

Launch of the African Progress Panel's Report
"Equity in Extractives: Stewarding Africa's natural resources for all"
Cape Town, 10 May 2013

Mr. Annan's Opening Remarks

- Good morning,
- We have come here this morning to talk about aspirations and opportunities for Africa; about the continent's potential enormous wealth. But also about the moral and economic imperative to share this wealth between all its citizens.
- Africa's vast oil, gas and mining resources remain largely untapped. At the same time, the continent is riding the crest of the global commodities wave. Natural resource exports have propelled the region into the world's high-growth league.
- Strong demand in emerging markets is likely to drive at least another decade of high prices for Africa's natural resources. This is good news. Foreign investment, which has reached record levels over the past few years, is likely to continue its growth.
- This means that African policy makers have critical choices to make. They can either invest their natural resource revenue in people to generate jobs and opportunities for millions in present and future generations.
- Or they can squander this opportunity, allowing jobless growth and widen the already gaping inequality between rich and poor.

- Africa's resource wealth can lift millions out of poverty. It can build shared prosperity and bring hope to future generations. It is eminently possible to do. But it will take bold leadership and it means building up proper governance: solidifying democracy, embracing transparency, and strengthening governance, institutions and the rule of law.
- Over the past decade, the record on these scores has been uneven, but overall, it has been poor.
- In many African countries, natural resource revenues are widening the gap between rich and poor. With some notable exceptions, a decade of highly impressive growth has not brought comparable improvements in health, education and nutrition.
- The report we are launching today provides some grave and disappointing examples of how income from oil, gas and mining resources has been squandered through undervaluation, shady deal making and mismanagement. The report also describes how some countries have limited the wealth to a small elite while the majority of the population in these countries still live in extreme poverty
- Nevertheless, we are convinced that Africa can better manage its vast natural resource wealth to improve the lives of the region's people. Its leaders can do so by setting out bold national agendas for strengthening transparency and accountability. Some countries are showing positive signs in such regards.
- The report sets out a number of steps that African governments can take. These include:

- adhering to a new global common standard for transparency and accountability in signing and executing contracts;
 - building national capacity to fight corruption;
 - securing adequate tax revenues;
 - adding value by processing natural resources before export and promoting local content;
 - using the tax revenue to invest in health, education, infrastructure, and social safety nets to extend opportunities to girls and women and reduce inequality.
- However, African countries are vulnerable to the same global trends as the rest of the world. Tax avoidance and secret deals that undervalue assets tempt corruption.
- Tax avoidance and evasion are global issues that affect us all. The impact for G8 governments is a loss of revenue. But in Africa, it has direct impact on the lives of mothers and children. Throughout the world, millions of citizens now need the G8 leaders take action. Fortunately, momentum for change appears to be accelerating.
- The report therefore, calls for action at next month's G8 summit:
 - A rules based global system on tax and transparency should be developed with the G20. All countries should agree to adopt and enforce measures equivalent to the Dodd-Frank

Act and similar EU legislation – including Canada, which is currently a notable exception.

- All foreign-owned companies should be required to publicly disclose the ultimate beneficiaries of their profits.

Switzerland, the United Kingdom and the United States, all major conduits for offshore finance, should signal intent to clamp down on illicit financial flows. Major investors in Africa's extractive sectors, like China, and emerging investors, such as Brazil, must also engage.

- We are convinced that Africa can better manage its vast natural resource wealth to improve the lives of the region's people. And we hope this report will make a contribution. We all stand to win from an Africa that is truly prosperous, stable and fair. We are all stewards of Africa's natural resource wealth for future generations.
- Thank you.