



PRESS RELEASE

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G8 backs oil and mining transparency initiative but actions speak louder than words

The G8 leaders have added more impetus to the global campaign to curb corruption in developing countries that are rich in oil, gas and natural resources, by calling on these countries to implement the Extractive Industries Transparency Initiative (EITI) and offering funding and technical assistance to help them do so.

“The G8’s endorsement of the EITI is a positive move. What is important now is concrete action by the G8 to support host country efforts. However, revenue transparency is critical in all resource-rich countries, not just in Africa,” stated Henry Parham, Coordinator of the 280-member Publish What You Pay international NGO coalition. “G8 governments should also change laws at home so that companies publish payments for every country of operation. We would also like to see a greater investment in capacity building of local civil society groups so that they can effectively watchdog EITI implementation.”

The EITI was launched by the British government in 2002 and, after a shaky start, has attracted a growing number of developing countries and international oil and mining companies who have agreed to improve the transparency of revenue payments from these industries to governments. Without revenue transparency, citizens of such countries have no way of ensuring that huge sums in oil and mining revenues are not misappropriated or misspent.

Sub-Saharan African countries are set to receive well over \$200 billion in revenues from oil this decade. Transparency over the payment and use of this income is therefore essential so that it is managed accountably. Improved governance and accountability is also fundamental to ensure the benefits of increased aid, fairer international trade and debt relief (the MAKE POVERTY HISTORY campaign’s demands) are instituted effectively.

Another important commitment made by G8 leaders is to support the development of a set of criteria for validating the implementation of EITI. This task, to be carried out by an international advisory board, is vital because EITI cannot be credible without clear benchmarks for measuring which countries are truly becoming more transparent and which are merely paying lip-service to reform.

“Although the G8’s new commitment to supporting EITI is welcome, G8 members also need to look beyond the limits of this initiative,” said Michel Roy, from French NGO Secours Catholique at the Gleneagles Summit. “As the Commission for Africa noted in its report this year, the task of improving governance and tackling corruption does not fall to poor countries alone. The G8 countries should be passing domestic laws and regulations that promote resource revenue transparency by their own companies. International financial institutions should be requiring revenue transparency from all their resource-dependent borrowers. Resource-rich developing countries should also be compelled to follow best practices on transparency as illustrated in the IMF’s recently published Guide on Resource Revenue Transparency.”

An index that measures resource revenue transparency, published earlier in 2005 by Save the Children UK, shows that G8 governments have a lot more work to do at home, as well as supporting the EITI. The “Measuring Transparency” survey showed that most developed countries that support EITI do not require their own companies to be transparent about payments to developing countries.

Vanessa Herringshaw of Save the Children UK stated: “G8 governments should do more to put their own houses in order as well as supporting action by host countries. There is a golden opportunity right now to improve revenue transparency as part of the current reform of international accounting standards for the extractive industries.”

Post-Gleneagles, G8 countries should play an active role in upholding best practice on revenue transparency. In particular, governments should ensure that companies from G8 countries support EITI implementation according to the highest standards of transparency. Nigeria, for example, is seeking to set a benchmark by requiring a significant level of disclosure of company payments. G8 governments and companies should support the efforts of host countries like Nigeria to set such high standards, which will provide a model for other countries to follow.

In the race to access energy and mineral resources for G8 countries, safeguards like revenue transparency are essential to promote a more stable operating environment, which will help governments meet energy security objectives. Revenue transparency is vital to ensure that revenues are invested for good development rather than fuelling conflict and corruption so that revenues help not harm citizens of the countries from which the resources are extracted.

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