

PUBLISH WHAT YOU PAY

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Mr. James Wolfensohn
President of the World Bank
The World Bank
1818 H Street, N.W.
Washington, DC 20433
United States of America

17th December 2003

Re: News Release on 9/12/2003: "WBG Endorses Extractive Industries Transparency Initiative"

Dear Mr. Wolfensohn,

The Publish What You Pay coalition, which includes more than 170 NGOs, welcomes the World Bank Group's growing commitment to bringing about revenue transparency in the extractive industries. The WBG's recent endorsement of the Extractive Industries Transparency Initiative (EITI) on 9th December 2003 is a positive step in this direction.

However, we feel the WBG will need to go beyond merely endorsing the EITI if it is to fulfil its leadership role in implementing revenue transparency in all countries where this is essential for development, growth and poverty alleviation. As an institution with very significant leverage over governments of resource-rich countries and over many extractive industry investments, the WBG could contribute significantly to meaningful and rapid progress on transparency.

Whilst we welcome the WBG's collaboration with the EITI, discussions within the latter currently focus on a voluntary, 'pilot country' approach, which is unlikely to bring about real change in all countries where revenue transparency is critical. We feel the WBG can play a vital role within the EITI in promoting a more vigorous model of transparency, which would in turn support the development objectives of the WBG.

The PWYP coalition strongly believes that the WBG should mainstream transparency into its activities by requiring that governments mandate the disclosure of all payments to the state by extractive companies and all receipts of such payments by state agencies or representatives. This should be a core condition for all 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 any form of WBG support, such as IFC funding or MIGA guarantees, should be required to publish what they pay governments for the right to access and exploit oil, gas and mining resources. Required disclosure should include taxes, fees, royalties and other payments, including signature bonuses. Production-sharing agreements and other contracts vital to the tracking of revenue should also be disclosed.

This type of conditionality is necessary for the alleviation of poverty through sustainable development. We also believe that transparency is in the best interests of business, as was made clear by numerous statements to the EITI meeting in June.

We strongly believe the WBG should support the publication of payments to governments by each individual company, rather than on an aggregated basis between companies. Companies individually disclose such data in developed countries and to apply an aggregated approach in the developing world would risk accusations of double standards. If companies are concerned that individual disclosure could violate confidentiality clauses in their contracts, then the appropriate solution is for the WBG to work with these governments to ensure that confidentiality clauses are waived.

We note, for example, that the Government of Nigeria has recently committed to requiring oil and gas companies in Nigeria to individually publish what they pay the Government, as well as the government publishing what it receives. We would be concerned therefore if the Bank were to be advocating a lower standard of transparency than that agreed by one of the major oil producing countries that has been most deeply affected by corruption and bad governance.

We look forward to a continuing dialogue on these issues, especially as the WBG considers its response to the Extractive Industries Review. We note that the EIR has recommended the vigorous pursuit of revenue transparency by the WBG at country and company level and we strongly endorse this recommendation.

Yours sincerely,

Henry Parham, Publish What You Pay Co-ordinator (on behalf of the coalition members)
Heidi Feldt, World Economy, Ecology & Development
George Gelber, CAFOD
Ian Gary, Catholic Relief Services
Arvind Ganesan, Human Rights Watch
Gavin Hayman, Global Witness
Vanessa Herringshaw, Save the Children UK
Micha Hollestelle, Pax Christi Netherlands
Karin Lissakers, Open Society Institute
Geraldine McDonald, CIDSE
David Murray, Transparency International UK
Michel Roy, Secours Catholique/CARITAS France
Keith Slack, Oxfam America

cc. World Bank Board of Directors
EITI Team – Department for International Development