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Wilton Park



Image: Jaco Wolmarans

Conference report

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

Wednesday 26 – Friday 28 March 2014 | WP1268

In association with:

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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: well managed natural resources, transparent systems of governance, implementation of the rule of law, anti-corruption measures, clear taxation regimes, well-defined property rights and robust legislative oversight. Good governance can therefore be seen as fundamental to the socioeconomic development of resource-rich countries. Equally, can a well- managed extractive sector promote diversification and growth in countries with low economic and technological development activity? What might be the development impact of efficient allocation of natural resource revenues, if aid to structure local institutions and taxation regimes was targeted accurately?

Effective management of natural resources by developing countries should enable their economies to implement and achieve the governance-related elements of the UN’s new Sustainable Development Goals and meet the proposed targets within the time stated.

This conference enabled governments, extractive sector companies and civil society to debate a blueprint for best practice in natural resource management at local, national and regional levels. It examined the issue of transparency within a broader context and sought to identify some practical solutions to perceived or real constraints in delivering better outcomes through better governance.

Key points

- Citizen engagement is necessary to ensure the success of transparency initiatives and the longevity of the extractive sector itself. This can be ensured by employing the local people (it is also an excellent opportunity to create jobs) and by utilising traditional media and social media to both ensure transparency and engage citizens.
- Transparency initiatives can only work with the support of countries and businesses themselves, and transparency is crucial to ensure that individuals,

institutions and local government can be held to account. It is also necessary to encourage foreign direct investment.

- Contracts between businesses and governments need to be capable of adapting according to changing scenarios, so as to prevent disputes later on and ensure the longevity of the industry. Companies are beginning to move on from the traditional approach of maximising profits at any cost as there is greater recognition that it terms or an agreement are not fair there will not be longevity. The preferred approach to achieving this is to encourage competitive tendering, which provides a level playing field and ensures countries get the best deal.
- Poor governance can have a severe impact on a country's development. It may result in the country not ensuring that the companies involved in their industry carry out corporate social responsibility, or that they become overly dependent on one industry, neglecting other sectors. Or bureaucratic delays may occur hampering the development of certain aspects of their industry and discouraging outside investment.

Economic Diversification and Governance in Trinidad and Tobago

1. Trinidad and Tobago has a diverse economy but energy is its backbone as it yields 40% of Gross Domestic Product and 50% of Government revenue, as well as accounting for 90% of Foreign Direct Investment (FDI) and providing 1% of exports by value.¹
2. The energy sector is a mix of oil refining; gas processing; iron and steel mining; petrochemical, fertiliser and liquid natural gas production; and the utilization of gas for power generation. There has been an increase in exploration and production costs as reserves are finite and they have been depleted over the last century. Technical studies are required prior to the exploration of any new site in order to ensure the smallest possible environmental footprint.
3. These increased costs have led to consideration of non-energy sectors. Trinidad and Tobago are promoting trade missions to South America, French Guiana and Tanzania. The Government has established the Caribbean Regional Renewable Energy Research Centre; the University of Trinidad and Tobago provides scholarships in technology; and there is a new e-tech park which acts as an incubation centre for small manufacturing companies. Marinas and piers for pleasure crafts have also been developed, particularly in strategic locations near the Panama Canal so that they can also be used for repairing ships that supply goods to the region. The Government has invested in research and development into cocoa and coffee as potential growth areas for the agricultural sector. There is also a need for research and development into downstream energy sectors such as the production of drilling fluid.
4. The Government is reviewing its administrative capacity and there is likely to be some restructuring, including a new database for licenses and contracts. Procurement legislation requires transparent processes rather than direct one-on-one engagement between specific companies and the Government. An Auditor General will provide oversight and check compliance.
5. Trinidad and Tobago has adopted several legislative and policy initiatives in order to optimize the use of the depleting energy stocks and promote growth and development in non- energy sectors. The Integrity in Public Life Act (2000) requires mandatory declaration of the income and property ownership of Government Officials and State Board Officials. Similarly the Freedom of Information Act (1999) requires public bodies to make disclosures about their operations to members of the public. There is also an Office of the Ombudsman which can review the decisions and actions of public bodies.
6. Problems have resulted from conflicts between farmers and energy companies. There

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¹

Trinidad and Tobago exports liquid natural gas to 22 countries.

have been incidents of illegal encroachment onto Government owned land, and officials need to be escorted by police officers in some areas. 98% of mineral rights are owned by the state; even if a private operator owns surface rights the Government still owns the subsurface. The Government bought shares in the Phoenix Park Gas Processor to try to improve public distribution of the wealth generated by energy.

