, it is important to save during times of abundance by establishing a “rainy day fund”. Of late, the international financial system has classified all such rainy day funds established by countries around the world as SWFs[18].

3.3 Savings

A country with large exhaustible resources such as oil can benefit substantially from them, but the revenues from exploiting these resources need to be insulated from revenue shocks arising from the volatility and unpredictability of resource prices. Decisions also need to be made on the extent to which resources should be saved for future generations[19].

In some countries that are dependent on the export of oil and other nonrenewable resources, governments have established, or are considering setting up, nonrenewable resource funds (NRFs) to help in the implementation of fiscal policy (Jeffrey M. Davis).

The general justification for such funds is that some share of government revenues derived from the exploitation of a nonrenewable resource should be put aside for when these revenues decline, because the price of the resource has fallen, or the resource has been depleted or both. *Stabilization* funds are a type of SWF which aims to reduce the impact of volatile revenue on the government and the economy. *Savings* funds seek to create a store of wealth for future generations[20]. The idea has often been advanced that one is likely to save where he or she has excess funds available after all costs and expenses have been paid. If that were the case it would be very difficult to justify the creation of these savings funds in cases where countries are in dire need of these funds for their present needs. Issues arise where countries set up these savings funds and still have to borrow externally to balance their economic deficits and these are some of the strong arguments that have been advanced against the setting up of the heritage or other savings funds in many sovereign states. If that were the case the justification for the existence of these and other funds cannot be founded on the existence of a surplus alone lest the argument is easily defeated. It must be founded on something more. The fiction of *intergenerational equity.*

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[15] see Genesis, Chapter 41

[16] Davis, J., Ossowski, R., Daniel, J., & Barnett, S., Stabilization And Savings Funds For Nonrenewable Resources: Experience And Fiscal Policy Implications (Washington, D.C.: International Monetary Fund, 2001

[17] http://www.swfinstitute.org/fund-rankings/. Sovereign Wealth Fund Institute. Retrieved on 2013-08-05

[18] Davis, J., Ossowski, R., Daniel, J., & Barnett, S., *Stabilization and savings funds for nonrenewable*

[19] Stabilization and Savings Funds for Nonrenewable Resources: Experience and Fiscal Policy Implications by Jeffrey M. Davis, International Monetary Fund

[20] see Extra Budgetary Funds by the IMF, Fiscal Affairs Department, Extra budgetary Funds, Prepared by Richard Allen and Dimitar Radev. Authorized for distribution by Carlo Cottarelli, June 2010.

3.4 Inter-generational equity

Inter-generational equity is a concept that says that humans 'hold the natural and cultural environment of the Earth in common both with other members of the present generation (intra- generation) and with other generations, past and future' (inter-generation),[21]. It means that we inherit the Earth from previous generations and have an obligation to pass it on in reasonable condition to future generations. It means that in between generations will exist vested rights which will need to be protected and therefore natural resources will have to be used with inter-generational equity in mind. That society is made up of the dead, the living and the yet unborn[22] is a concept that is well established in Africa and other parts of the world. This concept was tested in the landmark decision of the Supreme Court in the Philippines in the matter of Minors Oposa v Secretary of the Department of Environment and Natural Resources in July 1993.

A group of children, including those of renowned environmental activist Antonio Oposa, brought this lawsuit in conjunction with the Philippine Ecological Network, Inc. (a non-profit organization) to stop the destruction of the fast disappearing rain forests in their country. The plaintiff children based their claims in the 1987 Constitution of the Philippines, which recognizes the right of people to a "balanced and healthful ecology" and the right to "self-preservation and self-perpetuation". Oposa also raised the idea of "intergenerational equity" before the court, which is the idea that natural resources belong to people of all ages and that if adults were to harvest all of a country's resources, they would be stealing from their children, their children's children, and all future generations.

The Supreme Court ruled in favor of the children, and made several groundbreaking and powerful statements, finding: "The right to a clean environment, to exist from the land, and to provide for future generations are fundamental. There is an intergenerational responsibility to maintain a clean environment, meaning each generation has a responsibility to the next to preserve that environment, and children may sue to enforce that right on behalf of both their generation and future generations. The Philippine Constitution requires that the government 'protect and promote the health of the people and instill health consciousness among them'[23].

This was the beginning of the development of the concept of wise stewardship[24].

