

Oil & Mining Countries: Transparency Low, Impunity High

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11 December, 2013

Introduction



Twenty-two¹ of 34 African countries surveyed by Afrobarometer stake their countries' economic futures on development of mineral or oil production, but successful shepherding of these natural resources hinges on governments' ability to manage them while maintaining stable democracies.

We have categorized as extractive resource endowed (ERE) those African countries that derive at least 8 percent of their GDP from extractive minerals according to the International Monetary Fund (IMF), as well as the Extractive Industry Transparency Initiative (EITI), the Revenue Watch Institute (RWI), and the US Energy Information Administration (US-EIA). Extractive minerals contribute 25 percent or more of GDP in the following countries: Algeria, Botswana, Cameroon, Ghana, Liberia, Namibia, Nigeria, Sierra Leone, South Africa, Sudan, and Zambia. They contribute 8 percent or more in Burkina Faso, Mali, Niger and Senegal. We have also included in the list the following countries deemed prospective EREs by RWI and the US-EIA: Egypt, Guinea, Morocco, Mozambique, Tanzania, Zimbabwe and Uganda.

People in the 22 countries report high levels of difficulty in finding out how the government uses revenues from taxes and fees, setting the stage for citizen frustration and concern. A majority also says that officials who commit crimes rarely or never face consequences.

Against gaps in transparency and official impunity, majorities in oil and mineral rich states say they enjoy basic freedoms of speech and membership in political parties. Majorities also perceive their media as effective in monitoring government or reporting corruption, and say their presidents follow the rule of law.

The challenge for governments is to bridge this gap between institutional transparency and the rule of law to ensure that Africa's extractive countries are not squandered.

¹ The countries are: Algeria, Botswana, Burkina Faso, Cameroon, Egypt, Ghana, Guinea, Liberia, Madagascar, Mali, Morocco, Mozambique, Namibia, Niger, Nigeria, Sierra Leone, South Africa, Sudan, Tanzania, Uganda, Zambia and Zimbabwe

Key Findings

- Six of 10 people in countries with extractive industries (62%) say it is fairly or very difficult to know how the government uses revenues from taxes and fees.
- A majority of people in extractive states (54%) says that officials who commit crimes often or always go unpunished. That rate has increased 7 percentage points since 2005.
- Nearly four in 10 (37%) say most or all tax officials in oil and mineral states are corrupt compared with one in three (29%) in countries whose economies are less dependent on natural resources.
- Six in ten people (64%) in extractive countries say that they must often or always be careful about what they say about politics. The continental average is 63%.
- Majorities give their countries high ratings on several key indicators of open democracies, such as free and fair elections, and freedom to join political parties. On average, more than six people in ten say the media is effective in monitoring government mistakes or corruption, for example.

Revenue Collection & Use Transparency

Transparency and accountability have become the main focus of governance campaigners and others aiming to balance democracy with economic development. This is particularly true of advocates seeking to ensure Africa's mineral and hydrocarbon resources are used to secure an economic and social development breakthrough.² This focus is based on the belief that countries in which governments are more transparent are less prone to corruption and more likely to enjoy higher levels of human development, stronger fiscal discipline and long-term economic growth.³

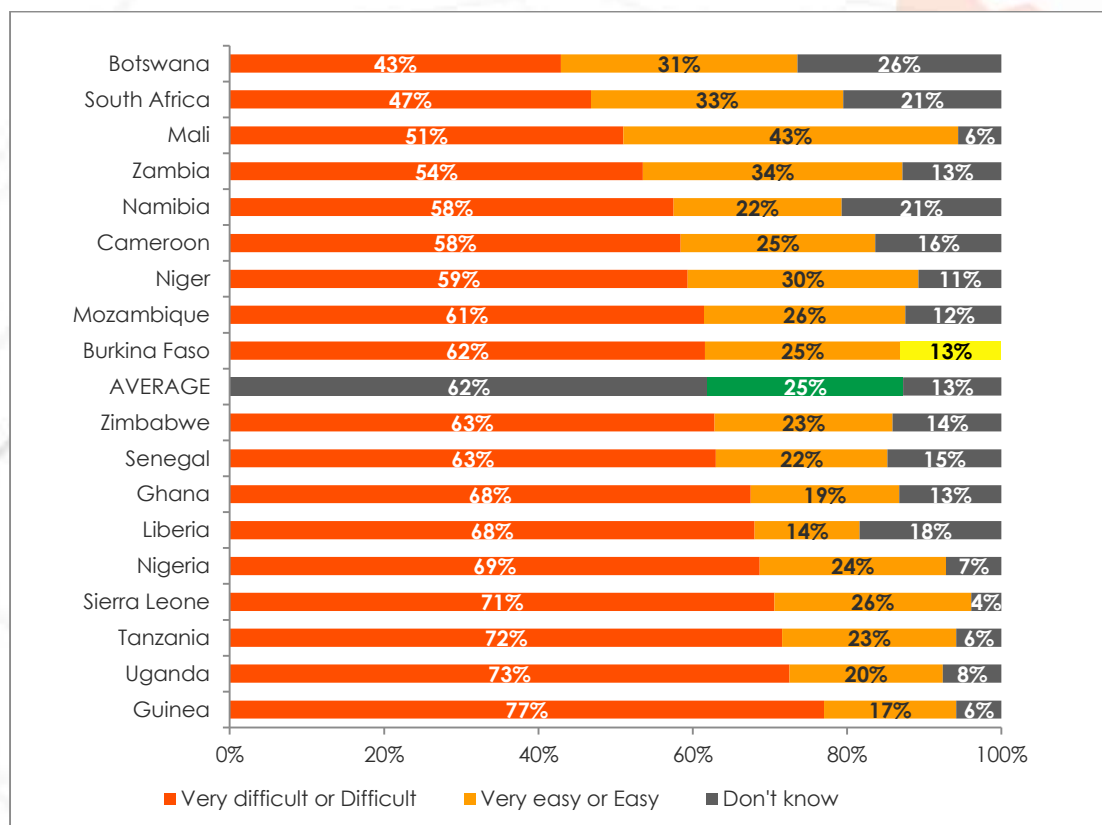
The ability to track revenue from their countries' mineral or oil production allows citizens to gauge whether their governments are effectively shepherding resources that underlie the soundness of their countries' economies into the future.

