



Wilton Park

Conference concept

Beyond extractive sector transparency: driving prosperity and stability through good governance

Wednesday 26 – Friday 28 March 2014 | WP1268

Context

Weak governance of the extraction and management of natural resources can have far-reaching consequences for the countries holding the resources, hampering economic growth as governments lose revenues. There are many difficulties in addressing the issue and these challenges require complex solutions, based around better governance, increased capacity building by governments, civil society organisations and extractive sector companies themselves.

Transparency of revenues and contracting will play a part in improving the situation by moving economies along the 'golden thread' of economic and social development: using well managed natural resources and transparent systems of governance, implementing the rule of law, reducing corruption, clear taxation regimes, well-defined property rights and robust regulatory and legislative oversight. Good governance can therefore be seen as fundamental to the socioeconomic development of resource-rich countries.

This conference will enable governments, extractive sector companies and civil society actors to debate a blueprint for best practice in natural resource management at local, national and regional levels.

Discussion points

What does good extractive governance look like? What progress has been made in the past 12 months? What should we aim to achieve in the next three years?

The conference will explore case studies of countries that have achieved both favourable and poor index ratings. It will assess what variables are at play to influence those ratings, and crucially, why they hold their respective positions on the index.

It will critically assess transparency reporting and question whether it is over-weighted. Focusing on transparency may hide problems and ineffective measures in other areas. Efforts at improving transparency should not just be for transparency's sake but to create a sustainable improvement in economic conditions of the countries involved. The conference will develop ideas on how to achieve this key distinction.

More data collection, reporting and sharing of information could improve accountability. How could data be used more effectively to direct payments to the areas of greatest need? What reporting practices are most appropriate and what standards should be maintained? However, data alone is not enough - what else is important and can provide measurable improvements and impacts?

How much information should be accessible and to whom? Are agencies publishing enough? How can we build capacity to achieve these goals? What should be the role of international institutions and initiatives?

Links between extractives players and local economies are inadequate. If extractives

industries were closely tied to the economies in which they operate, the local area would receive more benefit. Do governments have the negotiating capacity? How can contract disclosure improve? How can transparency initiatives help to increase local integration?

What options do governments have for improving index scores and from whom can they receive assistance? They can benefit from the expertise of companies but there are potential conflicts of interest if governance is aimed at those same companies. What confidence do people have that the sector is well governed?

The conference will explore the potential array of legal frameworks, rule of law issues, and anti-corruption measures that underpin transparency and good governance efforts. It will assess the structure and management of industry sectors to discuss the effectiveness of governance and regulation. The debate will result in a detailed look at what good governance and oversight of the extraction of natural resources means, and should mean, for multinationals, juniors, state owned enterprises and governments alike.

Goal and objectives

The conference has the following specific objectives:

- To better define 'good governance' as it relates to the extractive sector in any country, be it a developed or developing nation
- To explore what tools and measures are needed for countries to make their way along the 'golden thread' of socioeconomic development through harnessing the wealth generated by the extractive sector
- To further the work of the EITI and civil society organisations in developing metrics for measuring the effectiveness of transparency and good governance initiatives around the global extractive sector

Participation

- Multinational oil, gas and mineral extractive companies
- Small and mid-sized 'junior' or independent extractive companies
- State-owned operators
- Tax and trade policy makers from resource-rich developing nations
- Civil society organisations active in the sector
- EITI
- Qatar, Turkmenistan, Myanmar, Algeria, Saudi Arabia
- Norway, US, UK, Australia, Brazil, Mexico, Canada