The idea behind not reducing the ability of future generations to meet their needs is that, although future generations might gain from economic progress, those gains might be more than offset by environmental deterioration. Most people would acknowledge a moral obligation to future generations, particularly as people who are not yet born can have no say in decisions taken today that may affect them.

There are two different ways of looking at the need to ensure that future generations can supply their needs. One is to view the environment in terms of the natural resources or natural capital that is available for wealth creation, and to say that ***future generations should have the same ability to create wealth as we have.*** Therefore, future generations will be adequately compensated for any loss of environmental amenity by having alternative sources of wealth creation. This is referred to as 'weak sustainability'[25].

The concept is founded on two arguments. The first being that we, the present generation have borrowed the resources we exploit from the future generations and therefore must be returned 'as is' if not with interest and the second based on the notion of a 'mortgage. The present generation being the mortgagor and the future generations being the mortgagee with a charge on the natural resources we exploit today.

It has been argued by experts and academics that unless substantial change occurs, the present generation may not be able to pass on an equivalent stock of environmental goods to the next generation (Sharon Beder. 1996). This would be due to three factors:

Firstly, the rates of loss of animal and plant species, arable land, water quality, tropical forests and cultural heritage are especially serious. Secondly, and perhaps more widely recognized, is the fact that we will not pass on to future generations the ozone layer or global climate system that the current generation inherited. A third factor that contributes overwhelmingly to the anxieties about the first two is the prospective impact of continuing

21 (Weiss, 1990, p. 8)
22 Minors Oposa v Secretary of the Department of Environment and Natural Resources
[23] http://www.elaw.org/resources/text.asp?ID=278
[24] see the Bible, Genesis chapter one. It was the ultimate trust when you think about it. God created this luscious, beautiful and resource-filled earth and he put us in charge of it
[25] Source: Sharon Beder, The Nature of Sustainable Development, 2nd edition, Scribe, Newham, Vic.,1996.

population growth and the environmental consequences if rising standards of material income around the world produce the same sorts of consumption patterns that are characteristic of the currently industrialized countries[26].

The other way is ***to view the environment as offering more than just economic potential that cannot be replaced by man-made wealth*** and to argue that ***future generations should not inherit a degraded environment, no matter how many extra sources of wealth are available to them***. This is referred to as 'strong sustainability' (Sharon Beder, 1996).

It has been argued by experts and academics that unless substantial change occurs, the present generation may not be able to pass on an equivalent stock of environmental goods to the next generation (Sharon Beder, 1996).. This would be due to three factors:

Firstly, the rates of loss of animal and plant species, arable land, water quality, tropical forests and cultural heritage are especially serious. Secondly, and perhaps more widely recognized, is the fact that we will not pass on to future generations the ozone layer or global climate system that the current generation inherited. A third factor that contributes overwhelmingly to the anxieties about the first two is the prospective impact of continuing population growth and the environmental consequences if rising standards of material income around the world produce the same sorts of consumption patterns that are characteristic of the currently industrialized countries[27].

The Heritage Fund was set up by Parliament under the Petroleum Management Revenue Act 2010, to provide an endowment to support development for future generations when petroleum reserves have been depleted[28].

An earlier proposal by some government officials that government should consider using the Ghana Heritage Fund to solve current economic challenges and also to undertake developmental projects for the benefit of future generations has met with much criticism from some political figures who are opposed to the idea and this has raised the topic not only amongst politicians but also the general public.

The basis for the fund is undoubtedly a noble one and a lot more needs to be done to sensitize the public and assure them of why its current status is justified. Its supporters insist that the basis on which the fund was created should be allowed to stand and materialize. “The Heritage Fund belongs to the unborn children of the people of Ghana. It’s the future generation’s money and those of us who are here today should forget about touching it…let’s leave it alone, let it sit there.” noted one of its proponents[29].

A leading member of the Trades Union Congress, Edward Kareweh on his part said, it is unwise to allow the nation’s resources “*to be mismanaged today just as some of them were mismanaged in the past to the disadvantage of the future*.”

He described the proposal by some politicians to use the Heritage fund as “*unacceptable*” and advised that the Heritage Fund should be kept and preserved while government considers other solutions to the problem.

