NGO Coalition Statement
Extractive Industries Transparency Initiative Conference

Taking forward revenue transparency: a shared responsibility

Considerable progress on improving revenue transparency has been made since the launch of Publish What You Pay (PWYP) in 2002, including:

- Our coalition has grown from around 40 members to more than 270 NGOs worldwide representing over 50 countries. PWYP coalitions in the Gulf of Guinea, Europe, Central Asia, the United States and elsewhere have been formed to pressure national governments and other local actors;

- The World Bank, prompted by the Extractive Industries Review, has committed to making revenue transparency a condition of all IFC loans and MIGA guarantees to extractive sector projects within two years. The U.S. Government has committed to pushing for all IFI non-humanitarian financial assistance to resource-rich countries to be dependent on revenue transparency;

- The International Monetary Fund has published a draft Guide on Resource Revenue Transparency offering guidance to resource-rich member states on the receipt and management of extractive industry revenues;

- Investors, collectively managing some US$7 trillion in funds, have called on companies to be more transparent about payments to governments as part of their ‘social license to operate’ in developing countries;

- The G8 countries have agreed on an Action Plan on Fighting Corruption and Improving Transparency, which includes providing capacity-building assistance to oil and mineral rich developing countries to bring about greater transparency;

- The European Union has adopted the Transparency Obligations Directive which promotes the disclosure of payments by extractive companies listed on European stock exchanges; and

- The Extractive Industries Transparency Initiative (EITI), launched by UK Prime Minister Tony Blair in response to PWYP’s appeal for revenue transparency, has made some significant strides forward in several countries and made the extractive industry stand up and take notice.

But there is still a long way to go. The international community has a collective responsibility to seize the initiative now and take forward the positive steps to date to implement revenue transparency reforms in a systematic and comprehensive manner. The EITI Conference and G8 Gleneagles summit provide the international community, and developed country governments in particular, with the opportunity to send out a clear political message supporting revenue transparency efforts around the world and to commit the resources necessary to support them.

PWYP members welcome the 2005 EITI Conference. In particular, our coalition strongly endorses the agreed set of minimum requirements for implementation of the Initiative at country levels. These benchmarks are essential so that there is a common standard by which all implementing countries abide. Especially important are the requirements for independent auditing, the public identification of any discrepancies in reporting by companies or governments, and disclosure of information in an accessible form to the public in every country where EITI is being implemented. But such criteria and all other EITI commitments should be integrated into the legal frameworks of each implementing country to ensure transparency reforms are long lasting.
We welcome that the minimum criteria re-affirm the necessity for full, proper and open consultation by governments with civil society for the ultimate success and effectiveness of the Initiative at country levels. The recent success of the EITI multi-stakeholder Round Table in the Republic of Congo, organised by the local PWYP coalition, demonstrated clearly that when stakeholders engage openly at the early stages of the EITI process it can help to build trust and can pave the way for a constructive working relationship between all stakeholders. Transparency reforms are ineffective if civil society groups are not genuinely engaged in the process. So in countries where civil society groups do not have the ability to operate freely or independently, the opening up of political space and wider governance reforms are critical.

PWYP acknowledges the commitments made by donors to funding capacity-building for civil society organisations in several countries. We look forward to their continued support and assistance so that citizens will have the necessary skills and resources to monitor implementation of the EITI effectively in both the short- and long-term.

The EITI will continue to expand its coverage. But given its country-by-country voluntary approach, it is unlikely that transparency will become a reality in all resource-rich developing countries. As the recent report by the Commission for Africa illustrated, governments of countries where extractive companies are headquartered have as much responsibility for good governance and accountability in developing counties as host governments themselves. Corruption and poverty in the developing world lead to political, economic and social instability, which increases the costs of doing business, and can threaten the supply of resources. Home country governments must go beyond voluntary initiatives and incorporate transparency requirements into domestic and international legislation.

It is in the companies’ own self-interest to take a proactive approach to revenue transparency and to disclose in a disaggregated manner. As Save the Children UK’s Measuring Transparency report highlights, some companies have already begun publishing data on revenue payments to governments. However, the index also shows that, on the whole, companies still have a considerable way to go in implementing their commitments to transparency. Home governments have a pivotal role to play in this respect and should commit to amending stock market listing rules and international accounting standards.

International financial institutions, regional development banks and export credit agencies have an equally great duty to bring about revenue transparency. It is in their interests to promote a more stable and sustainable investment climate that enhances economic growth and development in resource-rich countries and cuts down on opportunities for corrupt behaviour by government officials.

The publication of the IMF’s draft Guide on Resource Revenue Transparency has been a significant step forward. It should – if strengthened and fully implemented by IMF country teams – serve as an effective guide for ensuring transparency over the receipt and management of resource revenues. PWYP members look forward to an ongoing dialogue with the IMF on this Guide. However, here again a voluntary approach by the IFIs is not enough. Loans, non-humanitarian development assistance, insurance and credits to resource-rich developing countries and private sector clients in the extractive industry should be made conditional on transparency of payments and revenues.

The UN has a crucial role to play in helping to promote the ideals underpinning the EITI. A General Assembly resolution enshrining governments’ responsibility to manage natural resource revenues in a transparent and accountable way in the best interests of their citizens would be a logical next step. It would also help legitimise and internationalise the EITI in much the same way as a UN resolution did for the Kimberly Process on conflict diamonds.

This is a critical moment for revenue transparency: the international community must not lose the momentum generated by the EITI and other complementary efforts. Political and business leaders must go beyond rhetoric and deliver real change. Transparency and accountability over the receipt and management of natural resource wealth is in everyone’s enlightened self-interests, not least the 1.5 billion people living in poverty in resource-rich countries around the world.