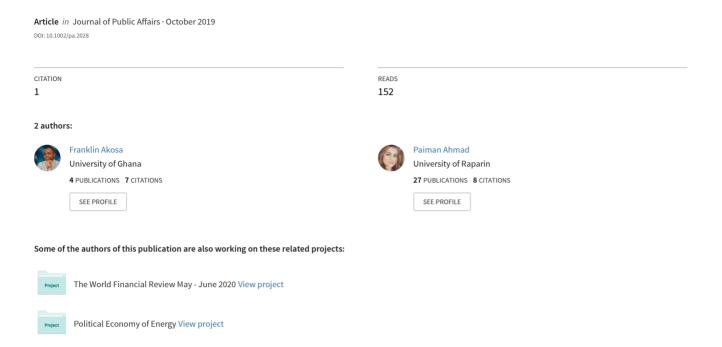
The politics of petroleum pricing in Ghana: Institutions, power dynamics, and social networks



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The politics of petroleum pricing in Ghana: Institutions, power dynamics, and social networks

Franklin Akosa¹ | Ahmad Paiman^{2,3}

Correspondence

Franklin Akosa, Department of Political Science, Mountcrest University College, Readwide Building, 12 Ablade Road, Kanda Estate, Accra, Ghana. Email: franklinakosa@gmail.com The study, drawing on the political settlement approach, examines how powers, institutions, networks, and interests influence the pricing of petroleum products in Ghana. Qualitative research approach was for the study, and purposive sampling was used to interview 24 respondents. The findings suggest the existence of power struggles among the key actors in the pricing of fuel. The findings revealed that the National Petroleum Authority, bulk distribution oil companies, oil marketing companies, International Monetary Fund, and energy policy think tanks influence result into policy. Actors influence fuel prices through taxes, policy guidelines, exchange rate, and legal actions. The study recommends that capacity of the key players should be built by the Government of Ghana so as to ensure healthy competition and stability in the pricing of petroleum products in Ghana. Political interference in the pricing of fuel should be limited so that the key players can operate successfully in the petroleum downstream.

1 | INTRODUCTION

Petroleum politics has been of growing global interest in recent times. Open many textbooks and research articles on *energy politics*, and the phrase "fuel pricing" would show up (Gurney, 1996; Titeca & Edmond, 2019). Governments, researchers, and development practitioners in Ghana and other parts of the world (Obeng-Odoom, 2015; Trabelsi, 2017) have shown keen interests in the issues surrounding petroleum product governance and its pricing. The Finance Minister, Ken Ofori Atta, in presenting the 2019 Ghana budget statement in accordance with Article 179 of the 1992 Constitution of the Republic of Ghana on November 15, 2018, indicated that, as of August 2018, the total petroleum receipt was U\$\$604.09 million (GH\$\mathcal{C}\$2.72 billion) and the Benchmark crude oil price for 2019 has been projected at U\$\$66.76 per barrel in line with the Petroleum Revenue Management Act (Amendment), 2015 (PRMA, Act 893), in the year 2019 (MoF, 2018).

The great concerns shown by state actors as in the case of Ghana position the pricing of fuel and its governance strategically in the Ghanaian economy.

Heinrich and Pleines (2015) have argued that political elites in countries like Ghana and other developing countries clearly perceive themselves as key actors who determine the fate of the prices of petroleum products. This is shown when the prices of petroleum

products increase on the international market. The government is hesitant to increase the prices of fuel. However, when there is reduction in the prices of fuel on the international markets, the government speeds to announce the reduction so as to achieve political points (Jaffe, Newell, & Stavins, 2005). Gary (2009) has linked these to extreme presidential power, incomplete independence of the body that regulates the pricing of petroleum products, unclear authority, and overlapping functions of the agencies handling issues on petroleum pricing, limited role for parliament on issues concerning energy, lack of transparency, and absence of outer limit for commencement. Because of these obstructions, the powers and interests of the actors involved in the pricing of fuel are not clearly seen and understood. Boahen (2015) has also indicated that governments have played political games with the pricing of fuel. Through campaign promises and political manifestoes, numerous governments have interfered with the pricing of fuel. Political actors have made contentious decisions in the face of conflicting market fundamentals (Gingrich, 2011).

There are numerous literature on political economy and petroleum pricing, classic (Gurney, 1996; Khan, 1994) and contemporary (Li, Qiao & Zhao; Titeca & Edmond, 2019). Much of these literature focus on the policies in implementing the prices of fuel, mostly in the developed and developing countries (Rowland & Mjelde, 2016).

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¹Department of Political Science, Mountcrest University College, Accra, Ghana

²Law and Administration Departments, University of Raparin, Ranya, Iraq

³International Relations & Diplomacy, Faculty of Administrative Sciences and Economics, Tishk International University, Erbil, Iraq

Surprisingly, relatively few studies have looked at how the political and economic processes influence natural resources policies (Dale, Veland, & Hansen, 2018; Naylor & Higgins, 2017).