But citizens in extractive-industry countries say it is difficult to gauge their countries' use of money. Six of ten people in these countries (62%) report it is either 'very difficult' or 'difficult' to find out how governments uses revenue from taxes and fees (Figure 1).

² See for example, Africa Progress Panel, "Equity in Extractives," Africa Progress Panel Report 2013. Stewarding Africa's natural resource for all P. 71

³ See Andres, M. A (2013) 'The Impact and Effectiveness of Accountability and Transparency Initiatives: The Governance of Natural Resources', *Development Policy Review* 3(S1): S89-S105 Africa Progress Panel Report , 2013, p. 71

Figure 1: Ease or Difficulty of Finding Out How Tax Revenue is Spent
| 18 countries* | 2011-2013 |



Participants were asked: "Based on your experience, how easy or difficult is it to find out how government uses the revenues from people's taxes and fees?"

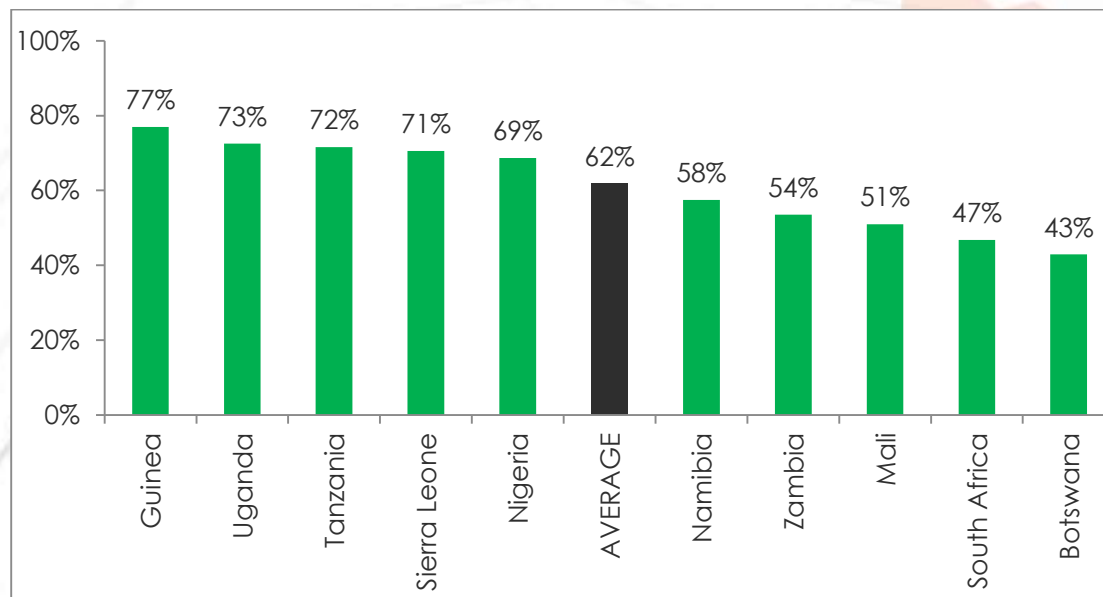
* Note: This question was not asked in Algeria, Egypt, Morocco and Sudan

Majorities in every mineral and oil producing country report that their government's use of tax revenues is opaque. Difficulty ratings are highest in Tanzania, followed by Kenya, Guinea, Uganda and Nigeria. But even in Botswana, which is often rated among the most open and democratic countries on the continent, four of ten people (43%) say they find it difficult or very difficult to find out how the government manages its money (Figure 2).



Gates of Oil by Sixoone, via Creative Commons

Figure 2: Highs & Lows: Difficulty in Finding How Tax Revenue is Spent
 | 18 countries, 2011-2013 | % difficult or very difficult |



