

PUBLISHING WHAT WE LEARNED

BY MABEL VAN ORANJE AND HENRY PARHAM



AN ASSESSMENT OF THE
PUBLISH WHAT YOU PAY COALITION

Publishing What We Learned

An Assessment of the
Publish What You Pay Coalition

Mabel van Oranje and Henry Parham

Copyright © 2009 Mabel van Oranje and Henry Parham
All rights reserved.

For more information on Publish What You Pay, go to:
www.publishwhatyoupay.org

To contact the authors, e-mail:
henry.parham@gmail.com

Cover design by Dennis Ahlgrim | Ahlgrim Design Group
Text layout and printing by Judit Kovacs | Createch Ltd.

Contents

Foreword by Christian Mounzeo	9
Acknowledgements	11
Abbreviations & Acronyms	13
Executive Summary	15
1. Introduction	21
2. Foundations of Publish What You Pay	25
<i>Basic Facts</i>	25
2.1 What is Publish What You Pay (PWYP)?	25
2.2 What is the ‘resource curse’ and why is it such a critical issue?	26
2.3 Why was the PWYP coalition created?	27
2.4 What are PWYP’s objectives?	28
2.5 Why does PWYP call for mandatory disclosure of company payments?	29
2.6 Why didn’t the Coalition call on natural resource–rich countries to ‘Publish What You Earn’?	29

<i>Launch of PWYP</i>	31
2.7 Why was Angola such a key factor?	31
2.8 How was PWYP started?	34
2.9 What role did George Soros play?	35
2.10 What role did the Catholic Church play?	36
2.11 How important was the timing of PWYP's launch?	37
<i>Response to PWYP</i>	40
2.12 How did extractive companies initially respond to PWYP?	40
2.13 What was the reaction of the UK Government to the call for greater revenue transparency?	42
<i>How PWYP Works</i>	43
2.14 Who works for PWYP?	43
2.15 Why was an International Coordinator for the NGO coalition hired?	44
2.16 How is PWYP funded?	45
2.17 How have advocacy efforts been organised at the international level?	46
2.18 What is the relationship between the PWYP international coalition and the national PWYP coalitions?	47
2.19 How does PWYP go about setting up national coalitions?	47
<i>Progress Made by PWYP to Date</i>	50
2.20 How has the PWYP coalition grown over time?	50
2.21 What have been some of PWYP's successes to date?	51
<i>Basic Facts on the EITI</i>	54
2.22 What is the difference between PWYP and EITI?	54
2.23 How does EITI work?	55
<i>Role of Key External Stakeholders in Promoting Revenue Transparency</i>	57
2.24 How important was the involvement of UK Prime Minister Tony Blair in getting revenue transparency on the international agenda?	57
2.25 What role did companies play in the establishment of EITI?	58
2.26 In what way have investors been helpful in furthering the revenue transparency agenda?	59
2.27 What role did the media play in putting revenue transparency on the agenda?	60
2.28 Was it important to have international financial institutions on board?	61

3. Assessment of the PWYP Coalition	63
<i>Part A: Policy and Advocacy</i>	64
<i>Objectives and Strategy</i>	64
3.1 How important was it to have a focused and limited set of objectives?	64
3.2 How important was it to have a catchy 'brand name' for the campaign?	65
3.3 Was outreach to civil society groups in developing countries prioritised?	66
3.4 How important was it to have credible research on which to base the campaign's policy asks?	67
3.5 How has PWYP balanced its need to stay focused on its mission while expanding its advocacy strategy?	69
3.6 Why did the PWYP coalition expand its goals beyond just revenues?	70
<i>PWYP's Role in EITI</i>	71
3.7 How did PWYP gain influence within EITI?	71
3.8 How important was it to agree on the principles of EITI during its formation?	72
3.9 Has PWYP had to compromise its fundamental principles?	73
3.10 Has EITI distracted PWYP? Or has PWYP used EITI to its advantage?	74
3.11 Have NGOs expected too much from EITI too soon?	77
<i>PWYP's Campaign for Mandatory Disclosure</i>	78
3.12 How have PWYP's advocacy efforts on stock exchange disclosure rules progressed to date?	78
3.13 How have PWYP's advocacy efforts on international accounting standards evolved?	81
3.14 What impact have PWYP's advocacy activities targeting the international financial institutions had?	82
3.15 Has PWYP overlooked private sector banks and export credit agencies?	84
3.16 Why has contract transparency become a focus for PWYP coalition members?	85
<i>PWYP's Relations with Extractive Companies</i>	87
3.17 Has PWYP focused too much on the oil and gas companies at the expense of the mining companies?	87
3.18 Has PWYP's dialogue with companies been effective?	88

