

***Promoting Transparency and Accountability of Revenue from the  
Extractive Industries:***

***A Workshop for the East African Legislative Assembly  
February 28 to 29, 2008  
Arusha, Tanzania***

Natural resources have for decades been a source of wealth for many African ruling elites and multinational corporations, but less often for Africans themselves. Corruption and the consequent lack of transparency and accountability in the management of these revenues has exacerbated poor governance, fueling cycles of conflict and poverty, while undermining opportunities to spur economic growth and social development. Several international and local initiatives, such as the Extractive Industries Transparency Initiative (EITI) and the Publish What You Pay (PWYP) Campaign, have helped to increase awareness for the need to improve transparency and accountability in this sector, but relatively little attention has been paid to the potential contributions of elected legislators.

From 2005-2006, the National Democratic Institute (NDI) conducted research in nine African countries – Angola, Botswana, Chad, the Republic of Congo, the Democratic Republic of the Congo, Ghana, Nigeria, Sierra Leone and South Africa – to assess the ability of the legislative branch of government to promote transparency and accountability in this key sector. In each of the countries, NDI reviewed legal and other documents and interviewed members of parliament, ministerial officials, and representatives from the private sector, multilateral agencies, donor and non-governmental organizations. The results of this study were compiled in a report, *“Transparency and Accountability in Africa’s Extractive Industries: The Role of the Legislature,”* that summarizes the challenges African legislators face in overseeing their countries’ oil and mining industries while affirming that legislatures are uniquely placed to help mitigate the political risks posed by natural resource exploitation. The report highlights best practices and offers recommendations for greater engagement on the part of legislators, civic groups and the international community.

In collaboration with the East African Legislative Assembly (EALA) and the Revenue Watch Institute (RWI), NDI will conduct a two-day workshop from February 28 to 29, 2008 in Arusha, Tanzania. The EALA Workshop, which will include the participation of EALA members and elected legislators from each member country (Kenya, Tanzania, Uganda, Burundi and Rwanda), is intended to assist these legislators in playing more visible and active roles in the management and oversight of extractive industry revenues and activities at the regional and national levels. Industry experts and representatives of relevant international and local civil society groups will also participate. The program is designed to build knowledge, and also to stimulate and facilitate as much discussion and dialogue between the participants as possible. Four panel discussions will take place on

the first day, with one panel discussion and the facilitation of small working group sessions on the second day.

The objectives of this workshop are:

- To strengthen parliamentary engagement on effective policies, strategies, structures and techniques for managing and overseeing revenues from extractive industries.
- To build relationships between legislators, international organizations, local advocacy groups and the private sector on extractive industry transparency initiatives.

Panels will address the following topics:

### **I. Understanding the Demand for Transparency**

The level of international political attention, tools and resources that are focused on promoting transparency in the extractive industries has increased dramatically over the last five years. In order to help legislators leverage this information and support, NDI would open the workshop with an informational session designed to provide legislators with up-to-date knowledge of the Extractive Industries Transparency Initiative (EITI), the Publish What You Pay Coalition, and other international efforts that seek to promote transparency in the extractive sector. By bringing in EITI experts from around the globe, legislators can learn about new global and regional initiatives; progress being made by EITI signatory countries; current research and data on transparency; and new tools and resources that can be used in their role as an oversight body.

### **Session II: Enhancing Knowledge of the Extractive Industries**

In many countries, legislators, policy-makers, and civic activists are hamstrung in their efforts to evaluate, analyze and oversee issues related to the extractive industries because of the complicated nature and opacity of the industries. As a result, the lack of technical knowledge limits their ability to engage on these complex issues and creates a psychological barrier that often discourages effective oversight.

This session would serve as a basic primer for workshop participants, with one expert each from the mining and oil industries discussing the nature and composition of oil, mining or natural gas deposits; and the processes of production, transportation, regulation, marketing and consumption. These educational sessions would give lawmakers a better understanding of the industry or industries in their country, as well as insights into the revenue arrangements and structures that apply to each industry.

### **Session III: Developing Sound Legal and Regulatory Frameworks**

Laws and regulations provide the framework for sustainable and accountable management of natural resources. In several African countries, groundbreaking laws have been adopted that create independent committee oversight of oil revenues; restrictions on borrowing against revenues; and mandatory spending on social development projects. From Botswana to Sao Tome and Principe, legislation and regulation have set the stage for improved accountability of extractive resources, and is helping to ensure the equitable distribution of those resources.

This session would provide background information on current legal and regulatory frameworks in the sector to help legislators develop more specialized knowledge of their role in extractive industry management and become more aware of the resources available to them as they engage in policy development and legal reform. The session would include reviews of extractive industry legislation from other countries, as well as an analysis of current legislation in particular countries. Discussions would focus on identifying weaknesses in current legal and regulatory frameworks, with recommendations on how to improve them.

#### **Session IV: Encouraging Public Accountability and Transparency**

Public dialogue on the management of national extractive industries stimulates improved transparency and oversight by governments. Yet in many African countries, public discussion of oil and mining revenues is sometimes considered taboo or otherwise discouraged. Often, citizens and civil society organizations seeking accountability in the oil and mining sector have put their lives at risk by opposing the powerful vested interests of the government.

This session would focus on ways that legislators can improve public outreach to constituents on extractive industry issues, and would include examples of how such activities demonstrate legislative responsiveness to constituents and how public discourse can help stimulate transparency. Discussion would cover the importance of adhering to ethical standards, whether laid out in codes of conduct or codified in law, as examples to others in government and to reinforce the necessity of avoiding conflicts of interest.

Discussion topics would include ways to improve communication and the flow of information between legislatures and outside experts, government officials, civil society and the international community. One or more relevant case studies would be presented to show the potential multiplier effect of greater legislative involvement in ensuring that extractive industry revenues are managed transparently and utilized for the public good.

#### **Session V: Promoting Legislative Engagement and Oversight**

Legislative bodies serve the critical link between citizens and their elected governments and can serve as the catalyst for improved government accountability and transparency. Yet in many resource-rich countries, legislators face a host of challenges in fulfilling their role. They are often sidelined by more powerful executives and often lack the skills and

information to fulfill their core functions. In some countries, legislatures lack the authority to amend or change the national budget; in other countries, legislators have personal or business ties to the extractive industry, presenting a conflict of interest in their oversight abilities.

The results from NDI's study "*Transparency and Accountability in Africa's Extractive Industries: The Role of the Legislature*" would be shared to help provide legislators with a greater understanding of the common challenges faced by representative bodies in Africa and could lead to discussions of regional solutions and approaches.

Small working group sessions would be facilitated to stimulate discussion on how to make the best use of existing legislative resources – particularly committee systems – to influence policy and conduct oversight activities in the extractive industry sector. Current and former members of parliament from EALA countries will use examples to illustrate their efforts to improve oversight and better serve constituents by influencing policy initiative and drafting legislation.

EALA Members would be encouraged to use the small working group sessions to develop findings and recommendations to inform the drafting of a resolution with follow-on activities to be presented at the conclusion of the workshop.

### **Wrap-up Session**

Overarching themes that emerge from each of the working sessions would be discussed and developed as a potential outline for a legislative strategy to address extractive industry accountability and transparency in ways appropriate to the country or region's particular extractive industry profile and political system. EALA members would be encouraged to use these findings as the basis for a resolution and the identification of follow-on activities to be presented at a concluding press conference.