The above sentiments sum up the feelings of most Ghanaians especially those in favor of keeping the heritage fund. The fear that our leaders cannot be trusted to manage the funds efficiently so that even though we seem to have made inroads in developing a comprehensive legal framework for the management of our oil revenue it would seem that history beckons us to be wary and therefore not trust our politicians to enforce those same rules that they have sworn to uphold. It is the general indication that the government could use Ghana’s Heritage Fund for infrastructural projects **only** if it can manage the fund prudently. The Heritage Fund is a strategic endowment reserve set up to “*support the development for future generations when Ghana’s petroleum reserves have been depleted,*” according to the Petroleum Revenue Management Act of 2011. The fund receives nine per cent of the country’s annual petroleum revenue whiles 21 per cent goes into a Stabilization Fund- to support the economy in dire times and 70 per cent should be used to support the budget

4. Justification For Abolishing The Heritage Fund

4.1 Why the Heritage fund should be utilized now

In the light of current challenges currently confronting the economy, there is a strong temptation and a call by many to use the Heritage fund to mitigate the situation. The argument rages not only in political circles but also among the general populace who feel the brunt of the current economic downturn. Arguments advanced in favor

[26]ESD Working Group Chairs 1992, p. 10
[27]ESD Working Group Chairs 1992, p. 10
[28] see chapter 10 of the PRMA
[29] see http://elections.peacefmonline.com/pages/politics/201405/198230.php. interview of Financial Analyst Sydney Casely Hayford

of using the Heritage fund seem to be roaring louder than their opponents and rightly so. In the current situation that Ghanaians find themselves in, many argue that it doesn't make economic sense to be keeping any money called Heritage Funds. The arguments in support are listed below:

4.2 Saving in times of plenty

It is no doubt as the biblical reference of Joseph and his brothers show us that in times of plenty and where there is a surplus in production it is wise and prudent to put something aside for a rainy day or to prepare for lean times and the hardships that result.

According to the argument in favor, using the fund which is held outside the country and earning an average of two percent in interest cannot be justified when the government has to borrow at interest rates of between five and seven percent to develop infrastructure when money from the fund was available[30].

They argue that if the fund were used now, it would help to strengthen the economy for the benefit of future generations. This, many felt was a better situation than leaving a collapsed economy for future generations. This argument postulates the idea that where there isn't enough to go around there is no need for a savings fund.

4.3 Fear and mistrust of the government

It is interesting to note that those against the existence of the Fund while advancing their arguments have as their main reservation the government's questionable track record when it comes to managing resources. This skepticism in respect of Ghana's management of its oil revenue has been echoed by a section of the public, including the Minority in Parliament.

Accusing the current administration of mismanaging oil revenues, the Minority have vowed to resist any attempt by the government to dip its hand into the Heritage Fund. The Minority Spokesperson on Finance, Dr. Anthony Akoto-Osei, told the Daily Graphic that the government had failed to properly account for 91 per cent of oil proceeds, adding that it should properly account for every pesewa from the proceeds, instead of drawing money from the fund. He said although the investment was not yielding much interest, it was prudent not to use the money[31]. This, the former Minister of State explained, was because Ghana's oil resources would likely run out in the next 25years, leaving future generations to fall on the fund. He said instead of turning its attention to the Heritage Fund, the government should deal with corruption which, he said, had characterized the management of the economy. In an article published in Forbes titled, "the world's worst economies" Daniel Fisher cited Ghana as an example of the world's worst managed economies and bemoaned a Country whose gross domestic product (GDP) per capita fell 9% in 2009 to $621, ranking it 154th out of 184 countries tracked by the International Monetary Fund, below resource-impoverished Haiti. With a $3 billion trade deficit in the same year and $4.9 billion in external debt, Ghana was struggling to pay its bills even as it sits on some of the world's biggest reserves of gold and bauxite, as well as considerable amounts of offshore oil. In 2010, Forbes had ranked Ghana ninth on the list of the world's worst managed economies[32].

4.4 Develop now to benefit future generations

There also exists a strong argument that using the funds to develop the needed infrastructure today will have the effect of benefiting not only the current generation but also future generations to come. They give as examples the Akosombo hydro-electric dam at Akosombo which has thus far benefited generations of Ghanaians and beyond many years after it was constructed by the then Nkrumah government, the Accra to Tema motorway, the Universities of Ghana, Legon, Cape Coast and Kumasi, to mention just a few. These are among some of the infrastructural developments that characterized the 1st Republican government in Ghana which many still regard as monumental developments of their time and indeed are still being benefiting from. They argue that where there exist areas of underdevelopment that needs investment and we cannot purport to put money aside for a rainy day when it seems the rainy day is upon us.