Part B: Operational Aspects	90
<i>Personalities</i>	90
3.19 In what way do individuals matter in coalitions?	90
3.20 How important has the involvement of prominent public figures such as George Soros and the Catholic Church been?	91
3.21 What should the role of the International Coordinator be?	92
<i>Organisational Structures</i>	93
3.22 Did PWYP benefit from modelling itself on other NGO coalitions?	93
3.23 What organisational factors were key to the successful foundation of the PWYP?	94
3.24 At the beginning was it advantageous to operate in a loose, ad hoc manner?	95
3.25 How effectively has the PWYP coalition managed strategic planning on its policy and advocacy agenda?	96
3.26 Has developing more formal structures for advocacy planning and strategic oversight been helpful?	98
3.27 What lessons can be drawn from the Coalition's expansion?	100
3.28 How helpful is it to have the involvement of a well-resourced donor and ally such as the Open Society Institute?	102
<i>Communications</i>	103
3.29 How effectively have coalition members communicated and exchanged information?	103
3.30 How useful a tool has the PWYP website been?	105
3.31 Has PWYP communicated effectively with external audiences?	106
3.32 Is it justified to say that PWYP has mostly been an Anglophone initiative?	107
<i>Public Support for Transparency</i>	108
3.33 Has the PWYP coalition missed an opportunity by not launching a mainstream public appeal?	108
<i>Membership Dynamics</i>	111
3.34 How has PWYP managed its relations with large international donors?	111
3.35 How effectively have internal disputes been resolved?	112
3.36 How well has PWYP handled situations where key coalition members' support dropped off?	114
3.37 Has enough been done to protect PWYP's 'brand'?	115

3.38	What lessons have been learned from how PWYP has dealt with threats to its civil society partners?	117
3.39	How effectively did PWYP manage the process to nominate civil society representatives to the EITI Board without formal decision-making structures?	118
4.	Future Priorities and Challenges	121
4.1	Ownership of PWYP must continue to take root in developing countries.	121
4.2	PWYP's advocacy strategy must continue to address developing country civil society priorities.	122
4.3	PWYP must not lose sight of its core goals but keep targets mobile.	123
4.4	PWYP must strike the right balance between <i>widening</i> the Coalition globally and <i>deepening</i> implementation in key countries.	124
4.5	Coalition members must develop more creative and robust advocacy strategies to keep revenue transparency high on the political and business agenda and to overcome vested interests.	126
4.6	PWYP must develop a strategy vis-à-vis Brazil, Russia, India and China.	126
4.7	PWYP must regularly review and evaluate lessons learned.	127
4.8	Finally, keep evaluating whether the lives of poor citizens in resource-rich developing countries are really being transformed as a result of improved transparency.	128
Annexes		129
Annex 1:	PWYP Coalition Statistics	129
Annex 2:	Members of the PWYP International Coalition	131
Annex 3:	Timeline of Events 1999–2008	137
Annex 4:	Letter from George Soros to UK Prime Minister Tony Blair	142
Annex 5:	Op-ed by George Soros on the Launch of PWYP	143
Notes		145
About the Authors		151

Foreword

I hope that this publication will go a long way to ensure that the many successes of the Publish What You Pay coalition will not be taken for granted.

Thanks to PWYP, today the issue of extractive industries transparency is out of the ghetto. The taboo has been broken. Now even ordinary citizens are interested in knowing about the dividends arising from the exploitation of natural resources. Around the world and particularly in Africa, where levels of corruption and poverty are particularly serious, transparency has become an issue of debate and an opportunity to end the misery of poor people.

In my country, the Republic of Congo, it was unthinkable even just a decade ago that my civil society compatriots and I would ever be in a position to sit at the same table in the same room as our country's leaders and powerful business interests, let alone use the words 'corruption' and 'oil' in the same sentence.

That is not to say that it has been an easy road to travel. I know only too well the risks that activists have taken to pursue economic justice and the protection of human rights. I have been the target of several orchestrated campaigns of intimidation, one of which led to my imprisonment, together with my colleague Brice Mackosso of the local Justice and Peace Commission, in April 2006. Unfortunately I am not alone in facing such threats.

Corrupt leaders fear us as transparency is information . . . and information is power.

PWYP has provided a platform from which many hundreds of civil society activists have increasingly been able to gain access to information that will make a real difference in bringing about democratic change. Governments and natural resource companies are now subject to greater scrutiny and so the tide is beginning to turn.

By taking account of how PWYP has overcome difficult barriers to accomplish so much I hope that *Publishing What We Learned* will help to inspire all our civil society partners around the world to persist and confront head-on the many great challenges ahead.

Christian Mounzeo

President, Rencontre pour la Paix and les Droits de l'Homme
Pointe Noire, Republic of Congo

Acknowledgements

Many people contributed to the preparation, editing and publication of this assessment of the Publish What You Pay coalition. Interviews were carried out with around 40 people during the research phase. More than 10 people from various organisational backgrounds and countries commented on draft versions of the text during the writing and editing process. Several staff members of the Open Society Institute in the United States and United Kingdom helped to get this report published.

We would like to thank the following individuals for their valuable contributions: Ingilab Ahmadov (Public Finance Monitoring Centre, Azerbaijan), Anton Artemyev (Soros Foundation Kazakhstan, Kazakhstan), Katherine Astill (formerly of CAFOD, UK), Sabit Bagirov (NGO Coalition for Increasing Transparency in the Extractive Industries, Azerbaijan), Edward Bickham (AngloAmerican, UK), Stuart Brooks (Chevron, UK), Nick Butler (formerly of BP, UK), Chloe Challender (formerly of Save the Children UK, UK), Alan Detheridge (formerly of Shell, UK), Heidi Feldt (civil society consultant, Germany), Bennett Freeman (Calvert and Oxfam America, United States), Arvind Ganesan (Human Rights Watch, United States), Ian Gary (Oxfam America, United States), Gavin Hayman (Global Witness, UK), Vanessa Herringshaw (Revenue Watch Institute, UK), Julia Hobsbawm (former media consultant to PWYP, UK), Ari Korpivaara (Open Society Institute, United States), William Kramer (Open Society Institute, United States), Patrick Lafon (Episcopalian Bishops Conference,