7. Initially the energy sectors were ambivalent towards the Extractives Industry Transparency Initiative (EITI). Any move away from the contract being sacrosanct and confidential was viewed with caution, and the energy sectors pointed to the fact that they were already operating with the oversight of a democratic government. However there is recognition that EITI membership helps attract FDI, and that improves the reputation of Trinidad and Tobago including helping to mitigate its reputation as a high carbon emitter.
8. The development of local direct employment in the oil and gas industries has taken time, but now extends over four generations in both upstream exploration and downstream refining. However local people are failing to reach top level positions and overall only 5% of the population are employed in energy².
9. Local companies now provide services and supplies to the energy companies, for example the equipment required to drill wells was provided by international companies but it is now provided by local companies. Enhanced oil recovery is also being undertaken by indigenous companies. There may be benefit in developing local skills in procurement and logistics, rather than just focusing on the development of technical skills.

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Robust and transparent governance: the key to equitable extractive sector management?

10. The extractives sectors provide a unique opportunity to create jobs, in fact East Africa could become the largest exporter of natural resources. Jobs are of key importance to Africa as 50% of the population is under 15 years old. Afghanistan may be able to generate \$3trillion from extractives.
11. Job creation is likely to be important in the Post-2015 Development Agenda as jobs are essential to achieving zero poverty by 2030. Jobs are often the priority for people in African countries, rather than how much the company is paying their government. There is a view that Governments should also prioritise job creation, and they are likely to do so in order to win votes and elections.
12. There is huge momentum which involves governments, civil society and the private sector, but the key challenge is how to empower citizens through transparency. It may be unrealistic to expect citizens to do everything. Long term investment into institutional capacity will eventually mean that citizens have confidence in the system. Real change will only happen if developing countries want it themselves, in particular whether the political elites are prepared to accept oversight.
13. Individuals, institutions and governments need to be held to account. The stakes are enormous. For example, three generations have lived in poverty in the Democratic Republic of Congo (DRC), but this may have been avoided if the country's natural

“Jobs are of key importance to Africa as 50% of the population is under 15 years old.”

² Rio Tinto (RT) tries to employ local people, and has made commitments to prescribed percentages in some countries where it is able to provide sustainable livelihoods. Sometimes this makes good business sense as well as commercial sense, for example it can make business sense to employ local people who already live in remote areas rather than relocating outsiders to such areas where there can be a shortage of housing. On the other hand it can be difficult to employ local people in the initial construction phases, but it can become easier as you move into the operational phase and there are needs for products such as tyres, food and uniforms. In Mongolia, 90% of RT employees are local, but it can take time to reach such a high percentage. Mongolian NGOs helped RT source local suppliers. RT helped with micro finance, and also provided tax clinics in order to encourage suppliers to pay the correct amount of tax.

resources had been properly valued and this had led to investment in health and education. It is interesting to compare the failures in the DRC with the relative success of Botswana.

