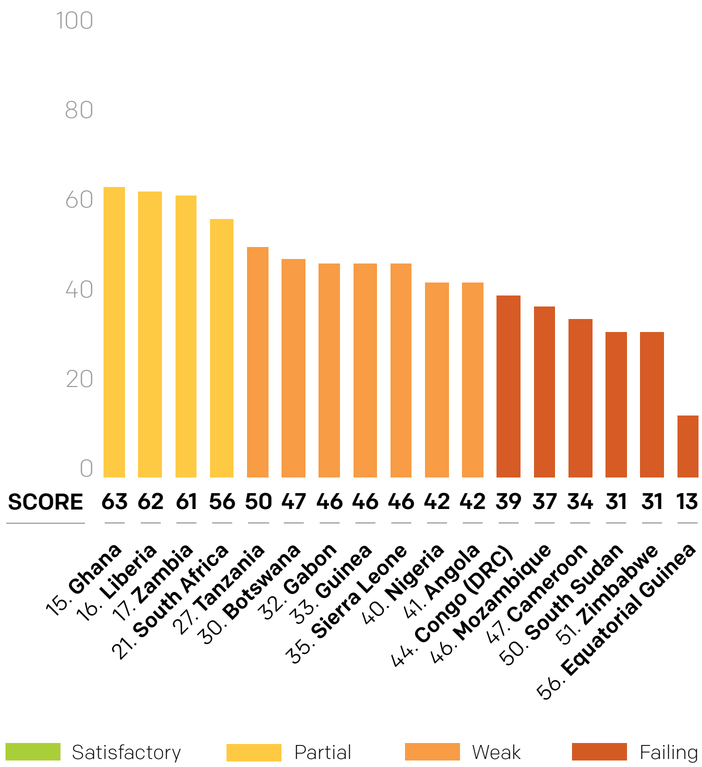
Sub-Saharan Africa

The Resource Governance Index measures the quality of governance in the oil, gas and mining industries, the dominant sector of many sub-Saharan African economies.[1]

Figure 1: Sub-Saharan Africa Index scores and ranking



Note: Ranks are out of 58 countries and appear in front of country names; composite scores appear below each column.

For the 17 African countries in the Index, fuels, ores and metal exports represented on average more than half of total exports in 2006-2011. In 2011, Nigeria's oil revenues alone were 60 percent higher than international aid to the entire continent. Good governance will ensure Africa's resource wealth contributes to sustainable economic development.

To determine how each country performs, the Index looks at four key areas of transparency and accountability:

1. **Institutional and Legal Setting:** the degree to which laws, regulations and institutional arrangements facilitate transparency, accountability and open, fair competition.
2. **Reporting Practices:** government disclosure of information.
3. **Safeguards and Quality Controls:** the presence and quality of checks and oversight mechanisms that encourage integrity and guard against conflicts of interest.
4. **Enabling Environment:** the broader governance environment, based on more than 30 external measures of accountability, government effectiveness, rule of law, corruption and democracy.

MAIN FINDINGS

While no African country earned an overall satisfactory score, Ghana, Liberia, Zambia and South Africa received above-average marks for mining sector governance. In contrast, South Sudan, Zimbabwe and Equatorial Guinea received failing scores (see Figure 1).

On **Institutional and Legal Setting**, Ghana, Guinea, Liberia, South Sudan and Zambia scored above 70, earning satisfactory scores. These nations have all recently reformed their oil or mining legislation to include some principles of open government. Angola and Equatorial Guinea, two of the region's most resource-dependent countries, do not require any reporting on the oil, gas or mining sector.

Not one of the 17 countries managed a satisfactory score on **Reporting Practices**. Zambia earned the region's highest score of 62. Only the Democratic Republic of Congo (DRC), Guinea and Liberia disclose extractive licenses and contracts with companies.[2] Across the continent, ministries of petroleum and mines release minimal information about sector operations and revenues, even when compared with other agencies in the country. In Cameroon, the DRC and Mozambique, Extractive Industries Transparency Initiative (EITI) reports are the best, and often only, source of information on oil, gas and mining revenues.

1. The RGI assessed the oil and gas sector in seven African countries (Angola, Cameroon, Equatorial Guinea, Gabon, Mozambique, Nigeria and South Sudan), and the mining sector in 10 countries (Botswana, the DRC, Ghana, Guinea, Liberia, Sierra Leone, South Africa, Tanzania, Zambia and Zimbabwe).
2. In Ghana, oil companies recently published some oil contracts but mining contracts are not disclosed.