Cameroon), Catriona Laing (formerly of the Cabinet Office Strategy Unit, UK), Anne Lindsay (CAFOD, UK), Karin Lissakers (Revenue Watch Institute, United States), Karina Litvack (F&C Asset Management, UK), Brice Mackosso (Justice and Peace Commission, Republic of Congo), Etienne Mackosso (freelance researcher, UK), Rafael Marques (human rights activist, Angola), Julie McCarthy (formerly of Revenue Watch Institute, United States), Geraldine McDonald (formerly of CIDSE, UK), Siobhan McKenna (Open Society Institute, UK), Dianna Melrose (Department for International Development, UK), Luis Montero (Open Society Institute, UK), Christian Mounzeo (Rencontre pour la Paix et les Droits de l'Homme, Republic of Congo), David Murray (Transparency International UK, UK), Fiona Napier (formerly of Save the Children UK, South Africa), Jo Nickolls (formerly of Oxfam GB, UK), Valéry Nodem (Réseau de lutte contre la faim, Cameroon), Friso van Oranje (Wolfensohn and Company, UK), Diarmid O'Sullivan (Global Witness, UK), Matteo Pellegrini (Publish What You Pay Africa, Cameroon), Russell Pickard (Open Society Institute, UK), Sarah Pray (Publish What You Pay US, United States), David Rice (formerly of BP, UK), Anthony Richter (Open Society Institute, United States), Michel Roy (Secours Catholique/ Caritas France, France), Radhika Sarin (Publish What You Pay, UK), Laura Silber (Open Society Institute, United States), George Soros (Open Society Institute, United States), Rachael Taylor (Publish What You Pay, UK), Simon Taylor (Global Witness, UK), Svetlana Tsalik (consultant, United States), David Ugolor (African Network for Environmental and Economic Justice, Nigeria), Joseph Williams (Publish What You Pay, United Kingdom), Penny Williams (formerly of DFID, UK) and Sarah Wykes (freelance researcher, UK).

Finally, we would like to express our gratitude to the Open Society Institute for providing the funding for this publication.

Abbreviations & Acronyms

ACERAC	Association of Episcopal Conferences of the Central African Region
ADB	Asian Development Bank
AfDB	African Development Bank
AIM	Alternative Investment Market
BOAG	British Overseas Aid Group
BRIC	Brazil, Russia, India and China
CAFOD	Catholic Agency for Overseas Development
CEO	Chief Executive Officer
CIDSE	Coopération Internationale pour le Développement et la Solidarité
CORE	Corporate Responsibility Coalition
CRS	Catholic Relief Services
CSR	Corporate social responsibility
DFID	Department for International Development
ECA	Export credit agency
EBRD	European Bank for Reconstruction and Development
EIR	Extractive Industries Review
EITD	Extractive Industries Transparency Disclosure Act
EITI	Extractive Industries Transparency Initiative

EP	Equator Principles
EU	European Union
G8	Group of Eight
IASB	International Accounting Standards Board
ICBL	International Campaign to Ban Landmines
IFI	International financial institution
IFRS	International Financial Reporting Standard
IMF	International Monetary Fund
INGO	International non-governmental organisation
ISODEC	Integrated Social Development Centre
KP	Kimberly Process
OECD	Organisation for Economic Cooperation and Development
OSI	Open Society Institute
NACE	National Advocacy Coalition on Extractives
NGO	Non-governmental organisation
NIZA	Netherlands Institute for Southern Africa
PWYP	Publish What You Pay
RWI	Revenue Watch Institute
SAG	PWYP Strategic Advisory Group
SEC	Securities and Exchange Commission
TOD	Transparency Obligations Directive
UN	United Nations
UNDP	United Nations Development Programme
VP	Voluntary Principles on Security and Human Rights
WBG	World Bank Group
WSSD	World Summit on Sustainable Development

Executive Summary

Revenues from the oil, gas and mining industries are an important source of income for governments of over 50 countries around the world. Paradoxically, most of these countries are rich but the majority of their citizens are living in poverty. The lack of transparency in the payment and receipt of natural resource revenues has fostered corruption and mismanagement by officials in these countries. Yet if citizens know how much their government gets paid for the extraction of the country's natural resources, it becomes much easier to monitor how the revenue is spent. These proceeds can then serve as a basis for poverty reduction, economic growth and development.

The Publish What You Pay (PWYP) coalition was founded in 2002 by a small, ad hoc group of London-based NGO representatives to tackle the 'resource curse' by campaigning for greater transparency and accountability in the management of revenues from the oil, gas and mining industries. Over the course of six years the PWYP coalition has grown to become a global network comprised of over 350 community organisations, international NGOs and faith-based groups and more than 25 national civil society coalitions working together towards the same goal.

The idea of *Publishing What We Learned* originated from discussions with civil society activists and others who were eager to know more about the creation of the PWYP coalition and its role in putting revenue transparency in the extractive industries (oil, gas and mining) on the international agenda. The report discusses the

origins and structure of PWYP, assesses the effectiveness of PWYP's advocacy and policy endeavours and examines how the Coalition has operated internationally. In this sense, the report is not only a narrative of PWYP's history, but a practical tool to shine a light on how PWYP has been able to achieve its success and overcome its challenges between the years 2002 and 2007. Furthermore, the report looks at various issues that the PWYP coalition must confront in order to continue to deliver results in the future.