14. The aim is for member countries to report in accordance with the new EITI standard by 2020. However the EITI has already had some important successes. \$8billion in missing tax has been identified, of which \$400 million has been recovered, and Ghana has seen a 3-5% increase in royalty payments arising from minerals.
15. Accountability requires citizen engagement. Tanzanians have been encouraged to report failures in hand pumps by Short Message Service and this has led to an 80% improvement. Mobile technology has also been used to undertake real time monitoring of elections in Nigeria, and in relation to the allocation of benefits in the Northern Indian state of Bihar. Could the same or similar technology be used to report oil spills? The use of mobile technology brings about the possibility of integrating other social messages, e.g. health messages.
16. Other areas of focus must be how the information/data is used and the role of the media. One sign that the EITI is a robust and independent process is the fact that its data is often quoted by the media, although the media can prefer to focus on bad news and scandal rather than positive stories concerning governance.
17. Countries like the UK must set the right example, and continually review whether they are doing enough. The messages given by the UK Government have become confused because the Department for International Development has started to invite private companies to accompany them on overseas visits. It is unhelpful that the aims of international development and growth of the British economy have been conflated.
18. How can host countries be encouraged to talk to one another in order to benchmark and check they are getting the best deals?
19. Transparency can lead to significant pressure on governments to renegotiate the terms of contracts which have already been agreed, sometimes as a result of media campaigns. The objective of the Chatham House project, Conflict or Coexistence in the Extractives Industries, is to understand the contractual terms between companies and host countries; identify possible patterns which would help understand why contractual disputes arise; and ultimately explore ways to reduce these disputes. Disputes often end in expensive arbitration where the decision of how to share the bounty can lack objectivity. International arbitration can be toxic for relationships between countries and companies³.
20. If terms are flexible and progressive there are less likely to be arguments when prices go up or down. It is important for contracts to cover expected reserves and how risks will be shared as companies need to come back to governments when prices are down, and countries should be able to renegotiate when prices improve. Stabilisation Funds can be used to deal with price fluctuations.
21. People who have retired from oil companies now advise host governments about their negotiating position, and this may have been a factor in the growing optimism that contractual disputes will reduce. The old approach of maximising profits at any cost has become unfashionable because there is greater recognition that if terms or an agreement aren't fair it won't have longevity. It would be helpful if expert independent third parties could look at contracts to check they are properly balanced, akin to an Ombudsman system, perhaps administered by the World Bank.
22. Some countries need to rethink the speed of projects. How quickly or slowly resources are developed can have significant implications. For example the shale gas debate in UK is very badly informed because 'fracking' has taken place in Dorset for last twenty years.
23. The preferred approach should be competitive tendering so that several companies bid

“Countries like the UK must set the right example and continually review whether they are doing enough.”

³ The Report provides a country-by-country breakdown of arbitrations, with Argentina scoring the highest.

on a level playing field. Host countries should engage companies to undertake site surveys, such as seismic surveys. The data should be jointly owned by the country and company, and it should inform a competitive bidding process.

Case study panel

Bahrain

24. The royal family influences all areas of civic and commercial life. Power is not just in the hands of the King, it is shared amongst the wider royal family. Although the Government's balance sheet is made public there is very little disclosure about the royal family's finances. Having said that, the royal family seem to mainly rely on their estates for their income.
25. The priority areas of expenditure for the Government are Defence, Security, Education, Health, Housing and Infrastructure development. Electricity and water are made available free of charge which makes it difficult for the Government to justify investment in renewable energies. The theatre must be free or people don't attend. Some foods and fuels are also subsidized.
26. There is no tax on individuals' incomes, capital gains or inheritance, and as a result rich people stay rich forever and poor people stay poor forever. The Shiite people complain about their exclusion from jobs, housing, education and land.
27. The Parliament isn't functioning well, for instance the budget for the fiscal years 2013-2014 was delayed for seven months. As a result the growth of the non-oil sector slowed down during 2013. Having said that Parliament did eventually agree a financial bailout for Gulf Air.
28. There is a corruption problem. The annual National Financial and Administrative Audit Court Report for the year 2012/2013 highlighted major financial and administrative irregularities committed by 56 organisations including political associations, as well as government ministries and agencies. However it can be difficult to secure convictions. The UK Serious Fraud Office discontinued a case against the Victor Dahdaleh for alleged bribery of the royal family.
29. Bahrain received a 'weak' score on the Resource Governance Index, ranking 31st out of 58 countries. It failed on the Institutional and Legal Setting and Reporting Practice components, but achieved partial success on Safeguards and Quality Controls and the Enabling Environment components⁴.

"There is a corruption problem... Bahrain received a weak score on the Resource Governance Index, ranking 31st out of 58 countries."

Zambia

30. Zambia relies on extractives, principally copper, but also other minerals. However historical mismanagement has meant that mining operations have not significantly improved the living standards of ordinary people.
31. Over time there was disinvestment in the sector, including a lack of consideration of environmental damage. After the original 10-25 year mining licences expired the mines closed. The operating companies had no ongoing responsibility or interest in rehabilitation, and communities suffered as a result. The dependence on mining meant that other sectors, such as agriculture, were neglected.
32. As a result of this difficult history a deliberate policy decision has been made to develop

⁴ The overall objective of the Index is to demonstrate whether there is an Enabling Environment for citizens in order to address the 'paradox of plenty.' The Resource Government Index is a measure of accountability and transparency inspired by the Natural Resources Charter. One hundred researchers help produce the bi-annual index. The index is retrospective, for example the 2013 index looked at 2012 data. There are fifty indicators; ten concerning Institutional and Legal Setting; 20 concerning Reporting Practices; fifteen concerning Safeguards and Quality controls; and five concerning the Enabling Environment. It can be controversial to assess conflict and non-conflict countries using the same criteria.