Presently, there appear to be limited literature on how these political economic factors, institution, networks, and power, influence the pricing of petroleum products in a sub-Saharan African country like Ghana. This present study is going to fill the literature gap by examining how institutions, networks, and powers influence the pricing of petroleum products in Ghana. More importantly, scholars (Broda, Krüger, Schinke, & Weber, 2018; Gaudet, 2007) who have worked on the political economy of fuel have not demonstrated enough theoretical proof regarding how the political economic processes influence the pricing of fuel in the developing countries. The available studies on fuel pricing are often based on the rational choice theory or Hotelling's theory (Brandt, 2010; Rowland & Mjelde, 2016). Hotelling's theory argues that owners of nonrenewable resources will only produce a supply of their basic commodity if it can yield more than available financial instruments (Gaudet, 2007). Rational choice theory relies on rational assumptions to achieve outcomes (Broda et al., 2018). Though rational choice and Hotelling theories have been used in other natural resources literature (Broda et al., 2018: Gaudet, 2007), nevertheless, these theories may not appropriately explain how political economic factors such as institutions interact to influence the pricing of fuel.

This research, drawing on the political settlement theory examines how powers, institutions, networks, and interests influence the pricing of petroleum products in Ghana.

This study will contribute significantly to existing knowledge and add value to practitioners, academics, and policymakers by specifically examining the power struggles among the key actors involved in the pricing of petroleum products in Ghana. The study will help policymakers in the energy policy formulation process not only in Ghana but also in other developing countries as well. Practitioners would understand the petroleum market better with this study; this would enable them in the fuel pricing implementation. The study will also unpack the interests of the actors in the pricing of fuel in Ghana and their policy outcomes. The findings of this research is expected to provide an insight and in-depth understanding on how actors interact to shape the pricing of petroleum products.

The study continues with a discussion of the theoretical framework and reviews extant peer-reviewed literature pertaining to political economy. The research strategy is explained followed by the results and discussions. The paper concludes by discussing the implications, recommendations for the research and practice as well as future research. References follow afterwards.

2 | THEORETICAL FRAMEWORK

2.1 | The political settlement theory

The theoretical basis of this study hinges on the political settlement approach that emerged during the 1990s out of a critique of new institutional economics developed by Khan (2005, 2010). The theory has developed through various research works (country level and

individual level) on development in the developed and developing countries (Oduro, Awal, & Ashon, 2014).

The political settlement theory was considered appropriate by the researcher due to the research objectives the researcher hopes to address. The study examines the relationships and interactions between actors and institutions that shape the outcome of policies. Recent study by Frederiksen (2019) has posited that the relationships and interactions between actors in an organization concerning the outcome of a policy is due to political settlement.

According to a recent study by Khan (2018) on "political settlements and the analysis of institutions," Khan argued that the political settlement theory looks at how organizational power should be distributed or balances so as to understand the economic and the political effects of institutions and policies. Institutions describe the rules that determine policies and the allocation of resources (Khan, 2018).

Nevertheless, Kelsall (2018) responded to Mushtaq Khan's view on political settlement in the study, *Towards a Universal Political Settlement Concept: A Response to Mushtaq Khan.* Kelsall (2018) acknowledge Khan's contribution on political settlement and further indicated that the political settlement framework has been influential in the recent development studies literature (Abdulai & Hickey, 2016; Oduro et al., 2014). Studies by Oduro et al. (2014) and Abdulai and Hickey (2016) have demonstrated through their researches how development can be achieved through the political settlement approach.

Kelsall (2018) has critiqued and questioned Khan's political settlement framework. The scholar has questioned the concepts, methods, and analysis used by Khan. Kelsall (2018) argued that the political settlement by Khan suffers from methodological, conceptual, and analytical ambiguity.

Khan (2018) replying to the concerns raised by Kelsall (2018) in the study, *Power*, *pacts and political settlements*: A *reply to Tim Kelsall*, indicated that there are gaps in how Kelsall (2018) analysed his view on political settlement. Khan (2018) through his response to Kelsall (2018) argues that to be consistent with everyday meaning, as well as to ensure analytical usefulness, a political settlement has to be defined. Khan defined political settlement as an "agreement among powerful social groups that ends a conflict and sustains a set of institutions and a distribution of power that delivers an acceptable distribution of benefits" (Khan, 2018).

On the benefits on political settlement to this study, Khan (2010) has indicated that political settlement is generally used to describe the informal power arrangements or "social order" in a state or an organization. The political settlement theory has emerged as a framework for explaining and analysing the relationships and interactions between elites, powers, and institutions. Political settlement explains why apparently similar institutions perform very differently in different situations (Khan, 2010).

Khan (2010) further submitted that a political settlement is a "combination of power and institutions that are mutually compatible and also sustainable in terms of economic and political viability."

However, in this section of the research, the political settlement theory is presented in order to gain deeper insight into the concept and how it can be applied to the contemporary issues of petroleum products pricing in Ghana. This framework is considered appropriate for this study because it helped the researcher explain how actors and institutions interact to shape the pricing of petroleum products in Ghana.

2.2 | Conceptual framework

The conceptual framework of this study is adopted from the political settlement theory used in this study. The conceptual framework developed was necessary so to give clearer understanding to the theory and how it can help address the objectives of the study. The concepts in the political settlement framework such as institutions and actors among others have been put together to form the conceptual framework

From the framework (Figure 1) below, concerns about the pricing of petroleum products from the environment (public) get to the actors who formulate and implement the pricing of fuel through petition, demonstrations, or debates. The actors (state and non-state actors) operate by formal and informal rules and procedures. The concerns by both state and non-state actors are addressed through dialogue, negotiation, collaborations, and interactions. When these processes are properly handled and addressed, it would lead to good governance, economic growth, political stability, transparency, and flexibility. Nevertheless, if the issues and concerns from the environment with regard to the pricing of petroleum products are not properly addressed, it may lead to political instability, stagnation, and bad governance.