The efforts of the PWYP coalition have led to significant improvements to the policies and practices of governments and companies on the disclosure of payments and revenues from the oil, gas and mining industries. The Coalition's endeavours have enabled citizens of resource-rich developing countries to gain greater access to the information they need to hold their government accountable.

PWYP has played a catalytic role in putting resource revenue transparency on the agenda of governments, companies, investors, donor agencies and international organisations. Initiatives have been launched in response to PWYP to increase revenue transparency—through both mandatory and voluntary means. Coalition members were instrumental in the establishment of the Extractive Industries Transparency Initiative (EITI), an international multi-stakeholder process that seeks to verify and publish company payments and government revenues from oil, gas and mining. PWYP also played a central role in the development and enlargement of EITI after its launch. Coalition members were influential in obtaining the support of more governments, companies and other civil society groups for EITI. PWYP has been critical in holding EITI stakeholders accountable for the implementation of their commitment to increase transparency of payments and revenues.

Several factors have contributed to PWYP's success. First, PWYP's underlying message is simple and powerful: the citizens of countries that are rich in natural resources should not be poor. The campaign was launched because citizens have a right to know how much money is earned from the extraction of natural resources. The Coalition has had great success in getting the issue on the political and business agenda because its objectives are crystal clear and indisputable: to improve governance, reduce corruption and lift citizens out of poverty in resource-rich developing countries, governments must be held to account for the management of revenues from oil, gas and mineral extraction. For this to happen, transparency of payments and revenues is a fundamental pre-condition.

Second, PWYP's organisational structure allows it to deliver concrete results and to generate broad ownership among its members. The Coalition has embraced the distinct and yet complementary roles of its members and used this diversity—in

both strategic and operational terms—to its advantage. In this way, coalition members have built on each other’s strengths and when necessary openly acknowledged weaknesses.

Third, PWYP has operated with minimal bureaucracy. More formalised procedures to manage strategic planning and advocacy have been introduced only when necessary, in response to the massive growth of the Coalition globally. There has generally been little friction or competition among members at the international level. One explanation for this is that coalition members are encouraged to use their own resources—both human and financial—to contribute to PWYP’s advocacy efforts. There has never been a centralised budget that covers all of PWYP’s activities. Thus there has been little struggle for funds between members. As a result, members have been able to focus on advocacy and policy goals, enjoy the advantages of partner organisations working towards the same objectives and feel a strong sense of ownership over the campaign.

In preparing this publication, one common factor of PWYP’s success emerged in nearly every interview: individuals make all the difference. At its foundation in 2002 PWYP benefited from the involvement of individuals who were willing to take risks. They were prepared to collaborate with others despite different perspectives because they were dedicated to achieving the same overarching objective. No individual or group was involved to seek glory or credit: it was a team effort and all successes were shared. The wider revenue transparency movement similarly would not have gotten off the ground if not for several motivated individuals from within the extractive industry, governments and international institutions. The efforts of particular individuals who believed passionately in the issue and pushed internally for policy support were instrumental in allowing revenue transparency to be placed firmly on the international agenda.

One of the main factors allowing for the PWYP coalition’s expansion is that it has a powerful core objective that has complemented existing local priorities of civil society activists promoting good governance and corporate responsibility. The growth of the PWYP coalition was intentional: while it remained a London-centric initiative in its first couple of years, outreach by PWYP to civil society groups worldwide soon followed and has been an enduring priority ever since. International NGOs and donor agencies have increasingly mobilised resources to support local civil society groups with capacity building and with technical assistance programmes. Various information-sharing mechanisms have been used to enable local groups to engage with other activists to learn from their experiences and coordinate advocacy efforts.

Operationally, the Coalition has nonetheless faced several challenges. Effective involvement of the entire membership has been hampered by language barriers, geographic isolation, lack of access to technology, shortages of funding, lack of resources and inadequate technical capacity. Several activists have been harassed, intimidated and jailed because of their work. There have been internal disputes among national coalition partners due to poor internal management and, on occasion, competition for power. The campaign has been criticised by civil society groups in some countries for being elitist, involving only a few (often some of the more visible and well-resourced NGOs) and not engaging at the grassroots. PWYP's loose and informal structure and working methods created a democratic deficit for some years, which prevented many members, particularly in developing countries, from being able to contribute to decision making and strategic planning. The Coalition may have missed opportunities to make progress in its demand for mandatory disclosure by oil and gas companies because it devoted so much energy and time to the EITI, which called for voluntary reporting. There was no clear international action plan to coordinate advocacy efforts proactively. The lessons learned from these experiences are outlined in this report.

The launch of PWYP benefited from auspicious timing. In the early years of the 21st century, transparency and good governance were emerging as priorities for many international institutions. Academic and NGO research pointing to the gravity of corruption, mismanagement and human suffering in oil- and mineral-rich countries gave credence to PWYP's demands. Several international initiatives such as the Extractive Industries Review, the Kimberly Process and the Voluntary Principles on Security and Human Rights helped lay the ground for the launch of the EITI. The repercussions of BP's decision in 2001 to publish what it paid to the Angolan government brought the niche issue of revenue transparency to the attention of the world media and caused shock waves throughout the extractive industry.