“Zambia will continue to try and attract FDI but not at the expense of the Zambian people.”

a mineral sharing system in order to encourage ownership by local people. Zambia will continue to try and attract FDI but not at the expense of the Zambian people. Mining operations will be expected to demonstrate Corporate Social Responsibility. Zambia is seeking a win-win situation; mining survives and it benefits communities. The Government has a duty to speak to its people, so that its citizens are not mere spectators.

33. As regards the Resource Governance Index, Zambia received a ‘partial’ score of 61, ranking 17th out of 58 countries. It had a strong performance on the Institutional & Legal Setting and Safeguards & Quality Controls components, but failed on the Enabling Environment score.
34. There are seven Chinese companies operating in Zambia and they operate mines which were previously state owned. These companies have good relations with the Zambian government.

What would generate a leap in improving governance of the extractive sector?

Governance

“Countries with recent discoveries need more information about where to go to get the services they need.”

35. Rule of law and strong institutions are the central platforms for progress. Good governance requires separate and clear roles for State Owned Enterprises, regulators and policy makers. Strong legal frameworks are needed, particularly around property rights and energy security. The development vision for the country should be cross-sectoral rather than just relying on extractives. The vision must be informed by the voice of the people and not just the political elites. This requires citizens to use negotiation skills and know how to recognize and deal with corruption. It may be possible to support this process through social media.
36. Following a discovery it can be difficult to decide whether the priority is to progress extraction or wait until appropriate governance/capacity is in place. Countries with recent discoveries need more information about where to go to get the services they need.
37. Investors want a political system that is stable and which doesn’t become volatile because of elections or other events. They also want this stability in the local communities which they interact with. Transparency and an enabling environment are necessary for investment. Mining companies don’t want tax instability, and they particularly dislike punitive windfall taxes. Action Plans and Environmental Impact Assessments can take too long to be approved, sometimes up to two years. If the processes are too difficult, cumbersome and or expensive then the country itself will suffer, for example infrastructure projects that would benefit education and health won’t go ahead.
38. A transparent budget making process is important in ensuring that revenues are used for sustainable development. The role of tax collection agencies is particularly important in making sure that there is an appropriate return for the country. Will taxes from extractives eventually replace aid? There may be no awareness of what a good tax regime looks like. What is the role of Sovereign Wealth Funds? What is the impact of Transfer Pricing?
39. Project-by-project reporting fits nicely with tax regimes which are also project-by-project, but some countries use other approaches, e.g. the UK uses a ring fenced system.
40. The breakdown between corporation tax and income tax needs to be clearer. ⁵There should be a carrot and stick approach based on international tax norms alongside a joined-up network of agencies tasked with reducing the chances of leakage through corruption. Regulatory systems also need to be transparent in order to generate

⁵ It is particularly difficult to distinguish between personal income and business income in Latin America.

certainty and confidence.

Transparency

41. The whole process of contracting needs to be open. Licence registries need to be made public, including disclosure of the true holder/owner of licences, i.e. the beneficial owner. There must be no overlap of licences as this can lead to disputes between mining companies and governments.

Know-how

42. It is important to build a good understanding of how the sectors work amongst citizens, civil society, the media, etc. What is the location and quantity of resources? What incentives are there for citizens to engage in the debate? In particular, what constitutes a fair deal?

“Local people need to be educated and trained so they can provide a skilled labour force.”

43. Local people need to be educated and trained so that they can provide a skilled labour force.

44. South Africa should be an important source of mining expertise for the whole of Africa, but the South African Institute of Mining Affairs has reported on the extent of the crisis that the industry is facing. Some miners have been killed and others are striking. One of the key problems is that the structure of the industry is based on migrant labour, but there is a lack of resources to look at alternative models.