2.3 | The political economy

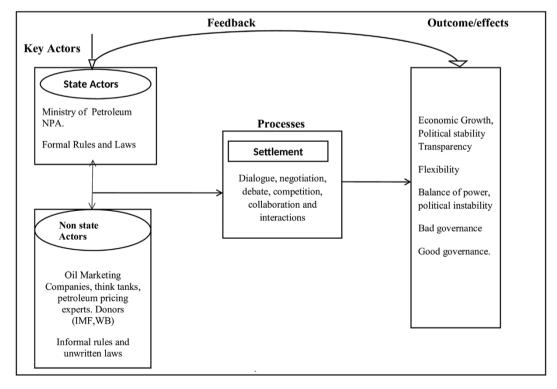
Political economy is a strategic concept in analysing the effectiveness of development among countries. The Department for International Development (DFID) has defined political economy to mean the interactions between the political and economic processes in a country that focuses on how power and wealth are distributed among individuals and different groups and the processes that enhance, sustain, and transform these processes (DFID, 2009). The processes in the political economy concept are linked with the politics and economic processes that will generate resources and influence how political choices are made.

Political economy analysis is very useful, especially for development practitioners. This is because it helps the practitioners to understand how political behaviours of groups are driven. The concept helps to know how policies and programmes of countries are shaped.

Moreover, political economy helps in understanding the interests and concerns of different groups in the society.

Political economy helps political elites create effective policies, which outcomes promote development. Nevertheless, if policies formulated by political elites are not strong, it will hinder development (DFID, 2009; Newton, 2001).

According to the political economy literature (Abdulai & Hickey, 2016; DFID, 2009; Khan, 2017), political economy evolves around the following concepts, powers, institutions (laws, rules, customs, and values), and networks, that shape and influence the policies of governments.



Source: Akosa, 2016

FIGURE 1 Conceptual framework. Abbreviations: IMF, International Monetary Fund; NPA, National Petroleum Authority; WB, World Bank

The concept of *power* used in this study refers to the *holding power* that was explained in recent studies (Abdulai & Hickey, 2016; Khan, 2017). Abdulai and Hickey (2016) used holding power in their study, *The politics of development under competitive clientelism: Insights from Ghana's education sector*, to explain the politics behind the distribution of resources in the educational sector.

A similar study had been conducted by Tom Goodfellow (2014) before the study by Abdulai and Hickey (2016). Goodfellow (2014) used holding power to explain Rwanda's political settlement and the urban transition. However, a recent study by Behuria, Buur, and Gray (2017) has defined holding power as the capability of an individual or group to engage and survive in struggles. The researcher of this study sees holding power as the energy that keeps groups or individuals moving in spite of difficulties or struggles. There is holding power when groups or individuals have the capacity to impose costs on others and also the capacity to absorb costs inflicted on them (Behuria et al., 2017).

It must be noted that institutions also play significant roles in achieving political settlement. North (1990) defined institutions as the rules of the game. Institution is seen as a crucial political economy variable that helps in structuring policymaking in ways that favour some outcomes over others. Institutions guide the interactions, negotiations, competitions, and collaborations of the actors involved in influencing policy decisions. Helmke and Levitsky (2004) referred to institutions as the "rules and procedures that structure social interaction by constraining and enabling actors' actions and inactions."

Networks refer to empirically set of actors and their relationships (Shearer, Abelson, Kouyaté, Lavis, & Walt, 2016). Networks look at how individuals or organizations are involved in the policymaking processes and how they are connected vis-à-vis through relationships. The governance or management structures that are set aside with agency to act strategically are also referred to as networks. It can be deduced from the literature of Shearer et al. (2016) that networks involve group of actors and their relationships.

2.3.1 | Actors in the pricing of fuel in Ghana

There are individuals and organizations whose actions and inactions influence the pricing of petroleum products. These individuals and organizations are known as actors (Akosa, 2016). According to Cahn (2013) actors are grouped into state and non-state actors. State actors operate by formal institutions, whereas non-state actors operate by informal institutions. State actors in the petroleum downstream may include Ministry of Energy (MoE) and the National Petroleum Authority (NPA; Energy Commission, 2013). Non-state actors, on the other hand with regard to the petroleum downstream, may include the oil marketing companies (OMCs), bulk oil distribution companies (BDCs), and energy think tanks among others (Ohemeng, 2005).

2.3.2 | The petroleum downstream in Ghana

The petroleum downstream sector is actual where the petroleum policies are implemented. The study actually focused on the petroleum

downstream to look at how the prices of petroleum products are influenced. When it comes to the petroleum industry, there are the petroleum upstream, middle stream, and petroleum downstream (Amponsah & Opei, 2014). Literature by the Organisation of the Petroleum Exporting Countries (OPEC, 2012) has revealed that the petroleum downstream involves the refining, transportation, product storage, distribution, and retailing. A research by Ambituuni, Amezaga, and Emeseh (2014) on the safety and environmental regulations for downstream petroleum industry operations in Nigeria links with OPEC (2012) view of the petroleum downstream. According to Ambituuni et al. (2014) proper management of the petroleum downstream contributes effectively to the growth and development of the petroleum sector.

In Ghana, Amponsah and Opei (2014) have posited that the growth of the petroleum industry is highly dependent on ensuring that petroleum products produced at the downstream are distributed consistently through efficient and supply system. The literature by Amponsah and Opei (2014) reflects the views by OPEC (2012) and Ambituuni et al. (2014) on the petroleum downstream.

