

COMMUNIQUÉ FROM THE SECOND AFRICA OIL GOVERNANCE SUMMIT

We, participants at the second Africa Oil Governance Summit held in Accra from 26th to 27th September, 2016, having discussed issues relating to the effects of oil price shocks on the economies of African countries;

Convinced that the failure to take appropriate actions and measures to address the negative effects of oil price shocks could have adverse implications for the provision of social and economic infrastructure and services to our people;

Aware that the state of oil resource governance in Africa is still under-developed and could further compound our development challenges;

Satisfied that the African Mining Vision could facilitate Africa's accelerated development through value linkages and regional integration;

Do hereby resolve that African governments should consider and implement the following recommendations adopted by us:

RECOMMENDATIONS ON ADDRESSING THE EFFECT OF OIL PRICE SHOCKS

1. African governments should introduce mechanisms for addressing the effects of oil price shocks on the economies and development of African countries through diversification of their economies from overdependence on petroleum revenues; establishing sovereign wealth funds with proper governance structures to save for the future; introducing appropriate fiscal rules to stabilize the economies and creating backward, forward and side linkages with the rest of the economy.
2. African governments should increase the quality of spending at all times to ensure that budgetary shortfalls resulting from oil price shocks do not affect development. To this effect, we demand that governments should spend petroleum revenues efficiently and responsibly by ensuring that there is value for money for projects funded with petroleum revenues.

RECOMMENDATIONS ON IMPROVING OIL RESOURCE GOVERNANCE

3. African governments should leverage the low price era to reconsider their governance structures and build institutional frameworks to manage future oil booms
4. African governments must institute and further develop transparent processes in petroleum licensing such as open and competitive bidding processes, mandatory contract disclosure requirements and the establishment of public register of companies.

RECOMMENDATIONS ON IMPROVING DOMESTIC RESOURCE MOBILIZATION

5. African governments should pass appropriate legislation and invest in capacity building to check illicit financial outflows particularly from the oil and gas sector. We demand further that our governments build appropriate partnership with the international community to design appropriate global guidelines and response to illicit financial outflows.

6. African governments should increase their tax efforts by improving on tax administration and widening the tax base. Governments should develop comprehensive taxpayer database to identify and track tax payers for the purposes of increasing domestic revenues for development and fostering of public accountability.

RECOMMENDATIONS ON PROMOTING INVESTMENT ATTRACTION IN AFRICA'S EXTRACTIVE SECTOR

7. African governments should invest in increasing the capacity of our institutions to generate and protect knowledge of our geological environment and to be able to estimate the value of untapped resources to increase our negotiation position in our relationship with investors for the exploitation of our resources.
8. African governments should stop the blanket granting of tax concessions to extractive companies, and must review tax concession policies to appropriately target investments that bring maximum benefits to our countries. To this effect, we demand that our governments conduct a comprehensive evaluation of the current tax concession regime to determine its effectiveness as a tool for investment attraction.

RECOMMENDATIONS ON PROMOTING REGIONAL INTEGRATION

9. African governments should increasingly involve their citizens in the implementation of the African Mining Vision which has been adopted as the blueprint for Africa's natural resource development. We further demand that relevant stakeholders should make efforts to mainstream the Vision into local policies and laws.
10. The development of Africa's natural resources should promote regional integration through the development of shared infrastructure, shared institutional and regulatory capacity, and harmonized policies and legislations.

RECOMMENDATIONS ON PROMOTING SUSTAINABLE DEVELOPMENT

11. African governments, as a matter of urgency, should aggressively engage their citizens to ensure local ownership of the Sustainable Development Goals to improve on development accountability.
12. African governments should channel increased domestic revenues resulting from curbing illicit financial outflows and improvement in tax administration into financing sustainable development initiatives to ensure the achievement of the sustainable development goals.
13. African governments should prioritize investments in agriculture and human capital development for the use of petroleum revenues to facilitate poverty reduction and reduce income inequality. We further demand that state petroleum institutions should effectively coordinate with National Development Institutions to ensure integrated resource development for inclusive growth.

RECOMMENDATIONS ON COMMUNITY ENGAGEMENT AND DEVELOPMENT

14. Africa governments must adopt and implement policies such as Free Prior and Informed Consent to ensure the protection of community rights. Governments should collaborate with key stakeholders to consider alternative livelihood for communities affected by extraction activities.
15. African governments must develop and implement integrated community resource development plans to ensure that communities affected by extraction are developed into growth poles to support the economy.
16. African governments must incorporate into their petroleum laws requirements for Community Development Agreements to empower communities affected by extraction to effectively engage oil companies on their development priorities.
17. Stakeholders must provide financial support to communities affected by extraction to seek legal action against governments and companies destroying the environment and the livelihoods of communities.

GOING FORWARD

Although these recommendations focus on African governments as institutions that must provide leadership and resources for the implementation of the recommendations, it is equally important for other stakeholders including oil exploration and service companies, Parliament and independent institutions, Civil Society Organizations, the media and the general citizenry to effectively participate in all processes involved in the management of oil resources to ensure that our governments are held accountable for their stewardship of the resources.

We finally demand that this communiqué is widely distributed to our governments, regional institutions, parliament, African citizens and development partners.