



## Press Release

30<sup>th</sup> November 2015

### Press Conference on the Communiqué from the First Africa Oil and Gas Summit

Accra witnessed the maiden Africa oil Governance Summit on the 23<sup>rd</sup> and 24<sup>th</sup> of November. The Summit sought to highlight the governance challenges faced by oil producing countries in Africa and to drive consensus to manage the challenges. Ultimately the Summit aimed at ensuring that the production of oil and gas is linked to the development of producer countries through transparent, accountable and efficient management of the industry's value chain.

The Summit with the theme: **“Africa rising as oil curse beckons for most countries – Is good governance the missing link between oil wealth and development?”** brought together participants from Governments, industry, Civil Society and the Media across Africa and beyond to discuss Contract governance, Institutional development, revenue Management, and Community rights.

At the end two-day Discussions, key recommendations were distilled, consolidated and adopted by participants to guide African states and all stakeholder for the proper governance of oil resources on the continent. The Recommendations are:

#### > **Recommendations to African governments:**

1. African governments should **optimise the benefits** from oil and gas exploration through a combination of fiscal and non-fiscal reforms, specifically by:
  - I. Stopping unnecessary tax concessions
  - II. Applying optimal fiscal terms that match specific conditions pertaining to different blocks
  - III. Maximize local content initiatives.

#### **2. Revenue management**

African governments should develop comprehensive resource revenue management frameworks, extensive disclosure requirements and productive investment choices based on long-term national development and public investment plans developed through broad consultation

#### **3. Contracts**

African governments should build a transparent regime for licensing of oil concessions. In particular, governments should adopt open and competitive bidding processes, mandatory disclosure of contracts, disclosure of beneficial ownership information and provision of anti-

corruption clauses that penalise companies and public officials involved in corruptly facilitating the acquisition of licences

#### **4. International transparency initiatives**

African governments whose countries who have not yet signed onto the EITI are encouraged to do so as a way of enhancing transparency and accountability mechanisms in their countries

#### **5. Regional cooperation**

I. African governments should develop a regional protocol linked to the African Mining Vision, for addressing common tax issues, cross-border resource management, conflict and regional infrastructure issues

II. African governments should lead and demand an international response to combating illicit financial outflows which are perpetrated through transfer pricing, tax avoidance, thin capitalisation and other such practices. As recommended by the African Mining Vision, the Africa Union should intensify steps to cooperate more effectively with OECD and other international bodies to design and implement appropriate guidelines for addressing such illicit financial flows

#### **6. Institutional capacity development**

I. Africa governments must demonstrate commitment to building independent and well-resourced institutions for efficient tax administration, contract negotiation and execution, mitigation of adverse environmental impacts and effective parliamentary oversight.

II. We also encourage cooperation among institutions particularly between resource and tax administrations

#### **7. Community participation**

Africa governments must ensure the protection of community rights and interests by adopting or introducing appropriate policies such as Free Prior and Informed Consent (FPIC), simplifying reports for public hearing to facilitate effective community participation and provide appropriate channels for communities to seek redress.

#### **8. Recommendation to oil companies:**

Oil companies should negotiate and implement Community Based Agreements (CBAs) in consultation with communities to support community development, protect their rights and ensure environmental sustainability.

#### **9. Recommendations to civil society:**

Increase dialogue between government and Civil Society and non-state actors to build consensus on the key issues affecting oil and gas development. Civil Society should also take proactive steps to increase their technical capacities on the sector as well as advocacy skills to engage more effectively with other stakeholders.

#### **10. On moving the conclusions of the summit forward:**

Each participating country should take urgent steps to domesticate these recommendations by developing clear and jointly-owned advocacy action plans in order to sustain the momentum

generated by the summit (incl. the pre-summit consultations) and to ensure that the summit recommendations are pursued not only vigorously but also in a systematic way.

ACEP would like to thank its Partner who supported the Summit; Ghana oil and Gas for Inclusive Growth (GOGIG), the UK Aid, GIZ, Oxfam and Ibis, for their extraordinary partnership, which delivered the biggest oil governance Summit ever held on the continent. ACEP also wants to thank the Ministry of Petroleum, Particularly the Minister for the support and participation. The Petroleum Commission of Ghana deserves huge appreciation for availing all their top-level management for such an important discussion about the future of Africa's oil resources. We are also thankful to all our resource persons, the media and our staff who worked tirelessly to ensure we had a successful Summit.

ACEP will monitor the progress made on the recommendation through the Africa Oil Governance Report, which will be issued every year.

We look forward to Next year's Summit with great optimism that together we will find the solutions to the governance challenges in Africa's Oil sector to accelerate development. It is a collective duty on all to ensure that we monitor the governance space for efficient transparent and accountable management of the entire value chain of the Oil industry.

Thank you