

# Importance of Good Governance and Transparency in Natural Resource Governance



**Good governance** in natural resources is just not about processes and reform of systems, it is also about the integrity of the people implementing and operating the governance system

Bad governance tinged with lack of transparency and accountability has characterized exploitation of Liberia's natural resources. For decades we made a fetish of the secrecy of contracts, and allowed companies and the ruling elites to enjoy much of the proceeds derived from natural resources. Mining communities remained impoverished while urban elites enjoyed. In mining, the cities of Sanniquellie and Tubmanburg in Nimba and Bomi respectively are symbolic of how counties are endowed with natural resources, yet underdeveloped. In forestry, I experienced first hand the exploitation of forest products from Tappita in Nimba County where I was borne. Trucks passed so often in front of our home that I aspired to be logging truck driver. Unfortunately, all of the forest products taken from Tappita did not help to transformation the city and associated communities.

The concept of transparency and accountability are quite fashionable nowadays in Liberia, and many other countries that have allowed their natural resources to be exploited with meager benefits to their people. After years of conflict we seem convinced that mismanagement of state resources contributed to many of our conflicts. Do we want more conflicts? Certainly not! And efforts by the government in recent years to pursue reforms in the natural resource sector are indicative of a departure from an ulgy past.

Unfortunately, institutionalizing transparency and accountability faces numerous challenges. The panorama of greed and corruption that has engulfed natural resource exploitation in Liberia remains. Given the paucity of hard evidence because deals are closed under the cloak of darkness, some officials are still consumed with efforts to derail good governance in the natural resource sector. Nepotism, patronage and outright theft of public funds allocated to communities persist.

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# Good Governance



**Transparency + Participation +  
Accountability**

**Good governance** is just not about processes and reform of systems, it is also about the integrity of those implementing and operating the governance system. If implementers lack integrity and are corrupt, the system will eventually fail. Government must ensure that reformers are given the space to impact the system while spoilers and preservers are checked and disallowed the opportunity to sustain a corrupt and ineffective status quo. The system must be watchful of individuals who have professional qualifications, but would misuse their expertise for acts inimical to good natural resource governance. It is important to competitively train natural resource experts and not allow the sector to be entrapped by a cadre of corrupt officials because those that get scholarships and training are relations to the corrupt ruling elites

**Transparency** in natural resource governance is critical if pursued in its true intent. That is, the space must be created for citizens' to have access to **relevant information**. The relevancy of information provided determines the effective participation of various stakeholders in addressing challenges and applauding successes in resource governance. Transparency is not mere disclosure of terms of contracts and monies received. It is also about openness along a chain of events that includes plans, processes and actions that affect resource exploitation. Disclosure of information related to valuation of resources; contractors/ concessionaires; financial, environment and administrative terms, receipt of revenues and most importantly how it is spent is even more critical. Transparency in natural resource governance must be accompanied by disclosure of information that are relevant, accessible, timely and accurate. Information disclosed must be auditable and available for monitoring and evaluation by citizens.



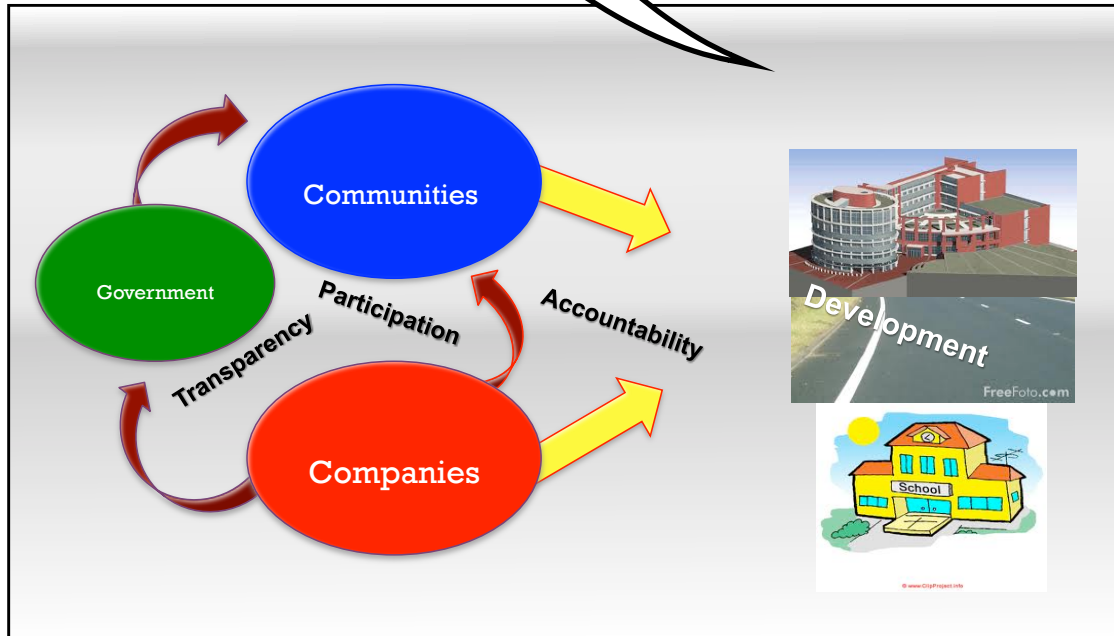
BLUE LAKE - RELIC OF MINERAL EXPLOITATION