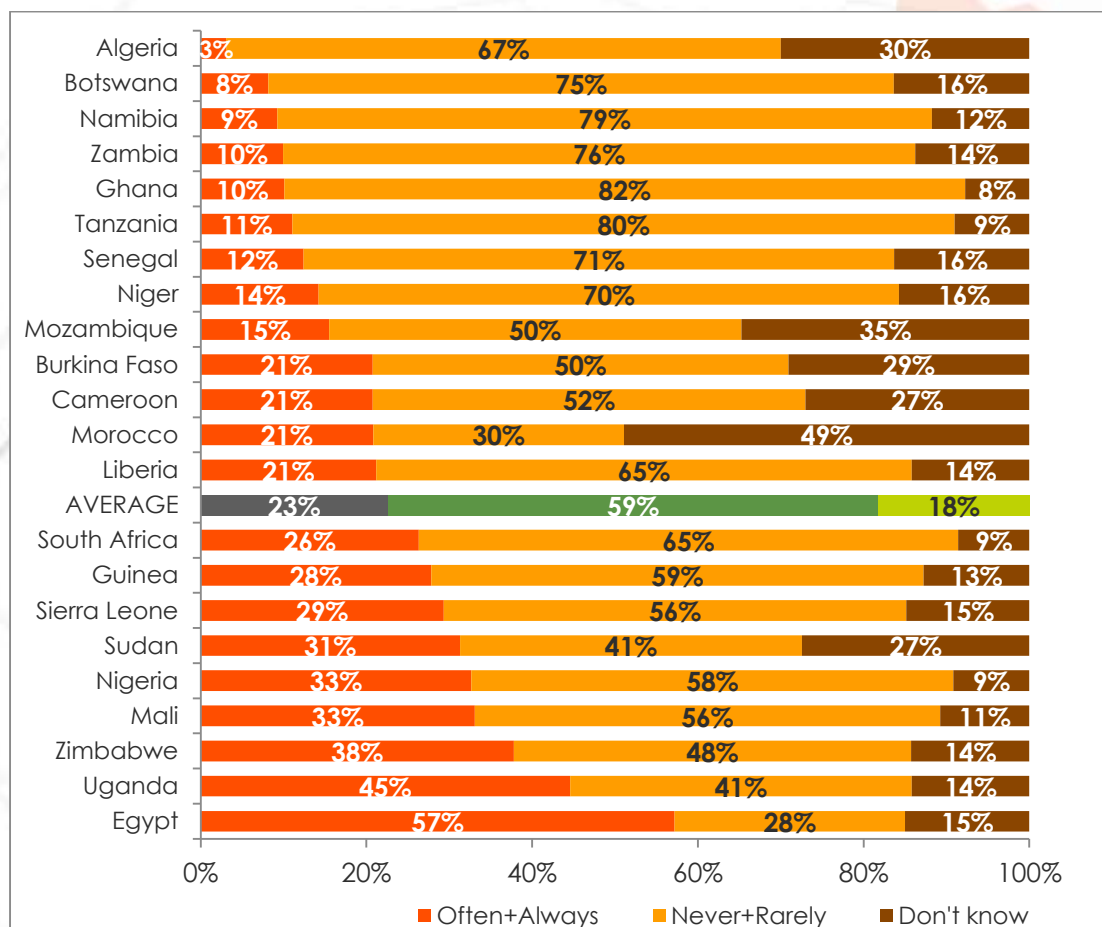
Official Impunity

Across 22 oil or mineral producing countries, people see their presidents as operating within the law: a majority of survey participants (59%) say that their president 'never' or 'rarely' ignores the laws of the country. However, in 7 of the 22 countries, sizeable percentages have a different view. In Egypt, nearly six in ten people (57%) say the president 'often' or 'always' fails to comply with the country's laws, while nearly half (45%) say the same in Uganda. Four of ten (38%) in Zimbabwe, and around a third of the people in Mali (33%), Nigeria (33%), Sudan (31%), and Sierra Leone (29%) say their president 'often' or 'always' ignores their country's laws (Figure 3).



Zambia Mine by Hansueli Krapf [CC-BY-SA-3.0 (<http://creativecommons.org/licenses/by-sa/3.0/>)], via via Wikimedia Commons

Figure 3: How Often Presidents Ignore the Law
| 22 countries, 2011-2013 |



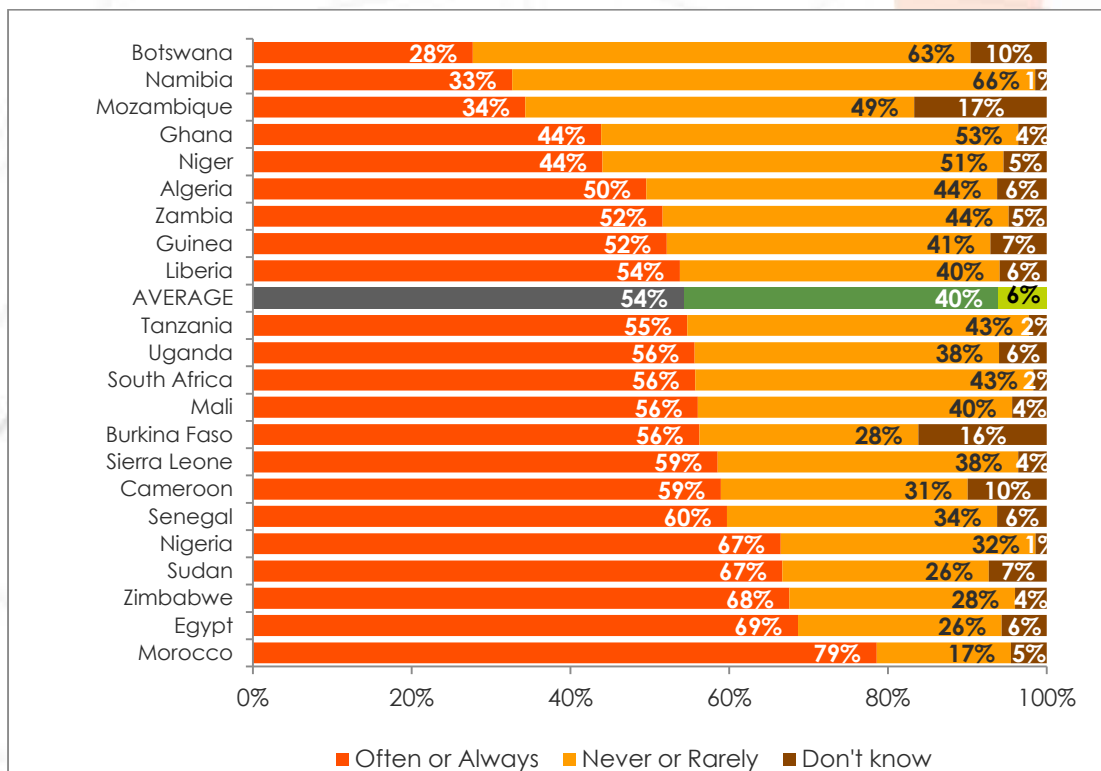
Participants were asked: "In your opinion, how often, in this country, does the president ignore the courts and laws of this country?"

This confidence in the law-abiding behavior of national presidents is not matched by perceptions of other public officials, who are regarded as operating with some degree of impunity by many. A majority of citizens (54%) expressed the belief that officials who commit crimes 'often' or 'always' go unpunished, a response shared by 6 in 10 or more respondents in Morocco (79%), Egypt (69%), Zimbabwe (68%), Nigeria (67%), Sudan (67%), and Senegal (60%) (Figure 4).



