

Dear Dr Salim

We would like to commend you for all your efforts in steering the Extractive Industries Review to a successful conclusion. In particular, we warmly welcome the recommendation on revenue transparency in the Final Report, and we would like to clarify our understanding of what it would mean in practice. Since time for discussion on this issue in Lisbon was limited, we would be grateful if this letter could be inserted into the Annex to the Final Report.

The recommendation reads:

Promote transparency in revenue flows. The WBG should vigorously pursue transparency at country and company level in all the resource-rich countries it works with. The WBG should partner with, for instance, the Extractive Industries Transparency Initiative and Publish What You Pay to promote revenue transparency in its client countries and should use its power as a convenor to vigorously support existing efforts to build common action against corruption. WBG requirements need to be in line with these initiatives. (Striking a Better Balance, Vol 1 Page 7).

We believe the World Bank Group should vigorously pursue transparency at country and company level by ensuring that governments mandate disclosure of all payments to the state by extractive companies and all receipts of such payments by state agencies. This should be a condition for all WBG structural adjustment lending to the oil, gas and mining sectors and for macroeconomic purposes, as well as for all technical assistance and other activities.

Companies that benefit from WBG support, such as IFC funding or MIGA guarantees, should be required to publish what they pay for access to oil, gas and mining resources, including all taxes, fees, royalties, signature bonuses and other payments. Production-sharing agreements and other contracts vital to the tracking of revenue should also be disclosed.

We believe “transparency at...company level” means the disclosure of payments by individual extractive companies, not the aggregation of data from different companies for publication by a third party. Companies individually disclose such payments in the North and we believe the WBG should apply the same standard in the South. Aggregated disclosure would be less transparent because the identity of the company making each payment would be concealed.

We welcome the strong commitment by the WBG to the principle of revenue transparency, which is endorsed by other EIR stakeholders, but we believe this commitment will be judged by the concrete actions that the WBG takes to embed revenue transparency in all its activities.

Thank you for your attention.

Yours sincerely,

Diarmid O'Sullivan
Global Witness

and

Henry Parham
Publish What You Pay Campaign

18th December 2003