

The Southern Africa Resource Watch (SARW)

A project of the Open Society Initiative for Southern Africa (OSISA)

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As Congo-Brazzaville strongman Denis Sassou Nguesso was trying to persuade international creditors led by the World Bank and the International Monetary Fund to consider removing from the backs of poor and civil-war weary Congolese a significant portion of the country's US\$8.35 billion external debt, could it have been appropriate for an officious bystander to wonder about the fate of the US\$1 billion that the country had earned from oil revenue in the year 2004 alone?

One cannot but wonder about these issues concerning a country that, at approximately 240 000 barrels of crude oil per day, is sub-Saharan Africa's fourth largest oil producer as one peruses the UK High Court judgement of 28 November 2005, in a case where a creditor to Congo-Brazzaville sought to attach the proceeds in the UK of oil cargos that had been sold to Glencore, an international trading corporate, in March 2005.

A number of unanswered questions emerged from the judgement, including suggestions of impropriety in the manner in which officials in the state oil company Société Nationale des Pétroles du Congo (SNPC) had, according to audits by accounting firm KPMG, sold Congolese oil in opaque deals through offshore private trading companies. At its most "innocent", this convoluted arrangement would have been put in place to frustrate creditors, given Brazzaville's penchant for oil-backed loans; more likely though, it served that purpose but also the personal corrupt objectives of a number of official actors.

But how is it that these kinds of problems are not only typical but are also particularly endemic in resource rich countries?

In his new book, *The Age of Fallibility*¹ George Soros highlights the problem that has come to be known as the resource curse:

"Developing countries that are rich in natural resources tend to be just as poor as countries that are less well-endowed; what distinguishes them is that they usually have more repressive and corrupt governments and they are often wrecked by armed conflicts. This has come to be known as the resource curse."

The Southern African region straddles across a significantly resource-rich geo-formation that includes currently exploited and as yet unexploited deposits of gold, diamonds, oil, uranium, and cobalt. This resource aquifer is important for the region for a variety of reasons:

- It has been at the epicentre of some of the most enduring conflicts in the region, particularly in the DRC and Angola, which conflicts have attracted a host of other regional actors, at one point in the past creating the real possibility of a regional conflagration as contestation for resources

¹ July 2006, Public Affairs, New York; forthcoming.

especially in the DRC brought into its vortex a diverse range of States including Zimbabwe, Angola, Namibia, Uganda and Rwanda;

- It has fuelled significant interest from transnational corporations mainly based in Western countries – and to a smaller extent in South Africa – and this interest has tended to emphasise resource exploitation without sufficient attention being paid to the needs and interests of nationals of the host country;
- It forms the basis of serious income differentials within host countries, resulting in a situation where vast numbers within the populations of these countries live below the poverty line, while an elite – often variously linked to or protected by the State – lives off the profits from these natural resources. This has, in cases, perpetuated dictatorial and corrupt regimes that have ordained disorder in order to continue looting lucrative resources from within the cloud of war, bad governance, low intensity conflict, etc; and finally –
- In cases where an attempt at “rectifying” these challenges has been made, such as in Zimbabwe, political rhetoric has trumped policy clarity and integrity, with one form of elite control of resources being substituted by another, even more chaotic one.

At the end of 2005, OSISA initiated the Southern Africa Resource Watch with a view to consolidating its work and that of its partners on issues of extractive industries monitoring. Ongoing work in the Publish What You Pay campaign provided a basis for deeper work in the resource monitoring area.

OSISA has defined the objectives of the Southern Africa Resource Watch as being:

- To monitor corporate and state conduct in the extraction and beneficiation of natural resources in the Southern Africa region, in particular assessing to what extent these efforts contribute to sustainable human development in the region.
- To consolidate research and advocacy on natural resource extraction issues in Southern Africa.
- To put a spotlight on the specific dynamics of natural resource extraction in the Southern Africa region, building a distinctive understanding of the regional geo-political dynamics of resource economics.
- To provide – for researchers, policy makers and social justice activists especially in academic and civic spaces – a platform of action, coordination and organisation, in the watching and strengthening of corporate and state accountability in natural resource extraction.
- To increase general awareness as well as public policy interest in natural resource extraction issues and their impact on livelihoods and human development in Southern Africa.
- To highlight the relationships between resource extraction activities and human rights as they obtain on the ground, and to develop advocacy efforts that engage this reality.

The focus is on natural resource extraction in the region, and the emphasis in the first two years is on oil, diamonds and timber in Angola and the Democratic Republic of the Congo; fisheries in Namibia; gold, platinum and copper exploitation in Zimbabwe and Zambia and oil exploration in various parts of the region, including off the Mozambican coastline.

Strategies that OSISA is using include research and advocacy on access to information, budget monitoring and advocacy, investigative journalism skills development and risk-taking support, and consolidation of partnerships with, among others, economic justice networks that OSISA works with in the region.