Strategies for implementation for a range of countries on discovery of significant new reserves

45. OECD Countries: US

Governance

- Implement the US Dodd-Frank legislation (section 1504) and the EU Transparency and Accounting Directives
- Review other legislation, particularly concerning energy security, export policy (Free Trade Agreements), tax policy and environmental legislation
- Consider foreign policy implications
- Investment must benefit citizens and companies, e.g. the development of alternative sources of energy

Transparency

- Join the EITI

Know-how

- Model contracts and licences
- Should public awareness/consultation go as far as seeking public consent?

46. Emerging economies: Brazil

Governance

- Reform public finance in order to manage revenues, including sharing revenues equitably with the North
- Develop an industrial policy to maximize linkages
- International NGOs to set and monitor progress
- A strategy to deal with threats to existing leadership through disruption of traditional structures and to deal with changed relationships with neighbouring countries

Transparency

- High expectation from communities and population at large needs to be

balanced against the need for paced development and the management of expectations

- Companies to demonstrate enlightened self-interest

Know-how

- Encourage an informed debate to work through the opportunities and challenges
- Clear expectations of local content and localism
- Appropriate timing of the development of administrative and technological know-how
- Ideally the introduction of an external stakeholder, e.g. the World Bank or the International Monetary Fund

47. Least Developed Country: Tanzania

Governance

- Political drivers working in unison. A Task Force working across all government departments to help ensure staged development, monitoring and evaluation of progress, and economic diversification. Clear areas of responsibility for different ministries.
- Sound constitutional and government structure.
- Robust regulatory and legal structures in place as regards anti-corruption, employment and health and safety. Important that money put into local bank accounts isn't stolen, and that industrial relations aren't hijacked by militant unions.

Transparency

- NGOs have a legal right to exist. Northern NGOs must do more to support Southern NGOs.
- Citizens and NGOs can advocate their positions to corporations and to governments, to help ensure that the value of resources is maximized for long-term benefits.
- Freedom of the press and of information.
- Public/media engagement and partnership.

Know-how

- Peer learning from other countries.
- Managing expectations through good communications, e.g. it can take twenty years for a gas project to reach full scale production, whereas coal which can be relatively quick to access but mining can cause environmental damage.
- Timely training opportunities for local people, and making them aware of employment opportunities at the right time.
- International assistance in relation to capacity building.
- Ideally create a Norway of the South, loosely based on Mozambique.

Ukraine: its energy sector and the Russian factor

48. Ukraine is a resource rich nation including, metallic and non-metallic minerals, oil, gas, coal, silver and gold. Ukraine was buying gas from Russia, although as Russia was violating agreements and prices were rising, the possibility of piping gas from Slovakia to Ukraine was being explored. Russia's invasion of Ukraine raises concerns about the security of energy given the gas pipe line from Russia to the EU.

49. There is a complicated structure of decision making in Ukraine. The Prime Minister, Deputy Prime Minister and other Ministers are very powerful. Government Ministries can block initiatives attempted by other Ministries which slows down decision making. There is not much space for public participation or investigations.
50. There is a money laundering problem in Ukraine, facilitated by networks of shell companies. Ukrainian police recently found \$5million in cash and 40kg of gold in the house of the Minister of Energy which may involve illegality connected to the solar panel business.
51. Prior to the Russian invasion there had been conflict inside the country. An Anti-Corruption Order led to old heads of state companies had been dismissed. There has been total reform of 'Naftogaz' which is now bankrupt.

Economic diversification and governance: the pillars that underpin success?

52. Diversification goes beyond developing agriculture and tourism. It doesn't always make sense to encourage countries to try and process commodities, especially if they will never be able to compete because there are cheaper sources of energy elsewhere. On the other hand it may be extremely limiting to only focus on commercial activities where the country already has a competitive advantage- sometimes you need to start somewhere
53. Revenue and data transparency are the life blood of investors as this information allows them to evaluate risks. Different energy sectors (oil, gas and mining) have varying degrees of transparency, resource governance and corruption.
54. Asset managers have thrown their support behind Dodd Frank (section 1504). There are ninety asset managers on the EITI Board. Multi stakeholder (MSI) approaches such as EITI do not conflict with mandatory approaches, they are complementary.
55. Progressive investors realise the need to redefine stability because repressive and corrupt regimes aren't necessarily unstable, and democratic regimes aren't necessarily stable. Investors want risk and responsibility to be shared. They don't want to shoulder all of the risk; they want it spread amongst companies, governments and institutions. The emerging oil sector in Liberia has a high degree of shared responsibility. This reflects the emergence of a democratic government and a vision of a better future.
56. Public private partnerships have merit because they bring together different forms of capacity and legitimacy. They tend to generate transparency, accountability and stability. The Electrify Africa Act (2013) passed by US congress provides seed funding for electricity provision in sub-Saharan Africa. It is a model for what can be achieved through public private partnerships. It provides the necessary incentives which will eventually mean that the current fifteen million people who do not have access to power will soon gain access.
57. The Grasberg Mine in West Papua is an example of inadequate environmental risk assessment and planning, and the perils of a lack of diversification and unsustainable population growth.
58. Historically some cities in China only existed because of a particular company. It was a seamless integrated partnership, and therefore impossible to distinguish between the private and public sectors. As a result the older generation of Chinese business people don't recognise any differences between the public and private sector, which makes private and public sector cooperation a difficult concept for them to understand. It can be difficult to conceptualise how and why businesses should engage with non-governmental stakeholders given that the Chinese government is still very powerful. Chinese companies find it hard to work with trade unions. In any event there is only one trade union in China and it is very closely aligned with the Communist Party.