The PWYP coalition was successful in getting its agenda to be taken up swiftly on the international stage. The importance of revenue transparency was recognised by a number of international bodies including the G8, the EU, the World Bank, the IMF and the International Accounting Standards Board. The issue attracted the attention of UK Prime Minister Tony Blair in particular. Revenue transparency interested Blair not only because it was about poverty reduction, corporate responsibility and governance—it was also about energy security. Pressure brought to bear by PWYP on the UK Government and extractive companies culminated in the establishment of the EITI in 2003. PWYP succeeded in enshrining civil society participation as a core component of EITI.

While the PWYP coalition has made good progress in a short span of time, there remains a great deal of work to be done. There may well be almost universal support for the policy of increasing payments and revenue transparency, but implementation among companies and home and host governments* remains lacking. There are ever present dangers that transparency will be de-prioritised on political and business agendas. Civil society activists in many countries continue to face threats. The participation of civil society—in a meaningful way in which they are an equal partner alongside companies and other stakeholders—is also under threat in many countries where governments are less open to such engagement.

The main challenge for PWYP continues to be how to overcome vested interests among governments and companies in maintaining the lack of transparency. Even when advances are made at the country level on transparency, the challenge for PWYP will be to ensure that there is public access to information on individual company payments data. While monitoring EITI implementation will remain a high priority for PWYP, the Coalition will also have to keep pressing for increased disclosure by companies and governments. This means building momentum behind PWYP's wider advocacy efforts targeting company regulation (stock exchange listing rules), accounting standards and the lending requirements of export credit agencies, private sector banks, investment institutions, regional development banks and international financial institutions. PWYP will also be tested in its efforts to advance the licensing and contract transparency agenda given that there are few international mechanisms currently available to pursue these goals.

Organisationally, a lot has been done to root PWYP in developing countries by supporting the development of autonomous national civil society coalitions. The challenge for PWYP is to continue to transfer ownership to groups working on the ground—while at the same time continuing to collaborate on an international level on joint advocacy and training efforts when necessary. The long-term effectiveness of PWYP also depends on the strengthening of civil society capacity. Without sufficient broad-based expertise and knowledge to monitor and review company payment information, contracts and budgets, citizens will be limited in their abilities to hold govern-

* A 'home government' refers to the government of a country, typically but not exclusively from the OECD, where extractive companies are based, registered or listed on a stock exchange. A 'host government' refers to the government of a country where extractive production and exploration takes place.

ments to account. The protection of civil society activists is an equally important factor so that groups can operate in a free and open manner to deliver real change.

The Publish What You Pay coalition has accomplished a great deal and expanded successfully in only six years. While many external factors outside of its direct control helped put revenue transparency on the global map, the Coalition's organisational structures, the dedicated work ethic of individual staff and the powerful message at the heart of the campaign were important factors that allowed it to take advantage of these opportunities. Coalition members successfully positioned themselves as a highly influential and equal partner to governments, companies, international institutions and donor agencies in bringing about real change in the way the extractive industries and resource-rich country governments do business.

1. Introduction

Natural resource revenues are an important source of income for governments of over 50 developing countries, including Angola, Indonesia, Kazakhstan, Nigeria and Venezuela. Paradoxically, these are rich countries with poor citizens. Most resource-rich countries are generally poor, corrupt, not very democratic, socially divided and often the stage for civil wars and human rights abuses. But in recent years great progress has been made to tackle this so-called ‘resource curse’.

Less than a decade ago, the leaders of countries blessed with natural resources received little scrutiny regarding their use of revenues obtained from these resources. The progress that has been made is the result of multi-stakeholder efforts to promote revenue transparency throughout the world. Governments from resource-rich and developed countries, multilateral organisations such as the World Bank, oil, gas and mining companies, investors managing trillions of dollars and a global coalition of non-governmental organisations (NGOs) have all worked together in recent years to improve standards of transparency in the reporting of income from the sale of natural resources.

The concept of revenue transparency is simple: if citizens know how much their government gets paid for the extraction of the country’s natural resources, it becomes much easier to monitor how the revenue is spent. These proceeds can then serve as a basis for poverty reduction, economic growth and development.

In only six years remarkable progress has been made in improving revenue transparency:

- ‘Revenue transparency’ has become an accepted norm in the extractive industry. It has also been the subject of many studies, articles and books.
- The Extractive Industries Transparency Initiative (EITI) has been created and has enlisted more than 20 countries. Some resource-rich countries have begun to report revenue data for the first time. Validation of EITI implementation by governments and companies is now an accepted practice and widely promoted by stakeholders.
- The World Bank Group and European Bank for Reconstruction and Development have made transparency part of their private sector lending requirements.
- Various extractive companies are voluntarily disclosing their payments.
- The European Union has recognised the need to increase transparency of payments by extractive companies in financial services legislation.
- Work is ongoing to create an international accounting standard that would require companies to report critical financial information such as payments to governments on a country-by-country basis.
- A United Nations General Assembly resolution on strengthening transparency in the extractives industry has been adopted.
- A bill has been introduced in both the US House of Representatives and Senate which would require companies registered with the Securities and Exchange Commission to report payments to foreign governments for the extraction of oil, gas and minerals.
- The EITI is being expanded to include the fisheries and forestry sectors in some countries.
- Efforts are being made, with different levels of progress, to create similar multi-stakeholder transparency movements in other fields, including construction and medicines.¹

The Publish What You Pay coalition has played an important and sometimes catalytic role in these efforts. The Coalition was launched in June 2002 by a small group of London-based NGOs to promote a more accountable system for the management of natural resource revenues. In only six years, it has grown to a network of

over 350 civil society organisations, large and small, in almost 70 countries on five continents—and national coalitions have been established in 27 countries.² PWYP is active on the national and international level and receives support from a three-person international office based in London, a regional coordinator for Africa based in Yaoundé, Cameroon and, in some countries, full-time national coordinators. Despite its decentralised structure, the Coalition has managed to operate in a coordinated fashion. The Coalition has also achieved a lot with limited resources and personnel.