Moreover, literature by Amponsah and Opei (2014) have revealed some of the actors in the petroleum downstream. According to the scholars (Amponsah & Opei, 2014), the actors implement and influence the pricing of fuel. They are the Ministry of Petroleum, NPA, OMCs, BDCs, and think tanks: Africa Centre for Energy Policy (ACEP).

3 | METHODOLOGY

The logical moulds that influenced the study is the interpretive assumption of research (Scotland, 2012). The interpretive research paradigm or philosophical assumption holds that individuals build their own personal interpretations and understanding to the experiences they encounter in the field of research in which they live and work (Creswell & Tashakkori, 2007).

The researcher adopted the qualitative approach in its data collection, analysis, and discussion. The qualitative method is deemed appropriate for this research because it enhances knowledge and deepens understanding on how actors interact to influence the pricing of petroleum products in Ghana. The study employed a qualitative research in the sense that it requires an in-depth understanding of how actors influence petroleum product pricing.

The population of the study was all actors in the petroleum downstream who are involved in the pricing of petroleum products in Ghana. However, the accessible populations were the key actors in the petroleum downstream who implement and influence the pricing of fuel. They are the MoE, NPA, OMCs, BDCs, and think tanks: ACEP and an energy policy expert from the Kumasi Institute of Technology and Environment. The respondents from these organizations were experienced officials who have been in the petroleum industry for over 10 years.

The researcher employed two sampling techniques. They were convenience and purposive techniques.

Purposive sampling was used to select the six organizations, four non-state actors, and two state actors. Actors selected were information rich and had greater insight and characteristics relevant to the research objectives. Moreover, through the convenience sampling, the researcher selected the organizations and the respondents on the basis of their accessibility.

In all, 24 respondents were sampled for the study. Qualitative data were gathered through oral interviews of eight respondents from the NPA, eight respondents from the MoE, three respondents from the Association of OMC, two respondents from LHS Energy Ghana (BDC), two officials from ACEP (energy think tank), and two officials from the Kumasi Institute of Technology and Environment (KITE), energy and environment research institute.

The aim of the sampling technique was to ensure that the key or main actors in the pricing of petroleum products are interviewed for the study (Yin, 2009).

Summary of the sample size is shown in Table 1 below:

The study combined both primary and secondary data. Primary data were gathered through a semi-structured interview guide matrix for the in-depth interview schedules. The secondary data were drawn from scholarly journal articles, relevant books, and reports from recognized institutions (such as the World Bank, IMF, and NPA) that were related to the study.

The official instrument for the study was an in-depth interview guide matrix. The interview guide matrix was designed to moderate

TABLE 1 Sampling summary

Organisation/actors	No	Position	Total
Ministry of Petroleum	1	Deputy Chief Director	8
	1	Director Petroleum Downstream Dept	
	6	Officials Petroleum Downstream Dept	
National Petroleum Authority (NPA)	1	Head, Pricing Unit	8
	1	Monitoring Unit	
	6	Research officials	
Oil Marketing Companies (OMCs)	1	Business/Price Analyst	3
	2	Official OMCs	
Bulk Distribution Oil companies (BDCs) LHS energy Ghana	1	Executive Director	2
	1	Official	
African Centre for Energy Policy (ACEP)	1	Head of the Policy Unit	2
	1	Researcher	
Kumasi Institute of Technology and Environment, an energy and environment research institute	1	Executive Director	1
Total	24		24

Source: Author's construct

the interviews in order to carry out the research. The interviews that were conducted were face-to-face interviews with the respondents. The interviews that were conducted by the researcher were tape recorded. However, at the NPA, the researcher was not allowed to record the respondents due to the security situation at the NPA. This implies that the eight respondents from the NPA were not tape recorded. The researcher noted down all the responses from the NPA officials in the researcher's notebook. With regard to the respondents who were tape recorded from other respondents, they were 16 in number.

It is important to note that all the interviews that were tape recorded were transcribed with the support of the Google document software. A verbatim transcription of the data collected was done to ensure reliability and validity of findings for the qualitative research.

The interview and discussion questions were adapted from the works done by Amponsah and Opei (2014). Data were collected in a 5-month period (September 2017 to January 2018) during respondents' available time. The research objectives served as a guide to the identification and selections of the themes. The data analysis was done on the basis of the themes that emerged from the discussions and interviews in relation to the research questions to enable the researcher to make logical deductions and conclusions (Miles, Huberman & Saldana, 2013).

4 | RESULTS AND DISCUSSIONS

The results and the discussions of the study are presented and discussed in accordance with the objectives of the study: to examine the power struggles among key actors involved in the pricing of petroleum products in Ghana and to unpack the interests of the actors and their policy outcomes.

4.1 | Powers and interests of actors

In this section, the powers and interest of the key actors in the fuel pricing in Ghana are presented and discussed.

The key actors that implement the pricing of petroleum products in Ghana according to majority of the respondents are the NPA and MoE (state actors) and the OMCs (non-state actor). However, it was further revealed by the respondents that there are other actors who may not be seen as the main actors in the pricing of fuel in Ghana but they are influential in the pricing formulation. They are the BDCs and energy policy think tanks. Nevertheless, the actor that has been mandated by the Government of Ghana to oversee the management of the petroleum industry with other actors is the NPA. It is important to note that the MoE (state actor) has powers in formulating policies regarding the pricing of fuel in Ghana. The MoE is the policymaker who develops the policies and gives other actors the capacity to implement them. Though the NPA is the main actor in implementing the prices of fuel in Ghana, MoE sees the NPA as one of its agencies under the MoE. In exercising their mandates as state actors, MoE

ensures that other actors do the right thing on the basis of the policies they have formulated.

