



Contacts: Patricia Karam | phone: +1 212 547 6968 x 1968 | m: +1 917 975 0318 | pkaram@revenuewatch.org
Carolyn Bielfeldt | phone: +1 212 547 6961 | m: +1 646 236 5844 | cbielfeldt@revenuewatch.org

The Middle East and North Africa rank last on natural resource governance

NEW YORK, May 15, 2013 -- Major oil producers in the Middle East and North Africa lack basic mechanisms for ensuring transparency and accountability, according to a new natural resource governance index released today.

[Revenue Watch's Resource Governance Index](#) measures the quality of governance in the oil, gas and mining sector of 58 countries worldwide. Each country on the *Index*, from top-ranked Norway to last-place Myanmar, is judged on four criteria: legal framework, transparency levels, checks and balances and its broader governance context.

Eleven resource-rich countries in the Middle East and North Africa were assessed, including Bahrain, Iraq, Libya and Saudi Arabia, all of which rely on oil revenue for over 90 percent of their state budgets. In Libya and Egypt, demands for government accountability helped fuel the political upheavals of the Arab Spring. Yet not one of the 11 nations earned a satisfactory score on the *Index*, reflecting the region's all-around failure to provide citizens with the information they need to make sure their natural resources are managed effectively.

"The *Index* research reveals a governance deficit in how transparent and accountable countries are with their natural resources," said Daniel Kaufmann, president of Revenue Watch. "But by pointing to reforming states and to solutions, we reject the tired notion of the deterministic 'resource curse,'" Kaufmann added.

The Middle East and North Africa's average score was the lowest in the world, putting it behind far-poorer sub-Saharan Africa. Even [Morocco](#), the highest ranked country, publishes only limited information on its mineral sector. Recent reforms have improved government oversight, but the state's phosphate company is still not audited.

[Yemen](#) and [Iraq](#) have produced useful reports on oil and gas revenues as part of the Extractive Industries Transparency Initiative (EITI), although Yemen has since been suspended. Only Iraq gives citizens access to environmental impact assessments.

Highly centralized monarchies, including [Bahrain](#), [Kuwait](#), [Saudi Arabia](#) and [Qatar](#), do not publish the rules governing their oil and gas industries. In [Egypt](#) and [Libya](#), new governments have been slow to reform their oil sectors. In contrast, [Algeria](#) is one of the few countries in the region with comprehensive oil and gas legislation.

In [Iran](#), the state oil company controls the licensing process, allowing it to grant itself drilling rights. Throughout the region, state-owned companies operate far from public view, and no country publishes contracts with foreign companies.

The *Index* offers recommendations for highly ranked countries like Brazil and for low-ranking countries like Afghanistan. Governments in the Middle East and North Africa should promote competition and accountability by passing freedom of information laws and requiring ministries to publish detailed production data, revenue figures and contract terms. Iraq and Yemen's participation in EITI should encourage other countries to follow suit, especially now as the region's increasingly empowered populations demand more responsive governments.

“The *Index* analysis not only shows where we are now, but points out ways forward for countries, companies and global initiatives, and this matters because improved governance in natural resources is arguably *the* development challenge of this decade,” Kaufmann said.

For more details on the Index data and the report, visit www.revenuwatch.org/rgi.

Note: As with any governance data, this Index is subject to margins of error and therefore caution in interpretation and comparisons apply. Further, in its measure of governance, the Index focuses on transparency, integrity and accountability rather than other performance indicators related to extractive efficiency or optimization of revenues.

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