

Governance Challenges in Oil & Gas

**The Crucial Role of
Transparency and
Accountability**



Namibia

Oil and Gas Conference

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Avoiding the Resource Curse

- Resource-rich countries tend to experience slower economic growth and more social problems than do less-endowed countries.
- When used well, these resources can create greater prosperity for current and future generations; used poorly, or squandered, they can cause economic instability, social conflict, and lasting environmental damage.
- In general, oil- and gas-rich countries are more authoritarian, more prone to conflict, and less economically stable than countries without these resources.
- e.g Angola and Nigeria

'The Presource Curse'



- Economic growth can begin to underperform long before the first drop of oil is produced
- Elevated expectations among the public and politicians have to be managed.
- Can lead to negative policy developments and risky borrowing.
- We are entering a tricky period of policy and legal reform - the Petroleum (Exploration and Production) Act and the Petroleum (Taxation) Act both of 1991 facing amendment; incorporating local content; meeting current standards on transparency and accountability

Local Content Policy



- How can Namibians benefit from an industry that is dominated by International Oil Companies?
- The main benefit will be large cash infusions into government coffers once production starts - from taxes and royalties paid by the IOCs
- Namibians will want to see citizens participating in meaningful ways as the suppliers of goods and services for the industry.
- Local content often seen as a gateway for corruption,
- “Poorly designed local content policies can inadvertently lead to non-compliance, value leakage, and rent seeking activities” - Draft local content policy
- “The more we are transparent in our operations, the higher the chance of realising the objectives of this local content policy” - Hon. Tom Alweendo



Preventing Corruption in Local Content

- Anti-corruption clauses in contracts that spell out the behaviour expected from the contracting partners
- Dedicated and independent oversight body for local content policy
- Pre-approved local suppliers vetted for clean track records
- Procurement regulations should guarantee fairness throughout
- Disclosure of beneficial ownership instrumental to ensuring that local content contracts are not awarded to 'front' companies
- Transparent reporting



Access to Information

Access to Information Act, Section 33 (1):

A public entity must proactively disclose information produced by or in relation to the public entity within 30 days after production or receipt of the information by publishing -
g) all contracts, licences, permits, authorisations and public-private partnerships granted by the entity

Public entities includes Offices, Ministries and Agencies of government and Public Enterprises

ATI law also applies to private sector:

General principles (4 b):

A person has the right to expeditiously and inexpensively access information of private entities that may assist in the exercise or protection of any fundamental human right or freedom.

Extractive Industries Transparency Initiative



Subscribing to the Extractive Industries Transparency Initiative (EITI) and/or review applicable laws governing the extractive industries including Fisheries and Forestry to improve transparency and deepen public trust.
Effective Governance Pillar, Activity 1 c



The global standard for the good governance of oil, gas and mineral resources

The EITI promotes good governance by providing governments the support and tools to set frameworks and policies that are clear, predictable and well-informed.

The EITI establishes dialogue and trust between governments, companies and civil society.

53 Member countries; 60 Supporting companies

“Sunlight is the
best disinfectant”

Judge Louis Brandeis



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