IRIN: Guy Oliver (www.irinnews.org)

Figure 4: Impunity Among Government Officials
22 countries, 2011-2013



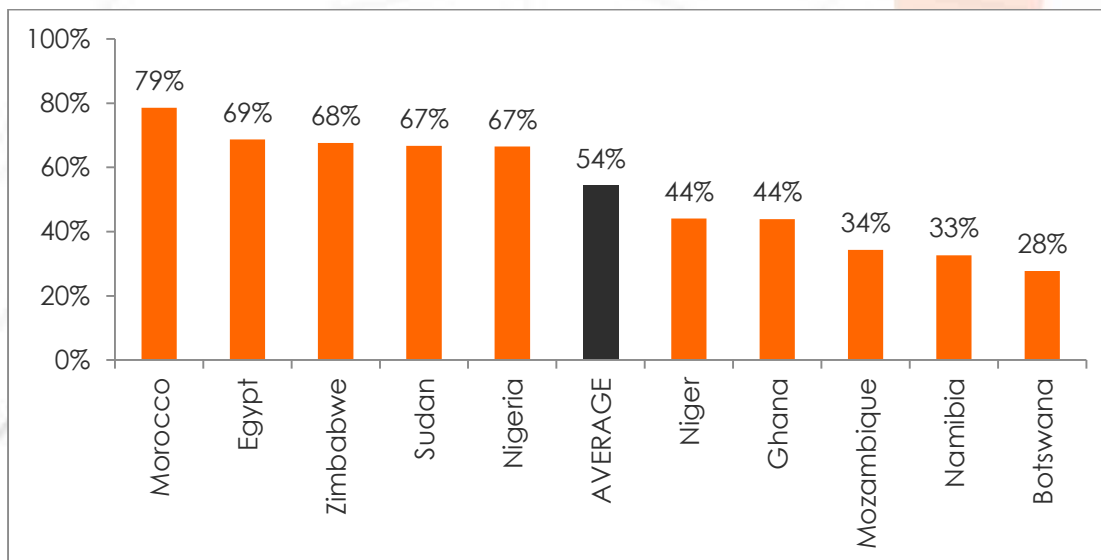
Participants were asked: "In your opinion, how often, in this country, do officials who commit crimes go unpunished?"

In only a few extractive countries is the perception of official immunity a minority view. Still, more than four people in ten in Malawi (45%), Niger (44%) and Ghana (44%) say officials who commit crimes are likely to go unpunished. Nearly a third hold this view in Namibia (33%), Botswana (28%) and Mauritius (27%) (Figure 5).



Nigeria rig by Swandau [CC-BY-SA-3.0 (<http://creativecommons.org/licenses/by-sa/3.0/>)], via Wikimedia Commons

Figure 5: Highs & Lows: Impunity Among Government Officials
| 22 countries, 2011-2013



Percentage of people who say officials who commit crimes often or always go unpunished.

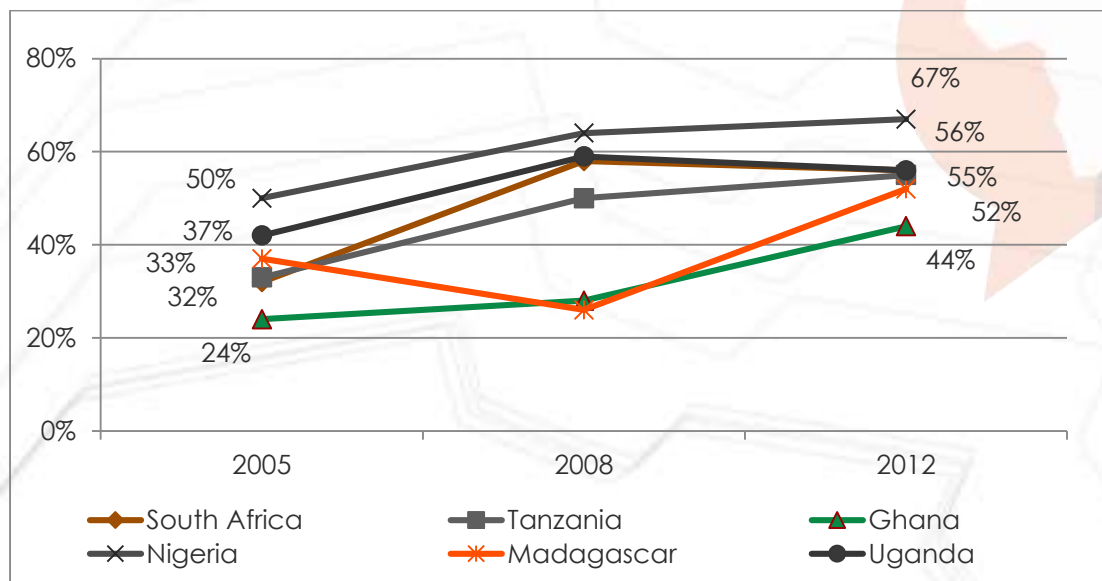
The rate of perceived impunity has risen by an average of 7 percentage points in the 14 extractive countries that Afrobarometer has surveyed since 2005.⁴ The perception increased in 8 of the 14, with the biggest increases in South Africa (23 percentage points), Tanzania (19 percentage points), Ghana (20 percentage points), and Nigeria (17 percentage points) (Figure 6).