Moreover, the non-state actors, OMCs, BDCs, and energy policy think tanks see themselves as relevant and key players in the petroleum downstream. For instance, when it comes to the investment and setting up of pump stations, it is the mandate of the OMCs. They decide to sell or not to sell fuel.

A respondent said,

"the control and ownership of the filling stations is our preserve rights" (interview with respondent, OMC, February 9, 2018).

The issue raised by the OMCs with regard to their control and ownership of the pump stations in Ghana may be true because Shell, Total, and Unity Oil among others are the properties of individuals and other private organizations. For example, when all fuel pump stations owners decide that they will not sell their fuel to consumers in a day, the consequences would be huge. Businesses would be affected. Transport owners would be affected. The industries would not be left out also.

However, not all OMCs in Ghana are private (GOIL, 2018). There is an OMC called the Ghana Oil Company Limited (GOIL), which is a government-owned company.

Non-state actors also exercise what is called the "court of public" opinion in the pricing of fuel. What this means is that some energy policy think tanks (for instance, ACEP) educate and inform the public about the pricing of petroleum products in Ghana.

In a current study by Khan (2018), in a reply to Tim Kelsall (2018) on *Power*, *pacts and political settlements*, Khan (2018) stated that state actors exercise a lot of powers in their bid to implement policies. This kind of power is a called the holding power. With regard to the state actors, they are given powers to act according to the Constitutions of Republic of Ghana.

In spite of the powers that the actors in the pricing of petroleum products exert, they have some interests. The consumer interest has become more paramount to the state actors. It must be noted that 20 out of the 24 respondents representing 83% response rate said consumer interest is one of their major interests.

Although the state actors focus on winning the public, they are also interested to win the hearts of the people. The MoE ensures that consumers of petroleum products are not victimized or mistreated by buying overly inflated fuel at the various fuel pump stations. State actors see to it that consumers do not suffer from the high prices of petroleum products from the market.

Also, fair play and peaceful market are areas that interest the state actors. One respondent posited:

"We want to see to it that all players are involved in the pricing of petroleum products and are treated fairly in such a way that competitions with the OMCs are fair" (interview with respondent, MoE, February 15, 2018). However, the major non-state actors (OMCs and BDCs) in the pricing of fuel are interest in making decent returns like other businesses. This may account for the reasons why some pump stations charge higher prices of fuel than others.

Another area of interest to the state actors is the economy. The state actor (government) is to ensure that there is stability in the pricing of petroleum products in the market. State actors ensure that there is enough fuel in the country.

4.2 | Power struggles among key actors

The powers and interests of the actors in the pricing of fuel have been discussed in the previous section. However, before unearthing the power struggles among the key actors in the pricing of fuel, it is appropriate to tease out the most powerful among the key actors in the pricing of fuel in Ghana.

On the most influential and powerful among the key actors, data gathered (19 out of the 24 respondents representing 79% response rate) revealed that the regulator, which is the NPA is influential in determining the prices of fuel.

The respondents revealed that the NPA is the most influential in the pricing of fuel in Ghana due to their decisions concerning pricing of fuel and the implementation of the fuel policy.

The NPA is influential in determining the pricing of fuel in Ghana because it decides on everything regarding the pricing of petroleum products. One of the officials at the NPA indicated:

"the NPA is like a referee on the pitch and can decide on anything in relation to the pricing of fuel" (interview with respondent, NPA, March 15, 2018).

The NPA Act 691 gives the justification to why the NPA is powerful and influential in the pricing of petroleum products. NPA has 84 provisions in the NPA Act 691 that empower the authority to function effectively and take decisions concerning the pricing of fuel in Ghana.

Another reason why the state actor (NPA) is considered more powerful in determining the price of petroleum products in Ghana is that it monitors the petroleum pricing policies to ensure that all other actors conform to the fuel policy decisions.

The NPA is more powerful than the other actors in the pricing of fuel in Ghana according to one respondent at the NPA:

"on the 6th May 2016, the CEO of the NPA ordered a task force to the Western, Upper West, Upper East, Northern and the Volta regions of Ghana to ensure that the rules and regulations regarding petroleum price deregulation are duly followed by the Oil Marketing Companies in those areas. The task force were mandated to check how fuel prices are displayed and how dispensers at the filling stations are working in those regions" (interview with respondent, NPA, March 15, 2018).

The above example shows that the NPA can close fuel pump stations that are not operating legally. They also ensure that all actors abide by the rules and regulations regarding the fuel pricing policy.

After the respondents have revealed that the NPA is powerful among the actors, the researcher was concerned and wondered about the other actors: OMCs, Tema Oil Refinery, Bulk Oil Storage and Transportation Company Limited, and BDCs among others. Are they not also important and powerful?

Majority of the respondents at the NPA disclosed that the actors are important in the pricing but they are all active players in the petroleum downstream. For instance, Bulk Oil Storage and Transportation Company Limited has to maintain the strategic reserves, and Tema Oil Refinery refines most petroleum products for the oil market.

Study by Amoah (2011) has supported the findings of the respondents concerning the influence of the NPA in the petroleum downstream. Amoah (2011) has posited that, by law, the NPA is mandated to oversee and monitor the pricing of petroleum products in Ghana in order to ensure efficiency, growth, and stakeholder's satisfaction. The NPA issues license and can withdraw the license required to operate in the petroleum downstream; this has made them the practitioners when it comes to the pricing of fuel.

