

Revenue Watch Index

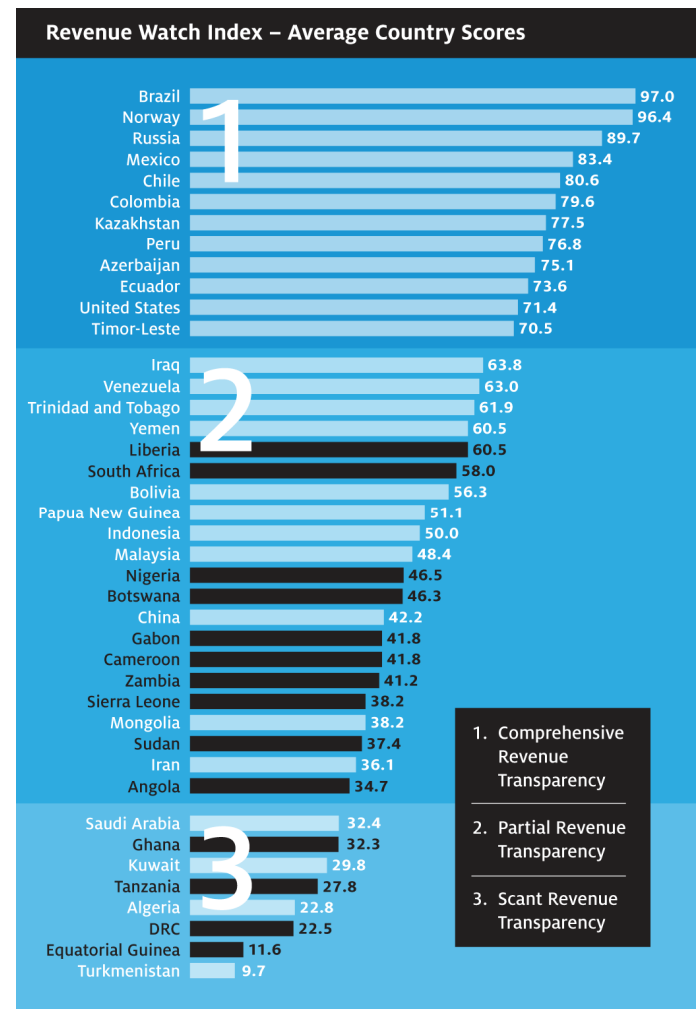
Sub-Saharan Africa and the oil, gas and mining industries

The Revenue Watch Index is the first attempt to measure and compare the information governments disclose about the oil, gas and mining industries, an especially important economic sector in Africa. From 2000 through 2008, mineral resources accounted for 24 percent of Africa's GDP growth. The region also has the world's biggest reserves of key minerals such as platinum, chromium, manganese and diamonds, and is an important producer of copper, gold and uranium. Transparency in the management of natural resources is essential to ensure that the revenues are effectively used for development in this region.

MAIN FINDINGS

Sub-Saharan African countries rank lowest in the Revenue Watch Index, with a regional average score of 38.6 out of a possible 100. Poor transparency on data detailing contracts and licensing procedures and lack of information on production and payments are prevalent in the region, notwithstanding efforts to improve governance. Liberia and South Africa are the region's top performers in the index, while the Democratic Republic of the Congo (DRC) and Equatorial Guinea register some of the lowest scores. The index, however, is not an assessment of perceived corruption in these countries or of effective governance. Transparency instead should be a means for citizens to assess whether revenues of extractive industries are used for development goals, and a means to hold their governments accountable for management of public resources.

Although some states have made significant advances in the quest to improve access to information, there is considerable



Country scores are constructed as an average of the Revenue Watch Index's transparency indicators. Countries are ranked according to their average score. To learn more and download report data, go to: www.revenuewatch.org/rwindex.

room for improvement. For instance, contract transparency remains limited; Liberia is the only African state that fully discloses contracts to the public. In Ghana, despite formal rules giving authority to parliament to ratify contracts, public access to the agreements remains limited. Only Angola, Tanzania and Zambia publish some form of environmental and social impact reports.

The index also identifies nine countries in the region (Angola, Botswana, Cameroon, Equatorial Guinea, Gabon, Ghana, Liberia, Nigeria and Sudan) that have some form of natural resource fund or account. However, the majority of them do not publish their principles for adding funds to those accounts or the criteria for disbursements. Nigeria and Sudan have made efforts to make transparent their transfers of resource revenue from federal to regional and local governments, in part to defuse political conflict. Regional and local governments, however, need to publish accountings of what they receive.

EITI AND AFRICA

Sub-Saharan is the region with the largest number of countries carrying out the Extractive Industries Transparency Initiative (EITI), which sets standards for companies to publish what they pay and for governments to disclose what they receive. The index identifies some countries that have a strong EITI performance but fail to achieve comprehensive revenue transparency. This highlights that in many of those countries, government agencies do not provide essential information to the public outside of EITI reports. It also is a reminder of the importance of EITI – and of need to go beyond its disclosure requirements.

In countries that have published EITI reports, some of these reports are still insufficient. An example is Nigeria, which has produced two EITI reports covering the fiscal years 1999-2004 and 2005. Those reports were published only after considerable delay – and no data has been released for years after 2005. Similar problems exist in Cameroon and Ghana. Governments need to improve their reporting practices and make disclosure of information a sustainable process instead of a one-time event.

In Cameroon and Gabon, civil society criticized EITI reports as superficial and insufficient for genuine transparency and accountability of the oil sector. Despite the reports' limitations, both countries have scores slightly above the regional average. In the case of Liberia, the EITI report is notably comprehensive and constitutes an example of good practice for this initiative.

OUR RECOMMENDATIONS

1. Contract transparency needs to improve substantially in all resource-rich countries, including in sub-Saharan Africa. Contracts, details about investment agreements and government revenue from the oil, gas and mining

industries should be open to public scrutiny.

2. Countries should require companies national and international operating within their borders to disclose detailed financial information on oil, gas and mining projects. At the same time, governments should clearly indicate the powers and responsibilities of institutions managing the extractive sector. These agencies in charge of collecting the revenue should also be required to provide comprehensive and credible information about their function and operations.
3. All resource-rich countries in the region should implement EITI.
4. Resource ministries should meet the same standard of public reporting as central banks, finance ministries and other public institutions controlling important public resources.
5. Governments should make periodic, comprehensive and timely reporting a mandatory requirement for state-owned natural resource companies.
6. Countries with natural resource funds should develop measurable benchmarks to monitor transparency and accountability of these accounts.
7. Governments should make information about transfers of revenues to regional and local governments available to all their citizens. Regional and local governments should be held to the same disclosure standards as national governments.
8. Parliaments need to make better use of their oversight powers to provide more effective checks on executive powers.
9. Governments in the region should improve their levels of transparency regarding reports about the environmental and social impact of the activities of extractive industries.

The Revenue Watch Index evaluates the availability of information in seven key areas of natural resource management: access to resources, generation of revenue, institutional setting, state-owned companies, natural resource funds, sub-national transfers and implementation of the Extractive Industry Transparency Initiative.

The index, which ranks countries according to their score out of a possible total of 100, can be an important tool for citizens, elected officials, civil society and media seeking greater access to resource information.