

The Capacity to Change

Building parliaments’ capacity to oversee the oil and minerals sectors in Ghana, Sierra Leone, Tanzania and Uganda

By Nancy Drost

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Summary

From 2009 to 2011, with support from the Bill and Melinda Gates Foundation, Revenue Watch conducted capacity-building projects for parliamentarians, civil society organizations (CSOs) and media in Ghana, Sierra Leone, Tanzania and Uganda. The pilot projects aimed to help parliaments improve the legal and regulatory framework governing extractives in their countries. Because effective oversight requires outside stakeholders as well, the projects also engaged civil society organizations and the media.

Initially, all four parliaments were failing to use their oversight powers effectively. Challenges included political and procedural constraints, poor technical understanding of the sector, limited awareness of tools and best practices for revenue management and a lack of informed media reporting and effective civil society oversight. The pilots improved parliamentary performance and policy outcomes in all four countries, and provided lessons for future capacity-building efforts.

Country context

Ghana: Ghana is the second-largest gold producer in Africa; its oil production is expected to more than double by 2015, to 250,000 barrels per day. Natural resource revenues could provide the basis for a robust economy, but Ghana’s management of the mineral sector has suffered from governance challenges that do not bode well for the coming oil boom.

Sierra Leone: Sierra Leone is rich in diamonds, gold, bauxite and other minerals. Mining produced 30 percent of GDP in 2007 and 80 percent of exports in 2008. There also is evidence of significant offshore deposits of oil and gas. Although Sierra Leone’s 2009 Mining and Minerals Law held out the prospect of better governance, the mining sector continues to suffer from corruption and weak oversight.

Tanzania: Tanzania is the fourth-largest gold producer in Africa, and is richly endowed with diamonds and other minerals. The mining sector accounted for 75 percent of foreign direct investment and 40 percent of the country’s exports in 2008. Still, mining contributed only 3.6 percent of tax revenues and 2.7 percent of GDP. Among the reasons are weak regulations and a lack of transparency.

Uganda: With estimated recoverable oil reserves of 800 million barrels, Uganda may soon earn \$2 billion a year from oil—more than the \$1.7 billion a year the country receives in foreign development assistance. However, the potential for corruption is high, due in part to the lack of transparency and the weakness of oversight bodies.

Over the course of the pilot program, RWI and its partners provided:

- **Comprehensive intellectual support:** Training, expert advice, briefings, written analyses and guides.
- **Building relationships:** To remedy the antagonism among parliament, civil society and in some cases media, RWI brought together all three groups for joint trainings and events.

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ABOUT THE AUTHOR

Nancy Dross, an independent consultant, was lead evaluator of RWI's parliamentary projects in Ghana, Sierra Leone and Uganda. RWI also thanks Emmanuel Kojo Sakyi, Kwasi A. Mensah, Nana N. Appiah-Agyekum, Godfrey Bwanika, Susan Najjuma and John A.K. Jingu.

“Personally, my capacity has improved, and I am [now] in a position to make meaningful contributions to debates in the extractive sector within and outside the country.”

– Hon. Amadu Kanu, Sierra Leone

- **Connections between MPs and citizens:** RWI and partners facilitated meetings between MPs and their constituents through road shows, town hall meetings and community visits.
- **Mutually empowering partnerships:** RWI and partners jointly implemented activities in each pilot to build partners' expertise, as well as the trust between local partners and parliament.
- **Resources for action:** RWI provided grants to CSOs to work with legislators on addressing the concerns of communities affected by extraction.
- **Shared learning opportunities:** RWI and partners held international meetings and a global conference to discuss challenges and lessons learned during the pilot.
- **Rigorous monitoring and evaluation:** RWI contracted independent consultants to track changes in capacity and performance as a result of the pilot projects.
- **Ongoing learning and documentation:** RWI and partners produced biannual reports, case studies, briefing papers and training videos to capture lessons and impacts.

Highlights from the evaluations

Among MPs

- MPs' knowledge of the oil and mineral sectors improved in all four countries.
- MPs in most countries made increased use of academics and experts, CSOs, government information sources and the media.
- MPs began seeking to influence policymaking more actively.
- In all four countries, MPs' interaction with affected communities intensified.

Among CSOs

- CSOs in all countries acquired the ability to see shortfalls in legislation and agreements, and to bring these to the attention of parliament.
- Relationships between CSOs and other stakeholders in the extractives sectors improved. However, the relationship between government and civil society remained precarious.
- Some CSOs worked with the media to expose injustices in oil-producing communities and to counterbalance mining company propaganda.
- All RWI's partners succeeded in influencing legislation or decision-making processes to improve governance in the oil and mineral sector.

Among Media

- The media in all four countries became more familiar with extractive and oil and gas issues.
- Media in all countries except Ghana increased their interaction with CSOs, mining companies, MPs and other stakeholders.
- Journalists in Sierra Leone and Uganda made a case for better legislation and policies.

Key successes

Ghana

Before the pilot began, significant amounts of revenue were leaking from the extractive sector, and communities in mineral-producing areas were struggling with negative socio-environmental spill-overs. RWI partnered with the *Parliamentary Centre* and *GIZ* Ghana, the German development and technical assistance agency, to bring about the following changes:

- Parliament passed the Revenue Management Bill, in large part because of the expert review RWI provided and debating points RWI offered to MPs. The final bill included several RWI best practices.
- In a dramatic move, Parliament rejected the Petroleum and Exploration Bill as unconstitutional and sent it back to the Executive Branch for redrafting.