"Revenue and data transparency are the life blood of investors as this information allows them to evaluate risks."

59. Chinese State Owned Enterprises were reformed in the 1980s and 1990s, to try and reflect western market efficiencies. This has led to social problems because these reformed enterprises no longer need to worry about job security, or services such as hospitals and schools. The State Owned Assets Supervisory and Regulatory Committee tried to redress the balance by issuing a document for State Owned Enterprises about their Corporate Social Responsibility.
60. The old thinking was that investment would automatically have benefits for the local community, but this proved to be insufficient. ‘Do no harm’ policies were also insufficient. Private companies can have a positive impact. For example, RT has a local procurement preference as long as health and safety standards are met. International airports built by RT have been developed for tourism. Building roads can have particularly wide benefits. However in other arenas public policy needs to step in, e.g. the provision of primary education which facilitates later up-skilling and ultimately employment.
61. Good governance for the extractives sectors must cover the whole supply chain. Knowing that good governance matters is different from knowing what it looks like or knowing how to create it. Good governance means going beyond government, and it must address the twin-challenge of state and market failures.

Delivering results beyond the data

62. Change requires a mix of political opportunity and political will, as demonstrated by the recent G8 debate on tax and beneficial ownership.
63. The aim of MSIs is to create space at the table for every sector of society, so that they can all influence national development policy, but this requires stakeholders to convert the raw data into genuine understanding. The Revenue Watch Institute has issued a Guide to the EITI Standards which advises on how the EITI can generate meaningful information that improves natural resources governance⁶.
64. Publishing payments and contracts is important, but it should be possible to develop good governance without publication. In fact transparency in some areas may hide problems in other areas. What is important is that citizens are able to hold governments to account so that there is inclusive growth that results in stable countries. There need to be mechanisms which allow local discontent to connect with international initiatives. This requires the information to be accessible physically and intellectually, e.g. published in appropriate languages and downloadable on mobile telephones. Citizens need to be educated, starting by educating them about how the industries work, for example oil and gas life cycle maps. The information needs to be credible, ideally collated by independent agencies. Even informed citizens can be reluctant to look at the fine detail.

Conclusion

Extractives catapult countries into middle income status, but other levers need to be found to address the fair allocation and dispersal of wealth. It’s important not to over sell the Norwegian model as it may not be easily replicated. National sovereignty needs to be respected. The International Monetary Fund (IMF) has a reputation for telling everybody to do the same thing but that doesn’t always work.

Do we have too many initiatives and programmes? Are we in danger of creating a jungle rather than an open Savannah? Should there be a move away from MSIs and greater focus on a country-by-country approach? On the other hand there seems to be a reasonable degree of coordination between initiatives, although international accounting standards still need to be integrated.

Watchdogs and Civil Society Organisations play important roles by closing the knowledge

“Transparency in some areas may hide problems in other areas.”

⁶ www.revenuewatch.org

gap between citizens and the corporations. However they cannot help extractives corporations attain the stable political and technological environments they need. MSIs are an important concept, but good platforms are needed in order to make this work in practice. MSIs must reach out to companies and other stakeholders who won't necessarily share the consensus view, e.g. State Owned Enterprises and extractives corporations who have been affected by armed conflict and countries which don't belong to the EITI.

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Wilton Park | May 2014

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