More importantly, what makes the NPA more powerful is how the chief executive officer (CEO) is appointed. The CEO is appointed by the President of the Republic of Ghana in accordance with Article 70 of the 1992 Constitution of the Republic of Ghana. However, Idun-Arkhurst (2012) have linked the kind of power and influence by the NPA to a type of political settlement called the *competitive clientelism*. Competitive clientelism implies the use of electoral competition to gain control of the realms of the state and the distribution of resources to the rank and file of ruling coalitions.

4.2.1 | Mechanisms for influencing fuel prices

Actors influence the pricing of petroleum products in several ways. Majority of the respondents who spoke about how actors influence the pricing of fuel revealed that the key actors influence fuel prices through taxes/levies, policy guidelines, exchange rate, and legal actions against the government.

The first is through taxes. When it comes to introducing taxes and levies in the country, the government is responsible for this act. The government influences petroleum prices by introducing new taxes or removing taxes. When government introduces new taxes, what it means is that the prices of petroleum products will increase. When the price of fuel products increase, they affect all sectors of the economy, in terms of transportation and agriculture among others.

All other things are being equal, when government removes or decreases taxes; what it shows is that the prices of fuel will decrease. This will cause the prices of goods and services to also decrease. An official interviewed revealed:

"About 45 percent of the price component in the petroleum price build-up comes from taxes and levies. So if government adds more taxes, it will increase the

prices of petroleum products and become a burden on the people" (interview with respondent, NPA, March 15, 2018).

Second, actors influence the prices of petroleum products through the policy guidelines by the NPA. Ghana is now in the deregulation regime where the forces of demand and supply determine the prices of fuel. However, the NPA still gives policy guidelines that show the OMCs and BDCs how to price their products. There is price ceiling that the NPA gives to the petroleum service providers that guides them on the percentages to price their products. With this, you cannot go beyond this price ceiling given.

The third one is the exchange rate, which is also a major component in the pricing of fuel. The exchange rate is as a result of government policy so the monetary and fiscal policy determines the exchange rate. So if the government does well and the economies are good, the exchange rate will be okay.

Furthermore, on the issue of how actors influence the pricing of fuel, another means is by taking legal actions against the government. Governments are sometimes taken to court to demand clarity in the petroleum pricing policy.

Through this legal action, respondent said:

"I will say that it even serve as a check and actually get the people to pay attention to what goes on in the pricing policy" (interview with respondent, think tank [ACEP], March 15, 2018).

An instance to support the legal actions claim against the government according to a respondent at ACEP was when, in 2013, Mr. Kwaku Kwarteng who is a member of parliament took the regulators of fuel to court for charging too many taxes/levies on fuel and are illegal. He won the case at the court that some of the taxes the regulators have collected were illegal and the government should refund them. However, after the court's ruling; thus, for 2 to 3 years now, the government has not taken off some of the taxes. Those taxes are still being collected even though the court said they are illegal. Linking this instance to literature, Raymond and Weldon (2014) argued that the informal institution influences and shapes a policy by reinforcing existing norms that promote desired social change in the society or organization, challenging existing norms that obstruct change in the country, by invoking alternative norms to create new policy opportunities and creation of new norms to enhance policy development in the state.

4.2.2 | The power struggles

Because the powers and how actors influence the pricing of fuel have been disclosed in the preceding section, it is appropriate to discuss how they (actors) react among themselves towards the pricing of fuel. It is interesting to reveal that 17 out of the 24 respondents representing 70% response rate indicated that there are power struggles among the actors involved in the pricing of fuel in Ghana.

Power struggles among actors in the pricing of petroleum products according to the respondents interviewed can be seen in the areas of conflict of interest among actors, separate views by the NPA and other petroleum service providers, BDCs who are OMCs, and energy sector levy.

Khan (2017) and Abdulai and Hickey (2016) have referred to this power as the holding power. Abdulai and Hickey (2016) used holding power in their study, *The politics of development under competitive clientelism: Insights from Ghana's education sector*, to explain the politics behind the distribution of resources in the educational sector.

A study by Behuria et al. (2017) has defined holding power as the capability of an individual or group to engage and survive in struggles. The holding power results as different groups or organizations contest in the distribution of resources. The balance or distribution of power is among competing social groups or classes. The process of balancing power or resource distribution among competing groups brings about the power struggle (Di John & Putzel, 2009). In the pricing of fuel, there are groups such as the state and non-state actors who struggle and compete over the pricing of petroleum products. Relating the power struggles to the pricing of petroleum products in Ghana, an official at the MoE disclosed that

"Power struggle in the pricing of petroleum products is seen as when actors in the pricing of fuel try to mussel their way out during policy implementation" (interview with respondent, MoE, April 5, 2018).

Conflict of interest among the state actors

In determining the prices of petroleum products, there are sometimes conflicts or struggles between the MoE and the NPA. The MoE formulates the petroleum pricing policy and may want certain things to be done in certain ways. The NPA on the other hand is the regulator. The NPA is composed of the technocrats, people with the technical know-how in the pricing of fuel. They may also want things to be done in their favour. This may result into power struggles among the two bodies.

A respondent revealed from the MoE stated:

"As a matter of fact, there are always friction and struggles in the petroleum downstream through interfering in the activities of organizations of the state" (interview with respondent, MoE, April 5, 2018).

