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Today, more than half of the world's poorest people live in resource rich countries. Historically, revenues from natural resource extraction have rarely helped reduce poverty or improve lives of citizens. Much of this has to do with poor governance and a lack of resource transparency. Transparent resource governance is indeed vital to overcome the paradox of "*rich resources, poor people*". The better governance of oil and gas resources – which is key to improved development outcomes – is only possible with adequate information about the resources being extracted and the revenues generated by them.

This is why TI is publishing a report today that calls for urgent action by oil and gas companies to substantially improve their transparency and public disclosure. The TI 2008 report on revenue transparency of oil and gas companies evaluates 42 oil and gas companies in 21 countries of operation. The report is based on publicly available information from companies, including information drawn from websites, annual and sustainability reports. To determine levels of revenue transparency disclosure, we evaluated three areas: revenue payments, operations data and anti-corruption programmes.

Key Issues and Findings

Firstly, Revenue Transparency is a shared responsibility between governments and companies.

There is little doubt that governments must shoulder much of the responsibility for the misuse of revenues earned from oil and gas companies. In fact, governments will be the focus of two more Promoting Revenue Transparency reports, looking at both the countries that are host and home to oil and gas companies. In this report we repeat our call to all host governments to – as a matter of urgency – publish all revenues received from extractive industries.

But, today, we are here to emphasize that companies themselves can *reduce the potential for corruption* if they publish how much, and to whom, they pay for oil and gas extraction rights in every country they operate in. However, let's be clear: *our report is about transparency, not corruption.*

Secondly, (we found that) Revenue Transparency is not yet a common practice in the industry.

The weakest area is reporting on payments to host governments. If companies publish what they pay governments to extract resources – most companies do not do this yet – citizens are empowered to hold their public officials and governments to account. This is their right and their duty.

Thirdly, (we found that) Revenue Transparency is possible.

Whilst wide variation exists in company practice, leading companies demonstrate that revenue transparency is possible and that proactive company efforts can make a difference. Companies like Statoil Hydro from Norway and Talisman Energy from Canada consistently report what they pay to specific governments in every country we evaluated. This comes from

a decision by the companies themselves to undertake transparent reporting and is also a result of mandatory regulations by their home governments.

*Fourthly, (we found that) **Regulatory approaches produce systematic impact.***

There are two main types of regulations that currently have some impact, and have the potential to contribute to transparent resource governance; these are:

- regulations with a multi-country impact such as stock exchange listing regulations and accounting standards, and
- host government reforms along the lines of EITI

*Fifthly, (we found that) **Disclosure of information on revenue transparency is hindered by diverse formats of reporting that are difficult to obtain, interpret and compare across companies and countries.***

The Key Recommendations

1. We call on *oil and gas companies* to **proactively report in all areas relevant to revenue transparency and do this on a country-by-country basis.**

2. We call on *home governments and appropriate regulatory agencies* to urgently consider introducing **mandatory revenue transparency reporting for the operations of companies at home and abroad.**

3. We call on *governments from oil and gas producing countries* to urgently consider introducing **regulations that require all companies operating in their territories to make public all information relevant to revenue transparency; in addition, they should **publish all revenues received.****

4. We call on *regulatory agencies and companies* to **improve the accessibility, comprehensiveness and comparability of reporting on all areas of revenue transparency by adopting a uniform global reporting standard.**

Finally, today (in April 2008) with crude oil at \$ 120 a barrel and huge wealth transfers to oil producing countries the issue of dramatically increased resource revenue transparency is indeed now urgent than ever before.

Moreover, we need the cooperation and leadership of companies – who continue to benefit hugely from their involvement in the industry – to move this forward and to *adopt the principle, wherever they operate, that they will be transparent about payments in exchange for the opportunity to extract resources.*

Our report clearly shows that companies can and should make a difference by making all payments for natural resources public. The public has a right to know and to hold public officials and governments to account. So do shareholders, investors and consumers.

Together, governments, companies and civil society can – through transparent resource revenue governance practices – finally end one of the most tragic paradoxes and of our time: *“rich resources, poor people”.*