Oryx Mine, South Africa, 1998, David Love, or Babakathy, licensed via Wikimedia Commons

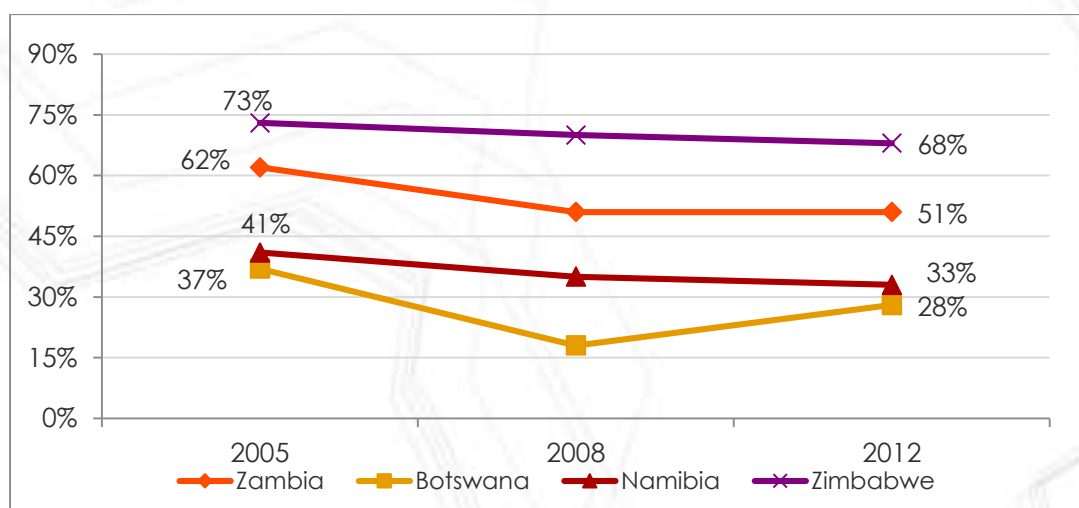
⁴ The question wording changed somewhat since 2005. In 2005, respondents were asked “How likely do you think it would be that authorities could enforce the law if a top government official committed a serious crime?” Response options included: very likely, likely, not very likely, and not at all likely. 2005 results show those responded ‘not very likely’ or ‘not at all likely’.

Figure 6: Oil & Mineral Countries with Increasing Official Impunity Perceptions



Percentage of people who say officials who commit crimes often or always go unpunished.

Figure 7: Oil & Mineral Countries with Declining Official Impunity Perceptions



Percentage of people who say officials who commit crimes often or always go unpunished.

The perception declined in four countries, with the biggest declines in Zambia (11 percentage points), Botswana (9 percentage points), Namibia (8 percentage points), and Zimbabwe (5 percentage points) (Figure 7). However, in Zimbabwe and Namibia, majorities still say that most or all officials who commit crimes go unpunished.

Africans also perceive high levels of corruption among officials, and this is particularly true for extractive economies. The Afrobarometer has created a 'corruption perceptions index' for each country by averaging the perceived levels of corruption among officials in the office of the presidency, members of parliament, government officials, police, and judges and magistrates⁵.

⁵ Because questions about local government officials and tax officials were not included in all rounds of Afrobarometer, these categories are excluded to enable comparisons over time.

Scores on the 'corruption perceptions index' range along a five-point scale from 0 (equivalent to no corruption in any of these institutions) to 4 (which is equivalent to everyone being perceived as corrupt in all of the institutions).

The average rating for the 22 oil and mineral producing countries is 1.76 on a scale of 0 to 4, compared with 1.75 for all 34 countries.

Perceptions of corruption have fallen in the 14 countries Afrobarometer has surveyed since 2002. The average corruption score for these countries was 1.79 in 2002 and 1.76 in 2012.

Figure 8: Oil & Mineral Countries with Rising Perceptions of Corruption
| 2002 to 2013 |

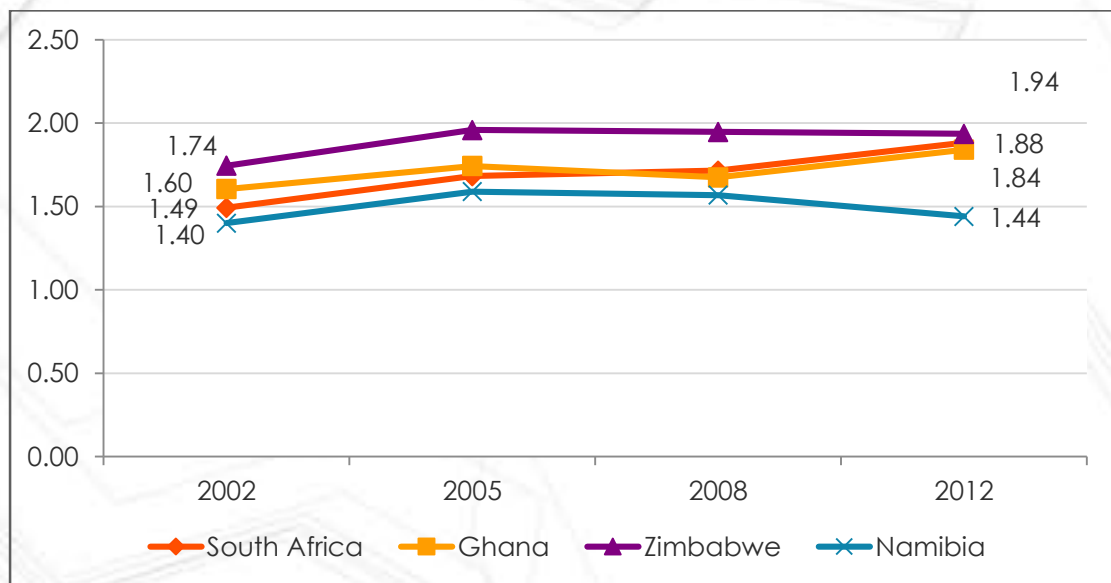
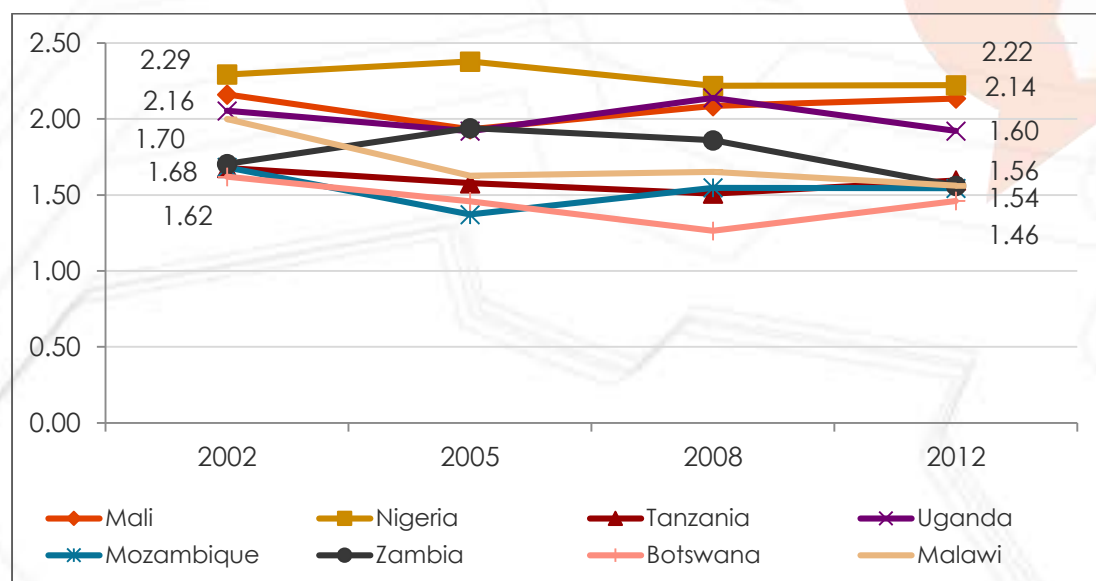