“CSOs and media are playing the role of giants in ensuring transparency and accountability in the extractive industry sector. Whenever we pass a bill and the CSOs feel that it is not favorable, they use the media to make their concerns known, and also to sensitize people.”

– Hon. Alhaji Y. Tullah,
Sierra Leone

Sierra Leone

Before the pilot, Parliament’s role was limited to rubber-stamping government decisions. RWI partnered with the *National Advocacy Coalition on Extractives* (NACE), the leading national civil society and media coalition in the sector, to spur major changes:

- MPs deepened their understanding of the Mines and Minerals Act and put in place new mining regulations.
- Civil society found conflicts between the London Mining and African Minerals agreements and the new national law, and parliamentary champions succeeded in generating intense debate and ultimately secured a review of these contracts.

Tanzania

Before the pilot, the vast majority of parliamentarians were not able to articulate a shared vision of the reforms needed in the sector. RWI partnered with *Policy Forum*, a network of about 100 civil society groups based in Dar es Salaam, to change that:

- Parliament and CSOs are working together to oversee Executive Branch performance. MPs thoroughly debated the 2010 Mining Act, and most of the inputs of MPs and CSOs were incorporated into the final version.
- With RWI coaching and training, CSOs won rules requiring companies to report royalty and tax payments on a company-by-company basis under the Extractive Industries Transparency Initiative (EITI). They also secured an independent governance structure for EITI.
- Work by RWI and its partners reduced loopholes in taxation and royalties to be paid to the government. If correctly administered, these changes will increase mineral revenues, boosting spending and growth.

Uganda

Before the pilot, Parliament had virtually no understanding of the nascent oil industry. RWI partnered with the *African Institute for Energy Governance* (AFIEGO), based in Kampala, to bring about the following changes:

- MPs formed a Parliamentary Forum on Oil and Gas to coordinate advocacy.
- A group of legislators repeatedly raised the threat of a petition requesting public disclosure of oil contracts. In June 2010, Uganda’s president responded by submitting seven signed oil contracts for MPs to review privately. MPs pledged to disclose the contracts publicly.
- RWI’s analysis of the draft petroleum bill and capital gain taxation generated heated debate in civil society, and was featured in articles by national and international media. The analysis also contributed to an important amendment of the income tax rules.

Lessons learned

I. Working with Parliamentarians

Constraints to parliamentary performance

It takes time to build trust with MPs, and an election may shake up previous gains. In some countries, “standing orders” and the “whipping system” prevent MPs from speaking or voting outside of party lines. Such constraints can neutralize parliamentary oversight no matter how informed and motivated MPs are. Cognizant of these challenges, RWI invested heavily in promoting changes to laws and contracts that would outlive parliaments, and in building the capacity of partners who would be able to train new MPs in future parliaments.

Navigating complex institutions

Most parliaments have three kinds of MPs and staffers: reformers who are genuinely interested in moving their countries forward, self-interested change makers seeking prestige and visibility to win re-election, and obstructionists who want to preserve the status quo. RWI carefully selected reformers and self-interested change makers for capacity development to maximize impact. It also attempted to

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engage reformist MPs across party lines, which is essential to bringing all parties on board and maintaining the perception of independence and objectivity.

Learner-centered methods

Capacity-building efforts should meet learners where they are and appeal to their experience. Field visits were effective with MPs because they are participatory and experiential. Hands-on activities keep parliamentarians focused on identifying problems and finding solutions. At the same time, providing a dignified learning environment is essential for the credibility of high-level capacity development. Presentations by experts were followed by exercises that challenged participants to reflect on and apply their new knowledge.

Other lessons:

- Select participants who will share knowledge with others.
- Target influential parliamentary committees.
- Committee clerks may have little influence and may not be able to use new knowledge effectively.
- Involve MPs in planning to encourage attendance and a sense of ownership.
- Use action planning sessions to encourage follow-up.
- Be ready to offer hands-on assistance at a moment's notice.
- Create step-by-step tools, checklists and templates for analyzing bills and agreements.

“The workshops have given media participants capacity on how to report and how to explain issues to the public concerning their needs, expectations, rights and responsibilities.”

– Richard Sky of Citi FM, Ghana

II. Working with Civil Society Organizations

The constraints on parliaments underscore the importance of an independent, capable civil society. However, RWI's work with civil society can raise tensions with parliamentarians, who perceive CSOs as antagonistic. For this reason, RWI worked hard to help its partners maintain political neutrality and gain credibility with parliaments. Local CSOs often work in coalitions that struggle with petty conflicts and competition for resources. Weaknesses in advocacy efforts also arise from limitations in direction, coordination and management. Under effective leadership, capacity development can be a good way for coalitions to come together.

III. Working with Local Media

In all countries, journalists' ability to report was undermined by economic necessity, media owners with vested interests in the mining sector, political pressures on owners and editors, and the abuse of political power to silence the media. Newspapers and reporters are attacked from all sides when they release sensitive information. Some editors will avoid certain mining stories because their papers depend on advertising from mining companies. RWI has incorporated these lessons into its spin-off projects with the media.

Conclusion

The RWI pilot demonstrated that capacity-building efforts can help parliamentarians, CSOs and media work together in order to promote change, accountability and transparency in the extractives sector. To do so, they need information, technical assistance and hands-on support. In the future, RWI should engage parliaments with strong support services in multi-year partnerships reaching across mandates. It should build parliaments' capacity to deal not only with legislating, but also with budgeting and spending. Ultimately, parliamentarians should be able to envision themselves as change makers in all aspects of natural resource governance—and as public servants devoted to making oil and minerals drivers of national growth and development.



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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