



## PRESS STATEMENT

### **AFRICAN GOVERNMENTS WILL GIVE THEIR CITIZENS LASTING BENEFITS FROM NATURAL RESOURCES IF THEY JOIN THE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI)**

24<sup>th</sup> February, 2016

As global transparency activists and stakeholders converge in Lima, Peru, for the 7<sup>th</sup> Global Conference of the Extractive Industries Transparency Initiative (EITI) and to take stock of progress in resource governance globally, the Africa Centre for Energy Policy (ACEP) is concerned that African governments have failed to achieve the promised resource based development for their people in spite of a decade long of resource boom especially from oil, gas and solid minerals.

Some of the fast growing countries in Africa over the last decade are resource-based economies, yet this growth has not been equitably distributed due to poor investment decisions, and the increasing alienation of the citizens from accountability processes. This has resulted in higher levels of income inequality across the continent.

At current estimates of discovered natural resources particularly in oil, gas and solid minerals, Sub-Saharan Africa's population could have achieved universal education, medical care for all, and food security. There is no justification therefore why the continent continues to be associated with the highest illiteracy rate, low access to medical care and hunger. This unfortunate state of Africa's development can be largely attributed to bad governance.

The EITI therefore provides the greatest opportunity ever for African governments who are genuinely desirous of providing sustainable development for their citizens to adopt such best governance practices that could guide the transparent and accountable management of their resource wealth. Some of these practices such as resource revenue transparency and accountability, contract transparency; and productive spending of resource revenue provide the antidote to corrupt and inefficient management of resource wealth.

We are encouraged that a number of African countries have already subscribed to the EITI, and some have already reached compliant status. However, we also recognize that there exist differential reporting standards between these countries, with some countries dragging their feet towards significant reforms in the management of their natural resources, whilst others just play to the gallery with their EITI tags. This no doubt can be traced to the discretionary reporting format of EITI requirements in which Governments and Multi-Stakeholder Groups (MSGs) have control over the coverage and comprehensiveness of their reports. It is also due to the low awareness among African citizens about the disclosures made by their governments under the EITI. The lack of involvement of ordinary citizens determining candidate and compliance status

of their countries, apart from organized CSOs, some of which are often “coopted” by their governments, also reduces the potency of the EITI assessment framework as a strong governance mechanism.

We are hopeful that the International EITI Board will consider new ways of assessing EITI compliant status in its deliberations at the Conference. We also encourage the governments of Africa’s EITI Countries to adopt common standards for EITI reporting in order to aggressively pull along failing countries.

Whilst the spread of EITI has improved in Africa, we are equally alarmed that the majority of Africa’s resource-rich countries have not yet joined the EITI. In some of these countries, the resource wealth of the citizens is not only mismanaged with contempt, but also often stolen and invested in private accounts abroad, whilst the people face dehumanizing conditions at home. In some of these countries, there is increasing malnutrition, high infant mortality rate, widening rich-poor gap and abject poverty.

Therefore, notwithstanding the weaknesses of the EITI in its current form, African governments must join the initiative because it will ensure lasting benefits for their citizens. We also wish to use this opportunity to call on well-meaning global citizens to support the call for making disclosure of beneficial ownership information in resource deals an important EITI requirement. This will help address corporate corruption, illicit financial outflows from Africa; and expose rent-seeking behavior among Africa’s public officials.

Signed

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