Figure 9: Oil & Mineral Countries with Declining Corruption Perceptions
| 2002 to 2013 |



Percentage of people who say officials who commit crimes often or always go unpunished.

Perceptions of corruption among tax officials in the extractive industry countries are higher than in the 12 non-extractive countries. Thirty-seven percent of survey respondents in extractive resource economies said most or all tax officials are corrupt, compared to just 29% in the 12 countries whose economies are less dependent on oil and minerals (the 34 country average is 34%).

The average perception of corruption in the 22 countries are consistent with people's views that it is difficult to find out how the government manages its resources, and with their perception of official impunity.

Democratic Institutions Get High Ratings

While issues of transparency and impunity still nettle majorities throughout the oil and mineral producing countries, they do so against a backdrop of extensive freedoms.

Wide majorities in most extractive industry countries rate their countries' democratic institutions and protections highly. A sizeable majority (77%) in the 22 countries report they are 'somewhat' or 'completely' free to say what they think (34-country average is 75%). Eighty-three percent say they are free to join any political party (34-country average is 80%); 89% say they are free to vote as they choose (continental average is 90%); and 66% say their elections are 'somewhat' or 'completely' free and fair (continental average is 65%) (Table 1).

Table 1: Enjoyment of rights and freedoms | 2011-2013 |

	34 Countries		22 Extractive Industry Countries	
In this country, how free are you to	Not very or not at all free	Somewhat or completely free	Not very or not at all free	Somewhat or completely free
Say what you think	22%	75%	21%	77%
Join any political organization you want	16%	80%	13%	83%
Choose who to vote for without feeling pressured	8%	90%	9%	89%
How free and fair was the last national election	24%	65%	24%	66%

Majorities in the extractive industry countries believe that their news media effectively reveal government mistakes and corruption. At least eight in ten people in Senegal (80%), South Africa (81%), Ghana (82%), Uganda (83%) and Tanzania (84%) say the media is somewhat or very effective in revealing government mistakes and corruption (Figure 8).

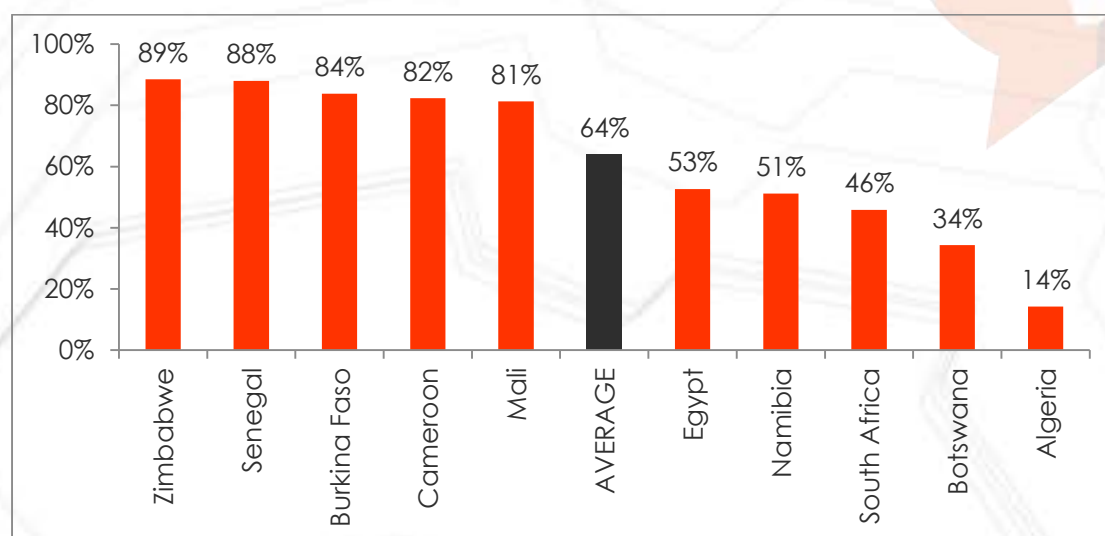
Figure 8: Effectiveness of Media as a Watchdog
| 22 countries | 2011-2013


Participants were asked: "In this country, how effective is the news media in revealing government mistakes and corruption?"

However, people in extractive industry countries are less sanguine about their own ability to speak their minds. Six out of ten people (64%) in the 22 ERE countries say they are 'often' or 'always' careful about what they say about politics. In five of these countries, more than 8 in 10

people say they must watch their words: Zimbabwe (89%), Senegal (88%), Burkina Faso (84%), Cameroon (82%), and Mali (81%) (Figure 9).

