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1. Why transparency in international extractives sector important from a civil society perspective

2. Progress being made

3. Present & future challenges

WHY TRANSPARENCY IN INTERNATIONAL EXTRACTIVES SECTOR IMPORTANT FROM A CIVIL SOCIETY PERSPECTIVE

- Major problem and opportunity: "resource curse" ("paradox of plenty"):
  - corruption, revenue mismanagement, poor governance and & oversight capacity, negative developmental outcomes, human rights abuses, environmental harms, violent conflict
- Extractive industries' huge impacts, potentially and sometimes for good – e.g. Norway, Botswana – often negative:
  - size of sector: exports of oil and minerals from Africa, Asia and Central/South America in 2012 worth > US$1.35 trillion = > 15 times official aid to these regions that year
  - these resources are non-renewable – only one chance to get it right
  - increasing global focus on natural resources in under-exploited regions including. developing countries especially Africa, where so many people are poor
  - Africa's vast losses through trade mispricing and other illicit financial outflows, mainly associated with extractive industries - estimated > $50 billion / year, totalling $1.2-1.4 trillion 1980-2009 (Africa Progress Panel Report , African Development Bank , Global Financial Integrity)
- Examples:
  - Nigeria: "disappearance" of estimated $20 billion in sales by national oil company; oil theft & smuggling; corruption scandals
  - DRC: 5 cut-price mining deals 2010-12 linked to offshore holding company owned by foreign billionaire allegedly cost country $1.4 bn = 7% national income

- Zambia lost in 2005-6 $511 in unpaid corporation tax & royalties due from mining companies
- Siphoning off of very large oil revenues in e.g. Angola, Equatorial Guinea; major corruption in Brazil's oil industry; lack of community benefits, and negative social, environmental and human rights impacts from mining in e.g. Guatemala, Indonesia, Philippines, Peru

PROGRESS BEING MADE

- What civil society wants to achieve to address the "curse": invest natural resource revenues in infrastructure, health, education, economic diversification and to reduce aid dependency

- How to get there? Transparency leading to accountability (part of solution/necessary not sufficient): in the form of country-by-country and project-by-project reporting of payments to governments by all oil, gas, mining companies

- Countries that control corruption and improve governance are found to potentially triple incomes per capita long term

- Civil society campaigning led to establishment of "voluntary" Extractive Industries Transparency Initiative (EITI) in 2003

- Civil society formed global Publish What You Pay movement around same time (2002) both to act as watchdog inside EITI and to campaign for mandatory reporting

- EITI now grown to 48 implementing countries, including Norway, US, Germany, France, Italy, UK

- Mandatory reporting now achieved in Norway, US (delayed), EU, Canada

- Main differences between EITI & mandatory reporting, pros & cons:
  - Advantages of EITI = Multi-Stakeholder Group, civil society place at table and opportunities to innovate - e.g. Liberia (forests), Senegal (fisheries), US (renewables)
  - But EITI data usually 2 or more years delayed, and many corruption-prone countries currently not participating in EITI e.g. Angola, Russia
  - Mandatory reporting covers all countries where extractive companies operate

- Important that leading OECD counties like Germany & UK implement EITI to high standard as well as mandatory reporting; "walk the talk" & set example; encourage wider take-up of global standard; prove EITI is doable and not neocolonial

- Civil society has key role in global & national EITI: push for greater transparency, when companies & governments often resist; current debates in global EITI re validation for compliancy standard being too high, or beneficial ownership transparency being too demanding and complex; civil society should resist attempts to weaken the standard;

also important if civil society can promote outreach to citizens, including by acting as "infomediaries"

PRESENT & FUTURE CHALLENGES

- Securing open & machine-readable data

- Developing skills to analyse and the data – EU data will start to flow in 2016 in UK and France - to achieve, & show value of, greater transparency (besides preventive value) – including as "infomediaries"

- Monitor company reporting

- Defend the global extractives transparency standard against pushback from Big Oil (API lawsuit, UK industry guidance, "competitiveness" claims) and potentially some government reluctance; upcoming UK & EU reviews of mandatory reporting in 2017 & 2018

- Achieve mandatory extractives transparency regimes and EITI in additional key jurisdictions and markets, e.g. Australia (home country of leading mining companies BHP Billiton, Rio Tinto), Switzerland (world's leading commodities trading hub), South Africa, India, China, Brazil

- Achieve additional data publication for greater tax transparency (contracts, production volumes, employee numbers, sales, profits) – additional data needed to help reveal trade mispricing & other forms of tax dodging

- Use payment/revenue transparency & accountability as bridge to wider accountability including company public reporting on impacts on livelihoods, human rights & environment;* access to remedy for affected communities; establish free prior and informed consent (FPIC) principle for all local communities globally; transparency on political lobbying

    - *Welcome initiative of CSOs including Heinrich Boll Foundation in writing to EITI board on 13 Oct highlighting urgent need to address climate change through EITI

- Also use payment/revenue transparency & accountability as bridge to work for participatory budgeting and public expenditure monitoring, as CSOs are doing in some developing countries (Mali, Niger, Peru, Philippines)