The idea of *Publishing What We Learned* originated from discussions with colleagues who were eager to know more about the creation of the revenue transparency movement and the role of the Publish What You Pay (PWYP) campaign. How was it possible to get the issue of ‘revenue transparency’ firmly on the global agenda in only a few years? What was the role of civil society in this remarkable effort? How did PWYP manage to build a global civil society campaign that stayed focused on its overarching goals and did not get bogged down by operational challenges? We have tried to respond to this interest with a practical publication that answers these and related questions.

Publishing What We Learned highlights the main developments and key lessons that civil society has learned during this exciting period. In this sense, the report is not only a narrative of PWYP’s history, but a practical tool to shine a light on how PWYP has been able to achieve its success and overcome its challenges.

This publication addresses two audiences. It aims to inform colleagues from government, business, civil society and the media who follow issues of revenue transparency about the origins of the movement, its achievements during the period 2002–2007 and the role of the PWYP campaign in these developments.

Publishing What We Learned also serves readers who may not be involved in revenue transparency *per se*, but who want to understand more about the development and operation of a truly global civil society campaign. People building international NGO coalitions in other fields might benefit from the lessons that PWYP has drawn from its work.

The content of this publication is based on interviews with more than 40 people who have been involved with the PWYP coalition—mainly NGO representatives, but also colleagues from government and extractive companies.

The resulting report has been structured as a reference guide and written in ‘question and answer’ format allowing the reader to easily identify the issues of most relevance to him or her.

The second chapter discusses the origins and structure of the PWYP, the Coalition’s role in putting revenue transparency on the international agenda and the

establishment of the EITI. The third chapter is the assessment of the PWYP coalition and is divided into two parts: the first section assesses the policy and advocacy efforts of the PWYP coalition and draws the lessons learned from these endeavours; the second section examines the lessons learned from how PWYP has operated as a coalition. Finally, the fourth chapter looks at issues that the PWYP coalition must confront in order to continue to deliver results.

We suggest that the reader take note of the introductory paragraph to each chapter to be clear on what issues are being covered, why they are being presented in this section and from what perspective they are being examined.

Finally, the reader should be mindful of the fact that the text of this publication focuses on the period in which the authors were actively engaged in the campaign, i.e. 2002–2007. In this period of time, Henry Parham was the International Coordinator of Publish What You Pay and Mabel van Oranje, working for the Open Society Institute, was a member of the Management Committee of the International PWYP Coordinator.

The opinions and conclusions made in this report are those of the authors and do not necessarily represent the views of the PWYP coalition or its individual members.

2. Foundations of Publish What You Pay

This chapter provides background information on Publish What You Pay and describes the formation of the NGO coalition. It also summarises the response of governments, companies and other stakeholders to the launch of PWYP and the establishment of the Extractive Industries Transparency Initiative.

Basic Facts

2.1 What is Publish What You Pay?

- ▶ *Publish What You Pay (PWYP) is an international coalition of non-governmental organisations (NGOs) campaigning for revenue transparency in the natural resource sector.*

The mission of the PWYP coalition is to combat poverty, corruption and civil conflict in resource-rich developing countries through the fair, equitable and accountable management of revenues from the extractive industries. PWYP pursues this aim by campaigning for greater transparency in the payment, receipt and use of revenues from the oil, gas and mining industries.

The PWYP coalition is comprised of non-governmental organisations from more than 65 countries around the world who work on issues including human rights, the environment, poverty reduction, anti-corruption, good governance and corporate accountability.

2.2 What is the 'resource curse' and why is it such a critical issue?

► *The 'resource curse' refers to the correlation between the abundance of oil, gas and mineral resources and low economic growth and human development in many countries. It is a critical issue as, paradoxically, two-thirds of the world's poorest people live in resource-rich developing countries.*

The extraction of oil, gas and minerals, which are exported to feed the energy and transportation needs of the world's population, generates millions of dollars each year for the governments of over 50 developing countries around the world. The presence of such natural wealth, however, has all too often left a devastating trail of poverty, corruption, instability and economic decline in its wake. Resource revenue has often been mismanaged or stolen by corrupt officials. Meanwhile, millions of citizens struggle to survive and to find educational and economic opportunities.

Resource-dependent developing countries feature overwhelmingly at the bottom of the UNDP's *Human Development Index*³ and Transparency International's *Corruption Perceptions Index*⁴, indicating that they have relatively low standards of living and high incidences of corruption. A number of civil wars around the world have even been funded from the illicit use of revenues from natural resource extraction.