4.5 Interest Rate and Cost of borrowing

Section27 (1) of the Act states that the resources of the Ghana Petroleum fund subsequently the Ghana Petroleum Wealth Fund shall be invested in qualifying instruments prescribed by Executive Instrument and in sub-section 2 provides that the range of instruments designated as qualifying instruments shall be reviewed every three years or sooner by the Minister on the advice of the Investment Advisory Committee.

[30] http://www.treasurydirect.gov/govt/rates/pd/avg/2015/2015_05.htm
[31] http://graphic.com.gh/news/general-news/22363-minority-against-use-of-heritage-fund-to-bail-economy.html. Minority against the use of the Heritage fund to bail the economy by Mark Anthony Vinorkor, 6th May 2014
[32] see Forbes, 2010. http://www.forbes.com/2010/06/08/zimbabwe-ghana-congo-nicaragua-business-worst-economies.html

In section 28 (1) The Bank of Ghana shall present to the Minister and to the Investment Advisory Committee, quarterly reports on the performance and activities of the Ghana Stabilization Fund and The Ghana Heritage Fund not later than the end of the month following the end of each quarter and in section 40(1), the Investment Advisory Committee shall submit quarterly information reports and analysis on the performance and activities of the Ghana Stabilization Fund and the Ghana Heritage Fund to the Minister not later than thirty working days after the receipt of quarterly reports from the Bank of Ghana in accordance with the reporting requirements of the Bank of Ghana for the purpose of reporting in the annual budget and financial statements.

The interest rates on the qualifying instruments are relatively lower than the cost of borrowing at a ratio of about one to eight. The instruments on the financial markets that offer guaranteed returns often have low interest rates. According to the argument in favour of using the fund which is held outside the country and earning just about one percent in interest it would make more economic sense to use the fund than for the government to be borrowing at interest rates of between five and eight percent to develop infrastructure.

5. Experiences From Other Jurisdictions

5.1 Two case studies of Oil Governance

Given the experiences of its neighbors, avoiding the 'resource curse' in Ghana might appear an impossible task[33]. In order for Ghana to avoid the ‘Dutch disease’, prevent corruption, support democratic development and thereby realize the potential benefits of the oil find it must learn from its more successful neighbors to insulate itself from the pressures that have sunk its neighbors. In order to realize and enjoy the benefits of oil revenue will require sophisticated economic planning, well-developed social policies and strong institutions[34]. This paper examines the experience of Alaska and Norway, two oil producing countries who in addition to instilling accountability in their oil regulations have successfully developed oil funds to save portions of their oil revenue and channeling them to benefit their citizen, the true owners of the resource.

5.2 The Alaska permanent fund

Alaska became a major oil producer in 1969 when oil companies struck oil in Prudhoe Bay. Within a year the Prudhoe Bay had flooded the states treasury with $900million in oil revenue as Alaska was pumping hundreds of thousands of barrels of oil a day. Alaskan production peaked in 1998 at two million barrels a day; today, it produces around one million Oil dominates Alaska’s economy contributing 40% of annual revenues[35].

Alaska’s oil fund known as the Alaska permanent Fund (APF) is one of the world’s largest savings fund and cited as one of the best managed. It was established as in most cases by an amendment to the Alaska constitution requiring the government to deposit 25% of all oil revenues into a permanent fund that will channel it into income-producing investments. The principal of the fund is invested permanently; further spending requires the approval of a majority of Alaskan voters. The APF’s investment earnings are distributed directly to Alaskans directly through an annual dividend program. Every year around Christmas the Permanent Fund Division program mails residents dividend cheques for an amount based on a five year average of the Fund’s earnings. The dividend program is popular with Alaskan residents; many rely on the cheques to supplement their income.