**Participation** and **accountability** are critical elements in good natural resource governance; and along with transparency, they are necessary ingredients for solving nagging curses that come with resource exploitation. **Participation** has to be holistic with assurances that citizens' views largely would be considered in decision-making. Public officials must convince citizens that participation is not a perfunctory process for showcasing elements of good governance. Citizens must feel participation as diving in the same pool with public trustees and being prepared to drown because everyone has a singular and noble objective. **Accountability** allows public officials to be held to responsible for resources that they are tasked to management. Effective systems and controls are needed to ensure accountability. An accountability system requires that public official are penalized for misuse and abuse of state resources.

MINING CITY OF TUBMANBURG

GOOD GOVERNANCE &  
TRANSPARENCY LEADS TO WONDERFUL  
DEVELOPMENT OUTCOMES



### **Benefits of good governance and transparency in managing natural resources:**

When natural resources are managed well, citizens' confidence in their public officials increases. They feel the effects of revenues generated and development projects are impactful. Entire communities are resurrected from the throes of poverty. Conflict is usually averted because everyone shares in the bounty. Democratic values are accentuated because there is healthy discussion based on citizens' access to relevant information.

### **Clarification of roles and responsibilities in the sector**

Good governance requires that roles are adequately delineated and institutions play the role assigned to them. In the oil sector, the National Oil Company of Liberia (NOCAL) has to define its role. It has to determine now and not later whether it breaks into a regulatory agency and an oil company. History of mismanagement and the current state of management of public funds given to NOCAL makes the definition of its function – now – even more critical. The swarms of experts trying to convince Liberians that NOCAL should carry on as regulator and oil company until we build capacity and find oil are of ill advise and seem not to understand the dynamics of the pillaging and corrupting of natural resources in Liberia.

The challenges faced with the allocation of Land have to be addressed. Land given to companies are usually owned by communities and overlaps of mining, forestry and agricultural land are common. Efforts by the Land Commission, Ministry of Lands, Mines and Energy and other actors to improve land administration is in the right direction.

Control of revenues from natural resource exploitation must be in consonance with existing laws. The recent budget released by NOCAL where it received US\$28.9m and intends on spending all US\$28.9m in fiscal 2013 is unacceptable. The summarized budget and its line should send a signal about the curse that awaits Liberia if discretion and use of state resources by NOCAL is not checked now.

### **International and local transparency initiatives**

International efforts to ensure good governance and transparency in natural resource are laudable. The Liberia Extractive Industries Transparency Initiative (LEITI) has provided a glimmer of hope as citizens now have access to information related to payments made by companies. Step in the right direction! However, like many of the schemes that Liberia joins we are unable to sustain the momentum. Public officials and other stakeholders' participation in meetings are irregular. Besides, the vim and vigor with which Liberians embrace the process is sapping, as people are more interested in know how the money is spent when received.

Natural Resource Charter provides adequate reading and ideas for the improvement of Liberia's natural resource governance.

Our international partners have contributed immensely to improvement of our natural resource governance, but I am afraid that they are taciturn when bad processes are taking root. I know the importance of oil to many of our external partners, but the nepotistic and patronage rooted in the current management of the oil sector needs to be checked. Oil resources mismanaged is a cause for conflict and I am certain we all do not want conflict.

Civil society remains a key supporter of efforts to sanitize the natural resource sector and groups like Center for Transparency and Accountability in Liberia (CENTAL), Sustainable Development Institute, Save of Future Foundation and Green Advocates are contributing immensely to good governance.