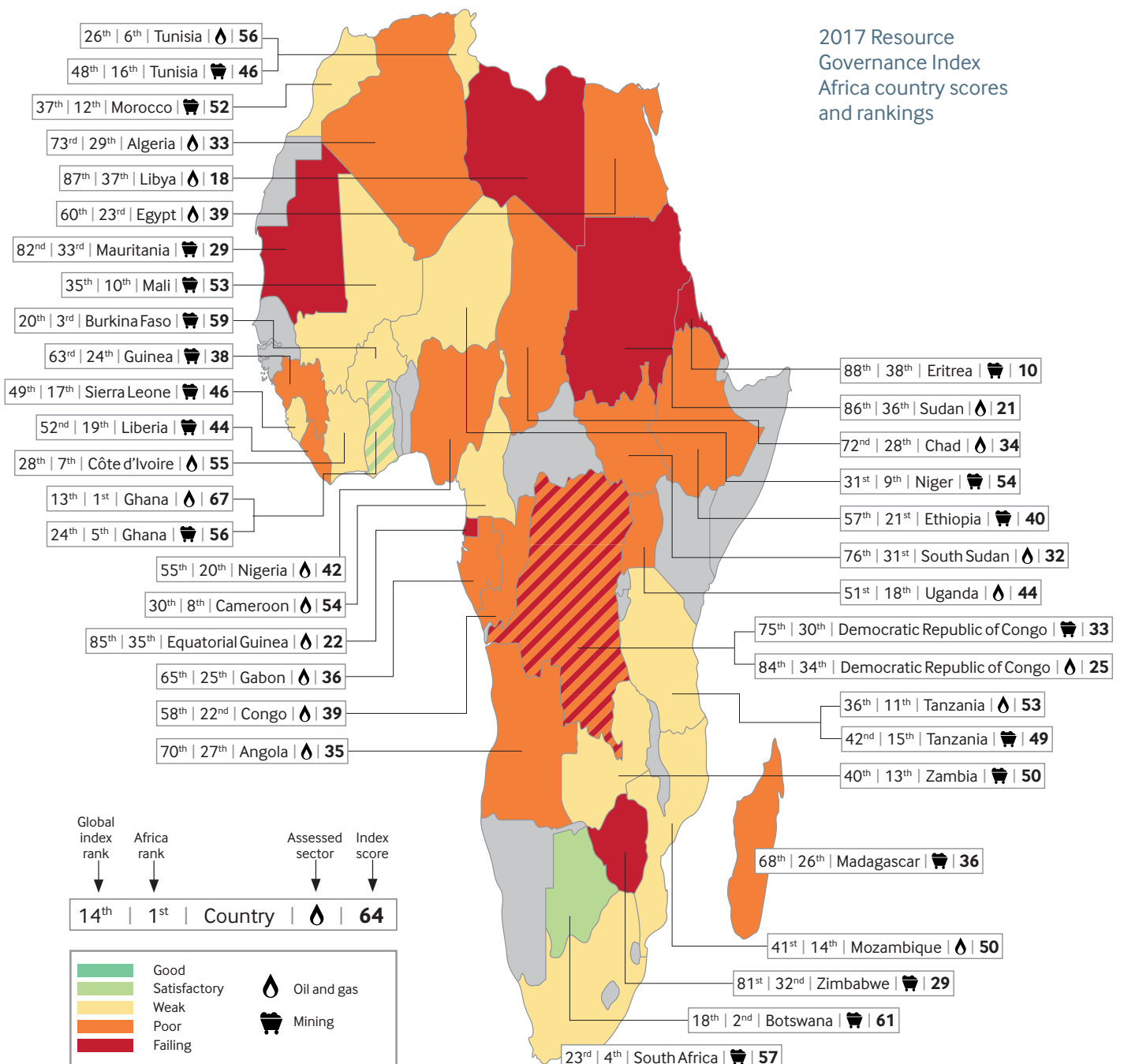


Key Facts: Governance of Natural Resources in Africa



AFRICA IS A NATURAL RESOURCE-RICH CONTINENT, BUT ITS FULL POTENTIAL HAS NOT BEEN REALIZED.

- The 2017 Resource Governance Index assesses 34 countries in Africa. Four are assessed for two sectors, and in total, 19 assessments focus on the mining sector and another 19 on oil and gas.
- Resource-rich countries on the continent are among the most poorly governed: 99 percent or more of African copper and gold production covered in the 2017 Resource Governance Index comes from countries where resource governance is rated as less than “satisfactory.” Risks related to governance issues, such as acquiring licenses, uncertainty of taxation, and failure to acquire the social license to operate, have played a role in hindering African countries from transforming resource wealth to production and revenues and therefore lasting development.
- Harnessing the potential of natural resources will be key to delivering better development outcomes for the African population, which is projected to double by 2050. Countries that govern their resources less than satisfactorily (according to the Resource Governance Index) are also home to almost half of Africans classified as poor by the World Bank.
- The 2017 Resource Governance Index is a tool for assessing governance and identifying good resource governance practices. It measures accountability and transparency rules and practices related to many issues deemed by African institutions as critical to improving benefits from resources:¹
 - Mobilizing domestic resources and ensuring efficient revenue collection and rent management
 - Tackling corruption and illicit financial flows
 - Managing environmental and social impacts and addressing communities and citizens’ concerns
 - Managing volatile revenues and reducing commodity dependency and associated fiscal imbalances and debt crises
 - Enabling environment supporting diversification, industrialization and job creation
- The 2017 Resource Governance Index can be a valuable input in mining investment assessments. Country credit ratings already take the Resource Governance Index’s factors into account. In countries where natural resources form a significant part of the economy, assessing resource governance can provide sector-specific insight for investors.
- On average, Africa achieves a “poor” resource governance rating, and the mining sector assessments result in an average score of 44 out of 100. But there is a wide variance between countries: Botswana’s mining sector is rated satisfactory, whereas seven assessments, including Eritrea and Zimbabwe’s mining sectors, fall into the “failing” category.
- Some African countries, such as Ghana, demonstrate positive resource governance practices which can be shared. But despite clear efforts made by many African governments and regional institutions, there remain governance challenges common to many African countries. Identifying gaps using the 2017 Resource Governance Index is a step toward resolving them.

For more information, or to arrange an interview with NRGi experts, contact Lee Bailey at lbailey@resourcegovernance.org or +44 (0)7823 442954.

¹ Drawing from the Africa Mining Vision (2009), the Africa Progress Panel report on Equity in Extractives (2013), the African Development Bank (2012 and 2017), and the African Economic Outlook (2017).