Resource-dependent countries with poor governance standards and infrastructure can also be overwhelmed by the volatility of the extractive sector. Fluctuating world prices for oil and raw materials can cause unpredictable revenue flows creating great uncertainty in budgetary planning. Economies can 'over-heat' if they become too reliant on the extractive sector, causing harm to productive economic sectors such as manufacturing. Indeed, many developing countries have actually experienced a decline in economic growth following the exploitation of natural resources.

With little to no information available publicly about the revenues received from natural resource extraction, easy opportunities arise for unscrupulous rulers and officials to pocket the money for their own private use and for crooked companies to engage in corrupt practices. With no transparency, there can be no accountability—on the part of both governments and companies.

Tackling the ‘resource curse’ is such a critical issue because the revenues from these important industries, when managed properly and responsibly, would provide the basis for broad-based economic growth and poverty reduction in resource-rich developing countries. Furthermore, oil, gas and mineral resources are non-renewable and finite in supply. Countries, therefore, have a limited timeframe to ensure they use their resource wealth to promote development.

2.3 Why was the PWYP coalition created?

► *PWYP was created to assist citizens of developing countries in holding their governments accountable for the management of natural resource revenues. The Coalition aims to achieve this by campaigning for greater transparency and accountability in the management of revenues from the oil, gas and mining industries.*

Greater public access to information on company payments, government revenues and contracts would reduce the chances of this income being diverted for personal enrichment by corrupt officials. Transparency is not a ‘silver bullet’ that will solve all socio-economic and development issues, but it is a fundamental condition to improving governance and economic management.

Natural resources are held in trust by governments on behalf of their citizens. Therefore, citizens have a right to know how much money is earned from the extraction of the resources and to share in the proceeds.

Companies that are based in OECD countries are required to publish information on payments made to the governments of countries in which they are based or listed on financial markets. PWYP calls for the same standard of disclosure to be required of companies for all countries in which they operate.

PWYP emphasises that all stakeholders—companies, investors, donors and the governments and citizens of resource-rich countries—stand to benefit from enhanced transparency in the extractive industries. For companies and their shareholders a more stable operating environment, characterised by the rule of law and greater accountability, would enhance their long-term investment prospects and would promote their

good corporate citizen credentials. For donors, less development assistance would be needed to fund basic services that could be covered by the proceeds of oil and minerals. For governments, transparency is a firm indicator to foreign investors, creditors and donors that the government is committed to sound economic management and development. For citizens, transparency is a fundamental step towards obtaining information that they need to hold their governments to account.

2.4 What are PWYP's objectives?

► *The PWYP coalition aims to require full transparency in the payment, receipt and management of natural resource revenues; public disclosure of extractive contracts; and civil society participation in the monitoring of revenue expenditures.*

The PWYP coalition's objectives are to:

- Require international, private and state-owned oil, gas and mining companies to *publish what they pay* to governments in taxes, fees, royalties, bonuses and other financial transactions for every country of operation. This can be achieved by way of changes to:
 - national and international accounting standards;
 - stock exchange disclosure rules; and
 - the conditions that banks, export credit agencies and other financial institutions place on extractive sector clients for the financing or insuring of oil, gas and mining projects.
- Require natural resource-rich developing country governments to *publish what they receive* from extractive industries and to have this information independently audited—in line with best international practice on revenue transparency outlined in, for example, the *IMF Guide on Resource Revenue Transparency*.⁵
- Ensure that governments of natural resource-rich developing countries *publish how they spend* revenue generated from oil, gas and mineral extraction through open, participatory and transparent budget processes at the national and local level.
- Require public disclosure of extractive industry contracts and transparent licensing procedures in line with best international practice.

- Promote the empowerment of civil society organisations across natural resource-rich countries in order to allow citizens to hold their governments accountable for the management and expenditure of revenues received from the extractive industries.

2.5 Why does PWYP call for mandatory disclosure of company payments?

- ▶ *Mandatory mechanisms create a level playing field in which all companies are required to disclose payments. This is critical to enable citizens to hold governments accountable for the totality of revenues received.*

Mandatory transparency requirements create a level playing field to ensure that all information is collected on company payments at the country level and that no company would be at a competitive disadvantage. The only means to achieve full transparency is to oblige all companies to publish their data. The alternative to mandatory is voluntary. While welcome, PWYP believes that voluntary solutions are insufficient to bring to light all the information that citizens require to hold companies and governments accountable for the management of resource revenue. It is highly unlikely that all companies would voluntarily publish data unless required to by law or accounting regulations.

2.6 Why didn't the Coalition call on natural resource-rich countries to "Publish What You Earn"?

- ▶ *The ultimate objective of PWYP is to get governments of resource-rich countries to publish the revenues received from resource extraction. But at the time of PWYP's launch it was more advantageous strategically to emphasise the demand for company disclosure of payments to these governments.*

PWYP was founded calling on governments to 'Publish What You Earn': to ensure full transparency, company payments data would be compared with government revenue data. However, this appeal was not as clearly or explicitly made in the campaign's mission statement as it is today.