Separate views by NPA and other petroleum service providers

A specific instance given by one of the respondents concerning the power struggles was that

"In July 2015, the NPA had given directives to the OMCs about how petroleum products should be priced. The policy was that all petroleum service providers should apply the prescribed pricing formula

when selling fuel to consumers. But it appeared that majority of the BDCs and OMCs were not complying with the NPA directives" (interview with respondent, ACEP, March 3, 2018).

According to a respondent, the actual indicative prices of fuel at the fuel pump stations should have been GHC 3.29 pesewas per litre and GHC 2.92 pesewas per litre for petrol and diesel respectively in July 2015. But the BDCS and OMCs were not charging these prices. Some of the BDCs and OMCs were charging different prices above the normal prices. Policy think tanks like ACEP saw this as a cheat on the citizenry and threatened to sue the BDCs and OMCs at the law court for charging illegal and unwarranted fuel prices.

Nevertheless, the BDCs and OMCs responded to the issues raised by the policy think tanks and argued that there were existing stocks that needed to be sold before implementing the policies initiated by NPA. That was the reason they were charging different prices.

BDCs who are OMCs

Moreover, there was another power struggle among the BDCs and OMCs. There are some OMCs who are also BDCs, for example, Shell and GOIL. These OMCs sell to consumers of fuel and at the same time also import through their BDCs.

A respondent revealed that if there are OMCs that sell to consumers their fuel and at the same time import, it means they are creating integrated market. The cost of operations will be lower than other OMCs that do not import their own fuel. In view of this, the smaller oil companies are collapsing. It appears the stronger OMCs perform the roles of BDCs by importing their own fuel. This according to the respondents is *price power play* among OMCs and BDCs.

A respondent revealed:

"On the 1st of February 2016, GOIL reduced their fuel price by 4 percent. And if you want to compete with them, you have to reduce" (interview with respondent, ACEP, March 3, 2018).

Meanwhile, maybe if other OMCs are reducing by 4% as GOIL was implementing, they would make losses. However, GOIL has this advantage because they are BDCs and at the same time OMCs. GOIL have their own tankers, but other OMCs have to rent a tanker before they can get oil. This is affecting the smaller companies.

The energy sector levy issue

According to the business and price analyst at the OMCs, there have been a lot of power struggles in the pricing of fuel. A specific example of power struggle in the pricing of fuel was the implementation of the energy sector levy. There was an increase in the petroleum prices between 18% and 27%. There is a power struggle because the energy sector levy is an issue that is going to affect the prices of fuel in the country, and the petroleum industry and other actors have a stake in it too; conflicting interests by actors will cause power struggles among actors in the pricing of fuel.

A respondent from the Association of OMCs indicated the reason for the energy sector levy introduced by the government in these words:

"The Government needed to settle certain debt that they own the BDCs and other companies and they needed an extra amount of money to offset that debt. They also needed a certain amount of money to cushion the road fund and because of that, they went ahead to introduce the tax" (interview with respondent, OMC, March 10, 2018).

4.2.3 | How struggles among key actors are resolved

After the competitions and struggles among social groups and classes (Di John & Putzel, 2009) as in the case of the actors involved in the pricing of petroleum products, there should be a way to resolve issues. Khan (2018) has suggested that the political settlement approach would help resolve such struggles among the actors. Political settlement looks at shaping common understanding between competing groups or classes by serving their interests.

To resolve the struggles among competing groups, it demands that actors in the petroleum downstream consider the interests of various actors and devise an appropriate mechanism such as effective and peaceful dialogue, negotiation, collaboration, and understanding among the competing groups. These variables (effective and peaceful dialogue, negotiation, collaboration, and understanding among the competing groups) are shown in the settlement box of the conceptual framework of this study.

Respondents indicated that the illegal and unwarranted prices of fuel can be resolved when the NPA continues to monitor the prices of fuel charged by the BDCs and OMCs so as to ensure stable prices of petroleum products. The NPA from time to time should educate the public very well about the introduction of any tax or levies.

4.3 | Actors' interests and policy outcomes

On the basis of the findings and discussions done so far, it can be seen that the actors involved in the pricing of fuel are influential. They also have their interests. However, the researcher wanted to find out who among the actors interests result in policy.

Majority of the respondents revealed that some actors influence results into policy. The actors identified by the respondents were the NPA, BDCs, IMF, and energy policy think tanks.

Some respondents interviewed disclosed that the NPA interests and influences sometimes results in policy. The reason for this response was that the NPA from time to time gives technical advice and recommendations to the government on how petroleum products should be priced. The NPA comprises people with technical skills and training that can be used to affect petroleum pricing decisions.

Other respondents indicated that when it comes to the actors whose influence results into policy in the petroleum downstream, it is the BDCs who bring the petroleum products into Ghana. According to a respondent,

"The fuel deregulation policy came as a result of some influences from the BDCs. The Government didn't want all the costs to be passed onto the consumers when the international market price of oil increases" (interview with respondent, LHS, February 5, 2018).

Respondents suggested that the Government of Ghana should absorb or subsidize some of the cost of the petroleum products that the BDCs import into Ghana so that the consumers of fuel are not burdened.

Apart from the NPA, as well as BDCs, another actor that the respondents revealed was the IMF. This is an international and a non-state actor. Not just the BDCs influence results into policy but also the IMF

One of the respondents revealed:

"The IMF suggested to Ghana that if it needed loans for development then no more subsidies" (interview with respondent, KITE, May 5, 2018).