Figure 9: High and Low Countries: Self-Censorship Ratings
| 22 countries | 2011-2013 |



Participants were asked: In your opinion in this country how often do people have to be careful what they say about politics?

Transparent & Accountable Governance Index (TAGI)

Afrobarometer constructed an index comprised of 13 survey questions related to open government⁶ to get a basis for comparing the level of transparent and accountable governance in the 22 extractive-industry countries to that to their non-extractive industry peers.⁷ The TAGI was devised by rescaling and averaging responses to these questions for each individual respondent, and then computing a country average. The country score on this Index was used to rank all 34 countries and to further classify countries into four categories: very open, with TAGI scores of between 0.96 and 1.15; fairly open with scores between 0.87 and 0.94; not open with scores between 0.65 and 0.83; and not all open with scores between 0.49 to 0.59 (Table 2).

The Afrobarometer Transparent and Accountable Governance Index (TAGI) scores ranged from 0.49 to 1.15 with a mean (or average) of 0.84 across all 34 Afrobarometer countries. Botswana ranked highest (1.15), while Sudan ranked lowest (0.49).

⁶ Refer to questions: Q17a; Q17b; Q17c; Q28; Q52c; Q52d; Q53; Q54; Q55; Q56a; 56f; Q75a; and 75b in Afrobarometer Round 5 questionnaire, available at www.afrobarometer.org

⁷ **Note:** The Afrobarometer Transparent and Accountable Governance Index (TAGI) has the following Factor Analysis Eigenvalues (Total = 2.820; Percentage of variance = 21.69%) and a reliability Alpha value of 0.675.

Table 2: Transparent and Accountable Governance Score
| Extractive & Non-Extractive Economies |

34-Afrobarometer Countries			22-Extractive Industry Countries			12-Non-Extractive Industry Countries		
	Score on Index	Rank		Score on Index	Rank		Score on Index	Rank
Botswana	1.15	1	Botswana	1.15	1	Mauritius	1.04	1
Ghana	1.07	2	Ghana	1.07	2	Malawi	1.01	2
Mauritius	1.04	3	Niger	1.02	3	Benin	0.96	3
Niger	1.02	4	Namibia	1.01	4	Lesotho	0.96	3
Namibia	1.01	5	Tanzania	1.01	4	Cape Verde	0.94	5
Tanzania	1.01	5	Liberia	0.99	6	Burundi	0.90	6
Malawi	1.01	5	Senegal	0.99	6	Tunisia	0.88	7
Liberia	0.99	8	South Africa	0.94	8	Average	0.83	
Senegal	0.99	8	Zambia	0.94	8	Kenya	0.79	8
Benin	0.96	10	Sierra Leone	0.88	10	Madagascar	0.67	9
Lesotho	0.96	10	Algeria	0.87	11	Togo	0.67	9
South Africa	0.94	12	Mali	0.87	11	Swaziland	0.59	11
Zambia	0.94	12	Average	0.84		Cote D'Ivoire	0.54	12
Cape Verde	0.94	12	Guinea	0.83	13			
Burundi	0.90	15	Burkina Faso	0.79	14			
Sierra Leone	0.88	16	Uganda	0.78	15			
Tunisia	0.88	16	Mozambique	0.75	16			
Algeria	0.87	18	Cameroon	0.68	17			
Mali	0.87	18	Nigeria	0.68	17			
Average	0.84		Egypt	0.65	19			
Guinea	0.83	20	Morocco	0.59	20			
Burkina Faso	0.79	21	Zimbabwe	0.50	21			
Kenya	0.79	21	Sudan	0.49	22			
Uganda	0.78	23						
Mozambique	0.75	24						
Cameroon	0.68	25						
Nigeria	0.68	25						
Madagascar	0.67	27						
Togo	0.67	27						
Egypt	0.65	29						
Morocco	0.59	30						
Swaziland	0.59	30						
Cote D'Ivoire	0.54	32						
Zimbabwe	0.50	33						
Sudan	0.49	34						
Table Legend			Very open	Fairly open	Not open	Not at all open		

Afrobarometer compared the TAGI to other indicators of governance, such as the Resource Governance Index (RGI) produced by Revenue Watch International (2013) and the Ibrahim Index of African Governance (IIAG) produced by the Mo Ibrahim Foundation. The RGI is produced for 58 countries with sizeable extractive industries, encompassing four categories of variables: institutional and legal setting; reporting practices; safeguards and quality control; and enabling environment. The IIAG on the other hand covers 52 African countries and the index consists of four main categories – safety and rule of law; participation and human rights; sustainable economic opportunities and human development.

Of 22 extractive industry countries, 14 are also scored by RGI while 21 are also scored by IIAG. Figure 10a below shows a comparison of the TAGI and RGI scores while Figure 10b shows the comparison between the TAGI and IIAG.