The APF is managed by the Alaska Permanent Fund Corporation (APFC) a public corporation that is responsible for the investment strategy and monitoring of the Fund’s operations. A six member independent board of Trustees oversees the APFC. The Governor appoints all board members. The board releases regular public reports on the Fund’s investment, finances and earnings. A group of internal and external asset managers are responsible for day to day investing. The APFC has a second layer of investment advisers, the Investment Advisory Council made up of three private citizens with investment experience. It reviews reports and advises on

[33] For more detailed discussion of the resource curse, see e.g. Humphreys, MacCarten, Jeffrey D. Sachs, and Joseph E Stiglitz, Escaping the Resource Curse (Columbia University Press 2007); and Bannon Ian and Paul Collier, Natural Resources and Violent Conflict: Option and Actions (World Bank 2003); Sachs, Jeffrey D. and Michael Warner, Natural Resources Abundance and Economic Growth” (National Bureau of Economic Research Working Paper 6398, 1998). For a comprehensive Literature review, see Rosser, Andrew, “The Political Economy of the Resource Curse: a Literature Survey” (Institute of Development Studies Working Paper 268, 2006).

[34] See Humphreys, MacCarten, Jeffrey D. Sachs and Joseph E. Stiglitz, “Future Directions for the Management of Natural Resources,” in Escaping the Resource Curse, ed. MacCarten Humphreys, Jeffrey D. Sachs, and Joseph E. Stiglitz (Columbia University Press 2007).

[35] See Alaska's oil and gas industry, Resource development council at http://www.akrdc.org/issues/oilgas/overview.html

the APFC's investment decisions. The Corporation has an audit committee and the Governor or Legislature can order external audits.

When Alaska received its first injection of oil money state legislators had no idea how to deal with it. As quickly as the money flowed in it flowed out- the legislators authorized $900 million of spending proposals in less than twelve months. The rapid disappearance of such a large sum startled Alaskan citizens sparking inquiries into what the legislature was doing with its new resource. Facing public anger over wasteful spending legislators took up the idea of creating an oil fund. The idea went nowhere for five years mainly because legislators did not know if Alaskan laws permitted a permanent savings mechanism and also because of resistance to spending restrictions. In 1976, to get the fund off the ground the Governor proposed a constitutional amendment that would provide a clear legal basis for the fund; he carried out a state wide public education campaign on the fund and amendment. The public embraced his proposal and the amendment passed overwhelmingly. In 1980 the legislators passed a bill establishing the APF. In the years since its creation the APF has consistently accumulated capital and while voters could approve expenditures from the funds capital, they never have. This is partly because after more than two decades of public education, discussion and debate over the fund the Alaskan public appear to have fully embraced the need to prudently manage and save revenues. More importantly however the dividend program has made residents reluctant to raid the APF's coffers. Dividend payments are an important source of income for many Alaskans and they are loath to approve spending that might lower the funds capital and thus its potential earnings and the size of their cheques[36].

The dividend program is the most direct illustration of an important aspect of the APF; the public's deep and direct involvement in the fund's success. The dividends give Alaskans a direct stake in the APF and are credited with increasing public interest in and scrutiny over how the fund and oil revenues in general are managed.

But the Alaskan's stake in the APF goes beyond the dividend cheques. Thanks to the constitutional amendment the legislative committees and public debates they have been involved in the fund's operation from the beginning. Experts who have studied the fund often point to public involvement as one of the key factors to its success. Combined with the APF's strong transparency provisions, public investment has helped promote effective management, minimize corruption, and ensure responsiveness to the needs and interests of Alaskan residents. The funds sound investment policies are directly responsible for the $35 billion it currently has in the bank. Its high level of accountability however has undoubtedly played a role in ensuring that the $35 billion has not disappeared into a black hole of wasteful spending or petty corruption.

5.3 The Government Pension Fund of Norway

Norwegian oil production took off in the 1980's and is now one of the world's top ten oil producers and top three market suppliers. It produces close to three billion barrels a day. It contributes hundreds of millions of dollars per year to the Norwegian treasury but because of its diversified economy oil contributes only 20% of its total revenue[37].

The laws establishing the GPF require the government to deposit all oil production revenues into the fund each year. From there the funds are invested overseas, the earnings are added to the principal and re-invested.