This directive from the IMF might have influenced Ghana to adopt the deregulation policy of pricing petroleum products in Ghana.

An interview with a respondent from the ACEP disclosed that think tanks or civil society organizations interest influence policy outcomes

According to a respondent:

"Recently the Government of Ghana has introduced the energy debt recovery levy. This came as results of some of their calls for the policy" (interview with respondent, KITE, May 5, 2018).

Energy think tanks have supported and been campaigning for the deregulation petroleum pricing in Ghana. Think tanks called the government to allow Ghanaians pay the realistic price to the implementation of the deregulation policy. They have become the watchdog in the petroleum price deregulation regime.

It has been disclosed by the respondents that when it comes to whose influence results into policy, it is the NPA, BDCs, IMF, and think tanks. However, the kind of democracy or system of governance that is in Ghana does not allow actors to function effectively. All these actors are independent bodies and are supposed to function autonomously. However, with the majority of the executive body in parliament, the oversight that parliament is supposed to give or provide does not exist because everything that goes to parliament gets passed.

Nevertheless, if Ghana has had a hung parliament where the ruling government have the minority in parliament, then some of these things should have been checked and scrutinized and some of the objections should be taken into consideration.

Unfortunately, any person who wins the presidency in Ghana always has majority in parliament. This has been like that from the year 1992 to 2016 (where the last election was held). Because majority of the parliamentarians normally come from the ruling government, their interest always result into policy.

When the sitting government have majority of the ministers in parliament, everything that goes to parliament easily passes. Khan's competitive clientelism asserts that in developing countries, political stability is not maintained through fiscal policy but through the largely off-budget and selective accommodation of factions organized along patron-client lines' (Khan, 2005).

On the basis of the instances indicated above, it can be seen that if the researcher is looking at whose influence results into policy, it is always the state actors. This is because the system of governance that is in Ghana does not allow a lot of divergent views to be tolerated in the policy formulation process. This does not make policies very effective in Ghana.

5 | CONCLUSION

This study has shown the interplay between politics and the actors involved in the pricing of petroleum products in Ghana. Through the political settlement approach, attention has been drawn to key issues regarding how political economy factors like powers, institutions, and networks influence the pricing of petroleum products in Ghana. Respondents have linked the powers by the actors to holding power as indicated by Khan (2018).

The research identified the state actor (NPA) to be more powerful and influential in implementing the prices of petroleum products in Ghana due to the competitive clientelism of political settlement in operation. Actors such as NPA, BDCs, IMF, and energy policy think tanks interest results in policy. This form of political calculus (political settlement) shapes the manner in which petroleum products are priced in Ghana.

The findings of the study suggest the existence of power struggles among the key actors in the pricing of fuel. The findings revealed that the NPA, BDCs, OMCs, IMF, and energy policy think tanks influence result into policy. Actors influence fuel prices through taxes, policy guidelines, exchange rate, and legal actions. The findings of this study have significant implications for both theory and policy, particularly with regard to the recent issues on petroleum pricing politics and political settlements.

The findings of the study validate the assertions by Abdulai and Hickey (2016) that the government of the day, which comes to power through *electoral competition*, uses their mandate to influence policies. The political system in Ghana's Fourth Republic where majority of

parliamentarians belong to the ruling government make policies receive quick legal backing with the majority support. This accounts for why the state actor(s) are influential and powerful in determining fuel prices. This research will enable researchers know and analyse the critical issues regarding the political economic factors that shape the pricing of petroleum products. This study also proposes an appropriate framework to analyse political economy issues. The findings of this research would add more value to the energy practitioners, academics, and policymakers in Ghana, other countries in the sub-Saharan African countries, and the developed countries as well. The study recommends that capacity of the key players should be built by the Government of Ghana so as to ensure healthy competition and stability in the pricing of petroleum products in Ghana. Political interference in the pricing of fuel should be limited so that the key players can operate successfully in the petroleum downstream.

ORCID

Franklin Akosa https://orcid.org/0000-0001-6347-2783

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AUTHOR BIOGRAPHIES

Franklin Akos has an MPhil in Public Administration from the University of Ghana Business School, Accra, Ghana. He is a Lecturer and a Research officer at the Mount Crest University College, Accra, Ghana. Franklin's research interests includes; the political economy of natural resource, political economy of development, development studies, business ethics, strategic management among others.

Ahmad Paiman has PhD from the National University of Public Service-Faculty of Science of Public Governance and Administration, Doctoral School of Public Administration, in Budapest-Hungary. Currently she works in the University of Raparin Rania-Sulaimania-Kurdistan Region-Iraq, as a Lecturer in Law and Administration departments. At the same time, she is a visiting lecturer in the Tishk International University: International Relations & Diplomacy, Faculty of Administrative Sciences & Economics, Erbil- Kurdistan Region-Iraq. Ahmad's research interests are as follows: Energy governance, good governance, energy politics, Rentier economies, renewable energy and sustainable development in the developing countries. Besides, her Doctorate Dissertation was on "the Good Governance of Petroleum Sector 'oil' for Economic development: the case of Kurdistan Region of Iraq" Ahmad has participated in different international conferences, training, workshops and lectures including Germany, UK, USA, Hungary, Turkey, France, Croatia, Lithuania, Holland, and Ukraine, Besides she has different international scholarships including her MA-Bilkent UniversityRector's scholarship, and her PhD was Stipendium Hungaricum Scholarship.

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