



Publish What You Pay NGO Coalition Statement G8 Summit - Sea Island, USA, June 2004

The Publish What You Pay (PWYP) coalition of over 220 NGOs worldwide¹ welcomes the progress that has been made on promoting transparency in the oil, gas and mining industries worldwide since last year's G8 summit. However, serious concerns remain about the effectiveness of the G8 member states' voluntary approach to transparency, and the lack of proper and meaningful follow-up efforts to fulfil commitments made in Evian.

It is widely recognized that the lack of transparency over revenues in the extractive industries is a significant impediment to reducing poverty, enhancing economic growth and combating corruption in all resource-rich developing countries. In over 50 developing countries around the world, lack of transparency has allowed resource revenues to be mismanaged and embezzled by corrupt governments. These countries' citizens, many of whom live in terrible poverty, have therefore not benefited from their country's natural resource wealth. The reputation of companies operating in these often risky and politically volatile places has also been considerably damaged. Following recent corruption and accounting scandals², it is also clear that transparency is fundamentally a corporate accountability issue. In addition, investors have highlighted that transparency is essential to improving companies' "social license to operate" in developing countries³.

Since the Evian summit, G8 member states have participated to varying degrees in the Extractive Industries Transparency Initiative (EITI), a multi-stakeholder process that has been convened by the UK Government.⁴ The EITI has made good progress: Nigeria and Azerbaijan, for example, have committed to publishing information on their revenues and other countries in Africa and Central Asia have expressed growing interest in following suit. PWYP commends the EITI for prompting host governments to discuss how to implement the initiative. However, the critical issue is that the EITI's tri-partite approach between government, industry and civil society should be strictly upheld in these countries and that companies be required to disclose payments information individually, to allow watchdog groups to effectively monitor the publication of data.

The EITI has also brought about other very welcome developments from the international financial institutions. The IMF is in process of incorporating extractive industry transparency standards in its ROSCs⁵. The IMF's country programs are also increasingly focusing on transparency of extractive revenues and operations. The World Bank and EBRD have committed to supporting the EITI by encouraging country participation and by providing capacity building and technical assistance to willing countries. However, there is still a long way to go.

Firstly, the EITI has been built on a voluntary, country-by-country approach; this falls short of addressing the ultimate objective of revenue transparency in countries where it is most needed, in order to allow civil society to hold their government to account. These countries are least likely to heed the voluntary call because ruling elites stand to benefit from maintaining a veil of secrecy over the management of resource revenues. In such countries that mandatory requirements for disclosure by companies, as advocated for by the PWYP coalition⁶, can make a significant difference. Secondly, of the eight G8 countries, only the UK has fulfilled one core element of the 2003 G8 Action Plan on "Fighting Corruption and Improving Transparency"⁷ to provide capacity building assistance to host governments who have made a commitment to revenue transparency.

PWYP calls on the G8 to recognise the inherent limitations of the voluntary approach and to fulfil its commitment to broadening the policy dialogue by involving lending institutions and regulators responsible for accounting and stock market listing standards. The EITI is a useful means by which G8 leaders should pursue an international "joined-up" approach to revenue transparency. Accordingly, the Sea Island summit represents a valuable opportunity for G8 leaders to fulfil their commitment to an "intensified approach to transparency" by broadening out the EITI so that it takes effect in all countries where transparency is necessary.

It is time for all G8 members to move beyond rhetoric and take meaningful actions to implement transparency in the natural resource sector. Publish What You Pay looks forward to continued progress by the EITI, but if all G8 countries do not lend more weight and political will to the initiative by next year's summit, efforts to fulfil the Millennium Development Goals, improve corporate accountability to shareholders, and enhance global energy security will be severely hampered.

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Notes:

¹ [Publish What You Pay](#) is an appeal for full transparency of oil, gas and mining companies' payments to all national governments. PWYP was launched in June 2002 by NGOs including [CAFOD](#), [Global Witness](#), [Open Society Institute](#), [Oxfam](#), [Save the Children UK](#) and [Transparency International](#) and is now active across the world in several developing countries including Congo-Brazzaville and Nigeria, as well as in Western Europe and the United States. PWYP seeks to address the paradox of plenty – the link between natural resource wealth and poverty, conflict and economic instability in many developing countries. PWYP is complementary to wider global efforts related to international development, poverty alleviation, corporate social responsibility and tackling corruption, for which transparency is an essential condition. A full list of the members of the international coalition are available on the Publish What You Pay website at www.publishwhatyoupay.org

² For example, see *"Time for Transparency: coming clean on oil, mining and gas revenues"*, Global Witness, March 2004: <http://www.globalwitness.org/reports/show.php/en.00049.html>

³ *"Investors Statement on Transparency in the Extractive Sector"*, ISIS Asset Management et al., February 2004: see www.publishwhatyoupay.org/statements

⁴ The [Extractive Industries Transparency Initiative](#) aims to increase transparency over payments and revenues in the extractives sector in countries heavily dependent on these resources. The EITI was formally launched by UK Prime Minister Tony Blair at a high-level meeting on 17 June 2003, only weeks after the Evian G8 summit. More information on the initiative is available at www.dfid.gov.uk

⁵ The IMF's *Reports on the Observance of Standards and Codes* (ROSCs) monitor countries' adherence to internationally recognised standards and codes related to, for example, fiscal transparency. The reports are used by the IMF as a basis for policy dialogue with national authorities and by ratings agencies to assess risks. For more information see: www.imf.org

⁶ PWYP calls for companies to be required to disclose their net payments (taxes, fees, royalties etc) to governments for every country of operation through stock market disclosure rules, accounting standards and company law. Coalition members also promote various measures to require governments to 'publish what they earn' from resource extraction. These include the imposition of appropriate conditionality on relevant bilateral and multilateral development assistance, resource-backed loans from banks, and export credit agency funding. The coalition believes that companies should be required to individually disclose revenue information at national levels. The G8 leaders have proposed to "aggregate" all companies' data together, which will not allow civil society access to information on a specific company's financial flows to their government. This will also make cross-checking of data significantly more difficult.

⁷ The G8 Action Plan on *"Fighting Corruption and Improving Transparency"* from the 2003 Evian summit, which includes the commitments to promoting extractive industries transparency, is available on the internet at www.g8.fr