Strictly speaking, the GPF is not a savings fund. Every year the Norwegian Parliament passes the country's annual budget, if it exceeds the government's annual non-oil revenues, Parliament authorizes withdrawals from the GPF to cover the deficit. This means that Parliament can pass a budget that authorizes the spending of large portions or even the entire GPF principal. The fact that it has not is a testament to the incredible self restraint attributable to several factors

The Norwegian economy is strong and annual budget deficits are low so there is little pressure to use the oil revenues to cover needed spending. Further, there is deep-rooted public support for using the GPF as a savings fund. Because the fund is so well known and popular a move by Parliament to increase spending will spark significant debate

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[36] The Alaska Permanent Fund Dividend: A Case Study in the Direct Distribution of Resource Rent Scott Goldsmith Professor of Economics

[37] See World Oil Production at 3/31/2014–Where are We Headed? By Gail Tverberg. While Norway receives recognition for its general commitment to transparency, it is the country's oil fund- the Government Pension Fund of Norway (GPF) that garners the lion share of international attention, praise and envy. With assets in excess of $350 billion the GPF is the world's second largest sovereign wealth fund

The Ministry of Finance has overall control of the GPF and establishes all regulations governing the fund The Ministry consults parliament on this process but retains ultimate responsibility for their content and implementation. Financial managers at the Norwegian central bank are responsible for day to day asset management. The fund also has external asset managers responsible for a portion of its portfolio; this diversifies risk and provides a benchmark against which to measure internal investment returns

The Ministry releases an annual report that details the Fund's operations and returns and movements of money in and out of accounts. The Norwegian Central bank publishes quarterly reports on the Fund's return, market risk, investment composition and compliance with ethical investment guidelines. The Government auditing agency conducts annual publicly available audits on all reports[38].

During Norway's first decade of oil production there was no talk of an oil fund. However, as revenues grew the typical economic problems begun to take hold; inflation increased, other sectors of the economy begun to decline sparking concern over oil's impact. Separately, the government began to worry about how to provide pensions for a rapidly aging population. In the late 1980's the President proposed to address both the pension issue and the mounting economic problems by setting up an oil fund to manage and save excess oil revenue. In 1990, Parliament passed a broad law establishing the Pensions Fund's basic principles[39].

It would safeguard long term use of oil revenues, manage the government's net cash flow from oil and transfer money to the fiscal budget to cover the non-oil deficit. After passing the 1990 law Parliament basically handed responsibility for the fund to the Ministry of Finance. In the years since the fund's creation the Ministry has more than earned the trust placed in it. Its initial regulations established strong reporting requirements and it has carried out its operations with exemplary openness and transparency. There have been few if any serious complaints about mismanagement or corruption. The fund's massive assets are a testament to the Ministry and the Norwegian Central bank's investment skills. Norway's success at managing and growing its oil wealth has made it an oil governance model and the envy of governments around the world[40].

6. Analysis And Conclusion

This article sought to review the Heritage fund, an endowment fund for the benefit of future generations set up under the Petroleum Revenue Management Act to see whether it conformed with the provisions of Article 36(1),(2)(d)(e) and (3) of the 1992 Constitution of the Republic of Ghana in particular and in the light of Article (1)(2) of the Constitution.

Countries blessed with natural resources believe that they should develop their economy with proceeds received from the extraction of these natural resources. However, when revenue from natural resources starts pouring in, these same countries realize that managing proceeds from the natural resources for sustainable economic development is not as easy as anticipated.

Recent calls on Government by Center for Public Interest Law (CEPIL) that it was violating sections of the Act especially with regards to the 2013 budget which *did not capture the capital gains tax as one of the revenue streams from the USD$500million Sabre oil and gas acquisition by PetrojetSA* is quite alarming but encouraging as Government has since taken actions to address these reported violations. What needs to be guaranteed moving forward is to plug this loophole and prevent a re-occurrence. CEPIL also pointed out that *the determination of benchmark revenue had not been certified by independent certifiers as the law required*. He therefore urged government to as a matter of urgency appoint an independent certifier to certify the expected revenue for the 2014 fiscal year. This will keep government on its toes and engender an atmosphere conducive to growth and steady development of our oil and gas governance.

Whether or not petroleum revenue has been properly managed in respect of Article 36 (1) will be a matter of opinion. For the maintenance of a stable and developing economy will require the performance of a stabilization fund which has as its main aim the duty of insulating the economy against currency and revenue fluctuations and inflation. However, the current state of the Ghanaian economy does not indicate that the requirements of Article 36 (1) have been adhered to. Ghana's frail economy has been on the decline. In addition to being among some of

[38] Case studies on oil Governance: What Ghana can learn about oil revenue managment from the rest of the world. Ghana Centre for Democratic Development by Anna Canvar, October 2008.