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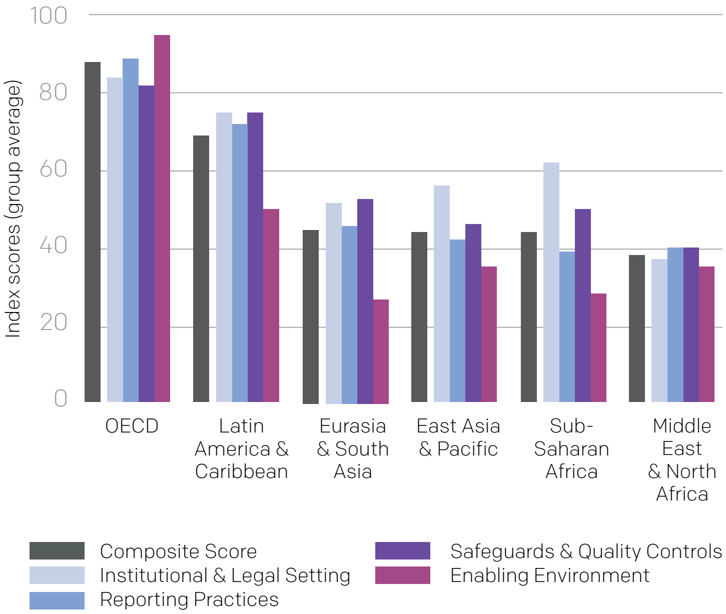
South Africa, Ghana, Zambia and Liberia earned satisfactory scores on **Safeguards and Quality Controls,** but most countries lack adequate mechanisms for limiting conflicts of interest, curbing discretionary powers of government officials and ensuring the quality of disclosed information. Ten of the 17 countries have insufficient checks on the licensing process. In Botswana, Equatorial Guinea and Guinea, the licensing authority often deviates from legislative principles and negotiates contract terms on an ad hoc basis. In 11 countries, the legislature does not scrutinize resource revenues and, in Cameroon, Equatorial Guinea and Mozambique, officials are not required to disclose information about their financial interests in the industries they oversee.

Angola, Guinea, South Sudan, the DRC, Zimbabwe and Equatorial Guinea performed poorly on every aspect of **Enabling Environment**. They lacked effective corruption controls, press freedoms and the rule of law—all essential preconditions to effective resource governance. On the other hand, South Africa and Botswana scored relatively well on these broader measures, suggesting that mining sector governance lags behind other areas.

REGIONAL COMPARISON

As a region, sub-Saharan Africa performs poorly, although there is noteworthy variation within the group, with Ghana scoring 50 points higher than Equatorial Guinea. The average country score of 44 out of 100 places the region below the Index average of 51; only the Middle East and North Africa received a lower score (see Figure 2).

Figure 2: Average country score by region and component



Note: The OECD region includes five countries; the Latin America & Caribbean nine countries; Eurasia & South Asia six countries; East Asia & Pacific 10 countries; Sub-Saharan Africa 17 countries; and the Middle East and North Africa 11 countries.

RECOMMENDATIONS

1. **Adopt freedom of information laws.** Only three of the 17 countries have freedom of information laws, which are critical to promoting accountability and guaranteeing the public has a say in how its resources are used.
2. **Disclose contracts with companies.** Publishing contracts allows citizens to evaluate the benefits their country receives in exchange for publicly owned resources and hold companies and the government to their contractual obligations. Contract disclosure is clearly feasible: the DRC, Ghana and Guinea already publish some agreements with extractive companies.
3. **Join the Extractive Industries Transparency Initiative.** In 11 of the 17 countries, EITI membership has led to greater transparency and created opportunities for public scrutiny. Highly resource-dependent countries like Angola and South Sudan should join the initiative to improve their investment climates and promote openness.
4. **Require resource ministries and regulatory agencies to publish timely, comprehensive data on each project.** Government agencies should provide information on their core functions, including license allocations, project revenues, and social and environmental impact assessments.
5. **Open state-owned companies to public scrutiny.** None of the African state-owned companies publish comprehensive reports on production, revenues or quasi-fiscal activities. These companies play a key role in the generation, management and allocation of resource revenues, yet often operate without effective public oversight.
6. **Publish timely reports on the assets, transactions and investments of natural resource funds.** None of the five African natural resource funds meet basic standards of governance and transparency. Issuing regular financial reports is a good first step toward ensuring these funds serve their purpose of stabilizing revenues and saving for future generations.

The complete Index, along with the full methodology and 58 country profiles, can be found at www.revenuewatch.org/rgi.

REVENUE WATCH INSTITUTE

The Revenue Watch Institute promotes the effective, transparent and accountable management of oil, gas and mineral resources for the public good. Through capacity building, technical assistance, research, funding and advocacy, we help countries to realize the development benefits of their natural resource wealth.

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