Figure 10A: TAGI & RGI Compared

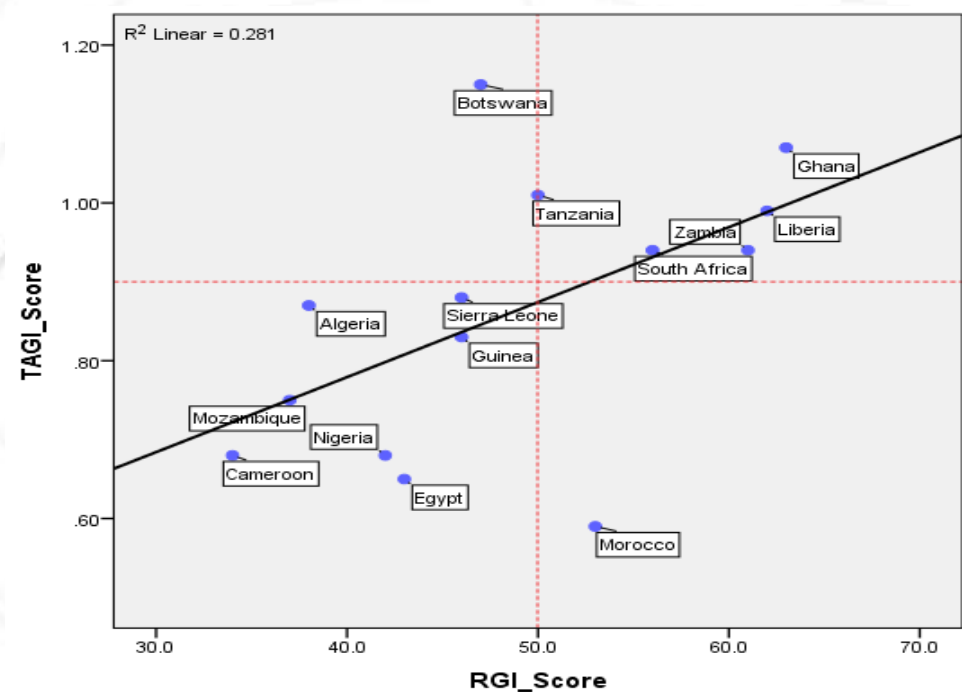
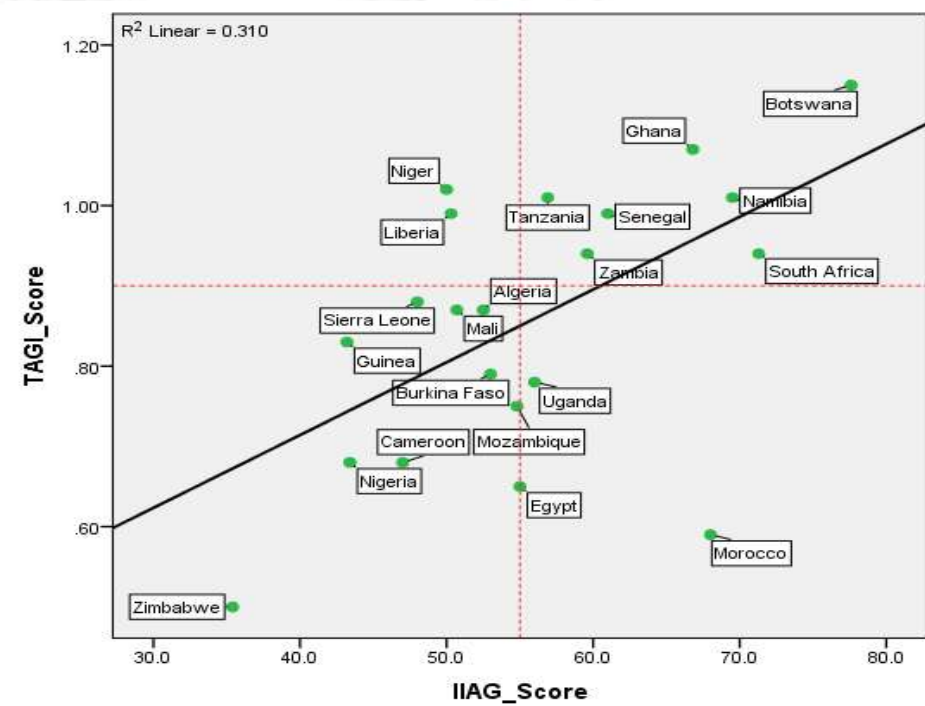


Figure 10b: TAGI – IIAG compared



The analysis shows a positive association between TAGI and both the RGI and the IIAG. But there are some outliers. On the first chart (i.e. Figure 10a), Botswana, which performs relatively well on the TAGI, scores slightly below average on the RGI. Morocco's situation is the opposite. It performs quite poorly on the TAGI but well above average on the RGI. Similarly, when we compare the TAGI with the IIAG, we find that Niger and Liberia perform poorly on the IIAG, but above average on the TAGI. Conversely, Morocco again scores above average on the IIAG, but performs poorly on the TAGI.

Overall, the trend lines in the two charts show that most of the countries' TAGI scores correlate positively with the Resource Governance Index (RGI) and the Ibrahim Index of African Governance (IIAG).

Conclusions

Popular assessments relating to transparent and accountable governance are mixed. They give generally positive ratings with respect to most aspects of civil liberties and democratic procedures. This is likely a reflection of overall improvements in civil liberties and rights (i.e., freedom of speech, association and election integrity) since the 1990s.

However, in other respects there are grounds for concern. Most notably, citizens' lack adequate access to information about how their governments utilize tax revenues, and there is still a strong sense in many countries that government officials are able to act outside of the law, and can operate with impunity. Government commitment to the rule of law, which is crucial to ensure effective extractive industry governance, remains uncertain. Institutional opacity and official impunity, two key enablers of corruption and self-dealing among public officials and politicians, seem to remain endemic on the continent.

In short, noticeable progress has been made across the board in election credibility and some aspects of personal freedoms. But much work remains to be done to reduce governmental opacity impunity among public officials if African governments are committed to using the burgeoning extractive industry wealth to secure substantial social and economic transformation of their societies in the coming years.

AFRO BAROMETER

LET THE PEOPLE HAVE A SAY



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Afrobarometer is produced collaboratively by social scientists from more than 30 African countries. Coordination is provided by the Center for Democratic Development (CDD-Ghana), the Institute for Justice and Reconciliation (IJR) in South Africa, the Institute for Development Studies (IDS) at the University of Nairobi in Kenya, and the Institute for Empirical Research in Political Economy (IREEP) in Benin. We gratefully acknowledge generous support from the UK's Department for International Development (DfID), the Mo Ibrahim Foundation, the Swedish International Development Agency (SIDA), the United States Agency for International Development (USAID), and the World Bank for Afrobarometer Round 5. For more information and further requests for analysis please visit Afrobarometer website: www.afrobarometer.org.

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