[39] Norway's different approach to oil and gas development By: Larry Persily September 7, 2011

[40] ibid

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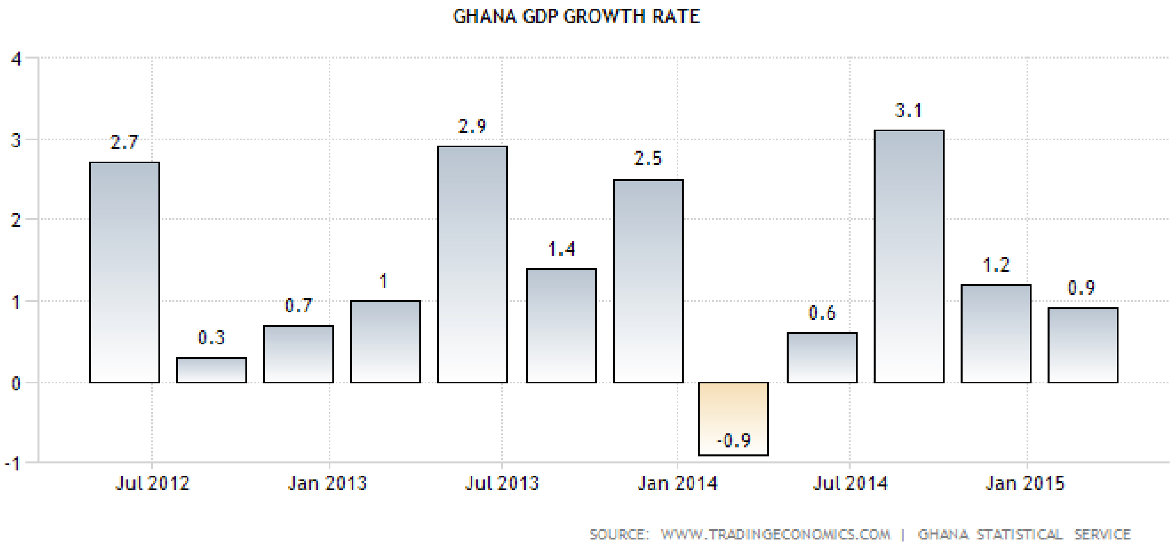
the worst managed economies in the world it remains a fact that Ghana's cedi has fallen at a rate of about 30% against the dollar and the other major currencies. Its equity to debt ratio stands at 7:10 and there doesn't seem to be an immediate solution in sight and where the cost of borrowing is high it does not seem like a bright idea to maintain a fund that cannot be assessed.

Even though GDP estimates for 2013 showed a growth of 7.1 percent over the 2012 final estimates of 8.8 percent. The Services sector recorded the highest growth o f 8.9 percent, followed by Industry 7.0 percent, with Agriculture recording the lowest growth rate of 5.2 percent. Though the estimates show an improvement in the growth of the Agriculture sector, 5.2 percent in 2013, compared to 2.3 percent in 2012, its contribution to the economy continues to decline, with its share reducing from 23.0 percent in 2012 of GDP to 22.0 percent in 2013. In the Industry sector, the second largest sector with a share of 28.6 percent, the growth declined from 11.0 percent in 2012 to7.0 percent in 2013. Of all the activities the Crude Oil production and its activities recorded the highest growth of 18.0 percent in 2013, though it showed a declined from 21.6 percent in 2012. Without Crude Oil, the GDP (now called "Non-Oil GDP") growth rate declined from 8.1 percent in 2012 to 6.5 percent in 2013; the Industry sector also respectively declined from 11.0 percent in 2012 to7.0 percent in 2013.(see table below).

Ghana's has one of the highest GDP per capita in West Africa. The country has a diverse and rich resource base with gold, timber, cocoa, diamond, bauxite, and manganese being the most important source of foreign trade. In 2007, an oilfield which may contain up to 3 billion barrels of light oil was discovered. Yet, in spite of abundance of natural resources, a quarter of the population lives below the poverty line[41].



The knock-on effect of this economic downturn means an inevitable rise in the cost of living to the detriment of Ghanaians. Against the backdrop of an ailing economy is the lack of very basic needs such as water and electricity. Power cuts have become rampant and the ordinary Ghanaian struggling to survive. This is a far cry from what is expected of the state in Article 36 (1) and (2), to establish a sound and health economy

Article 36 (2)(d) expects the State to undertake an even and balanced development of all the regions in Ghana particularly the rural areas. In the opinion of this article, the unceasing and persistent migration of people (Ghanaians) from the rural areas to the urban areas particularly the capital Accra in search of jobs and better standards of living is a clear indication and indictment on the failure of the State to abide by the requirements of the constitution. Accra, the capital is choked and the recent loss of human lives that occurred as a result of the floods is testimony to that fact. Many Ghanaians continue to flock to the urban areas because of the States inaction and ineptitude. Very little is being done to ensure the balanced development of all the regions resulting in this migration.

Article 36 (2)(e) which provides that the most secure democracies are those which assures the basic necessities of life namely, water, electricity, security, jobs and shelter to its citizens yet in many places in Ghana there is no water. This results in sanitation and health problems. The outbreak of cholera in 2014 was a result of this. To make matters worse, the whole of Ghana now is subject to daily power cuts.

[41] Ghana statistical service

Article 36 (3) requires the State to take appropriate measures to promote the development of Agriculture and Industry. If anything, agricultural development has declined rather than improved. Many of our industries have collapsed. Ghana still exports most of its products in its primary raw form. Cocoa, cassava chips, gold and even our oil and gas. Very little has been achieved since independence to process and add value to our traditional exports. This has resulted in balance of payment deficits as the country is prone to importing more than it exports.

Based on the observations above one can argue that the maintenance of a heritage fund will be difficult to justify and that the State has not done enough in terms of petroleum revenue management and could possibly be in breach of the named provisions of Article 36 of the Ghanaian 1992 Constitution.

It may be the case that the Alaska experience and the Norwegian success cannot be replicated in our fragile developing Ghana and therefore as a people Ghanaians must go through its own evolution and while learning from their mistakes develop appropriate fiscal policies and systems for the effective management of its oil resources (Beder, S., 1996).

Till then the raging argument on whether the Heritage fund will be better utilized now in embarking upon developments that would benefit future generations or whether it should remain as it is will continue to dominate discussions among academics, civil society and Politicians and even to the most skeptical of Ghanaians even if it is only of academic importance. The extensive consultation made prior to passing the bill would like to be the justifiable act and support for the framers of the bill who it may arguably be said have put access to the heritage fund beyond the reach of hungry politicians. If the real object of the Heritage fund is to benefit future generations then the real question is has the law really fulfilled this objective. Well partly in as far as access to the fund is restricted for fifteen years and even after this fifteen year interval only the interest accruing can be accessed for further investment. Arguably, the reporting, auditing and transparency laws in the act are quite extensive and exemplary if Nigeria finds it a fit and proper model to replicate, (Azaino, E. U. 2012). What we should do as a nation is to move on from this point on by instituting the corrective procedures to ensure that we can manage our heritage fund effectively. By accessing it and investing in developmental projects that will benefit our selves and generations to come while ensuring that the fund is not mismanaged.

In doing that a useful lesson to be learned is that we should not rely on one institution for monitoring and oversight. Norway and Alaska have a variety of oversight mechanisms including external groups and individuals who review released information (Beder, S.,1996).

Another useful lesson to be learned is that there are no models for oil governance (Beder, S.,1996). Ghana as a nation is learning from its mistakes. Ghana is not Norway neither is it Alaska nor Nigeria. It exists within its own peculiar set of circumstances and it is unlikely that the Norwegian experience can be replicated here. What is important is the political will to learn from our mistakes.

The special circumstances that differentiates Alaska is the involvement of the public. Experts who have studied the fund often point to public involvement as one of the key factors to its success. Norway with its diversified economy boasts of being the second largest and the main reason for its success is its high transparency. In the years since the fund's creation the Ministry has more than earned the trust placed in it. Its initial regulations established strong reporting requirements and it has carried out its operations with exemplary openness and transparency. There have been few if any serious complaints about mismanagement or corruption. However, where the economy is tight with very little or no surplus to justify a savings plan or fund, the only basis upon which a savings fund can be justified is by the inter-generational equity argument for as long as the law relating to the vested right of the future generations is well settled, present generations owe a duty to manage natural resources wisely and judiciously.

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