The reasons for the initial focus of the PWYP coalition on company payments transparency are as follows:

- Simply put, the name of the campaign needed to be short and catchy; ‘Publish What You Pay’ fitted the bill.
- Initially the campaign focused more on solutions to promote company payments transparency because it was felt that change in this respect was possible and realistic. Mechanisms to require disclosure by companies which are listed on stock exchanges and subject to accounting regulations were available and could be amended.
- It is difficult to compel government disclosure of financial information.
- It was a deliberate strategy to hone in on stock exchange regulation. Such ‘home’ regulation of listed companies could override confidentiality clauses in contracts, which companies argued prevented them from disclosing payments. It was therefore a very effective way for the Coalition to counter company resistance to transparency.
- Companies are more sensitive than governments to pressure from the media, shareholders, consumers and activist groups and are therefore more vulnerable to pressure for change.
- At the time of the launch there was little recourse at the global level to push for disclosure of revenues by resource-rich developing country governments (EITI had not yet been established). The main focus was therefore on the call for companies to ‘publish what they pay’ as the first step.
- PWYP had to emphasise from the outset—and continues to do so today—that responsibility for change rests equally on companies as on governments. Companies have carried out corrupt acts and/or stood by in complicity as the spoils of resource extraction are stolen or misspent by governments. Focusing on payments transparency was therefore a deliberate strategy to maintain the spotlight on the obligations of companies to promote accountability.

Launch of PWYP

2.7 Why was Angola such a key factor?

▶ *Angola was a key factor in launching PWYP for five main reasons: (a) it illustrated the ‘resource curse’; (b) the country was the focus of considerable NGO research on revenue transparency; (c) civil society efforts to support Angola’s development were being hampered by corruption; (d) the repercussions of BP’s decision to voluntarily disclose payments helped to put the issue of revenue transparency on the global agenda; and (e) Angola was the focus of the first ever multi-stakeholder discussions on revenue transparency.*

- (a) Angola was a clear example of how people and economies can suffer when there is no transparency or accountability over the management of revenue from extractive industries.

The country had been devastated by a nearly three decades’ long civil war and had some of the worst social statistics in the world. A massive investment in the oil industry had seen a huge windfall of revenue flowing into the government’s coffers. However, it still remained one of the poorest places in the world and was crippled by rampant corruption and human rights abuses. In the 1990s, billions in oil revenue went unaccounted for every year. Meanwhile, the country was dependent on international food aid and one child died of preventable diseases and malnutrition every three minutes.⁶

- (b) Much of the original NGO research that highlighted the importance and urgency of revenue transparency—and therefore the need for a PWYP campaign—originated out of Angola.

The Global Witness reports *A Crude Awakening* (1999)⁷ and *All the Presidents’ Men* (2002)⁸ investigated the role of oil companies and private banks in Angola’s civil war and the devastating impact that the lack of transparency had in the war-torn country. Global Witness uncovered that the Angolan elite had been deliberately keeping the war going in order to benefit financially from the resulting chaos and confusion. Global Witness’ findings and policy recommendations from their work in Angola provided the basis on which the PWYP campaign was founded. The combined impact of these reports and research carried out in Angola by other NGOs including Human Rights Watch, Oxfam

America and Save the Children UK made the case for revenue transparency in Angola overwhelming and forced companies, donors and financial institutions to take notice.

- (c) Several international NGOs who came on board early as members of the PWYP coalition were—and continue to be—present in Angola providing humanitarian assistance to the local population.⁹ These NGOs recognised that the country's social and economic development was being hampered by rampant corruption and mismanagement and that greater transparency in the use of oil revenues would be an important part of the solution.

- (d) Due to mounting concerns about the management of oil wealth in Angola, an informal meeting of UK-based government, extractive industry and NGO representatives took place in September 2000. The meeting took several months to organise following pleas from Global Witness for a discussion among relevant parties on options to improve transparency of company payments. Hosted by Peter Hain, the then UK Government Minister for Africa, at the Foreign and Commonwealth Office in London, attendees included representatives of oil companies operating in Angola (including BP, Shell and Statoil) as well as Simon Taylor (Global Witness) and David Murray (Transparency International UK). In the end, little came of the meeting. In fact one company representative, according to Global Witness, intentionally ruined it by declaring early on that tackling revenue transparency was unnecessary and unrealistic and that little could or should be done. However, the meeting was significant because it was the first ever formal multi-stakeholder gathering to discuss revenue transparency. It set a precedent as a multi-stakeholder engagement would later become the framework for future cooperation between relevant actors on revenue transparency.

- (e) BP was the first ever company to formally agree to voluntarily disclose payments in response to NGO demands for transparency in Angola. However, this commitment in 2001 backfired on BP when the state oil company of Angola threatened to revoke BP's operating license and created a controversy that propelled the revenue transparency issue to the fore on the international level. Most importantly, it demonstrated that a level playing field, in which all companies are compelled to disclose payments, is required to ensure that no single company is at a competitive disadvantage.

The BP-Sonangol ‘incident’ in detail

In 2001, as a result of Global Witness’ appeals for greater transparency to the heads of oil companies operating in Angola, BP agreed to publicly disclose information on total net production, aggregate payments to the Angolan state-owned oil company Sonangol and total taxes and levies paid to the Angolan Government (see p.41 of *All the Presidents’ Men* for full details on BP’s letter.) This decision was not publicly announced, but communicated to Global Witness in a letter. Individuals within BP argued that it was in the best interests of the company and its shareholders to publish this data given the difficult conditions in the country and its significant investments at stake. In response to the letter it received from BP, Global Witness issued a press release to congratulate BP on its pledge to increase transparency. Global Witness received unprecedented numbers of inquiries from the press, intrigued by this unlikely partnership between BP and Global Witness.

However, what soon followed was a letter* addressed to BP from Sonangol copied to all other companies operating in the country, containing thinly veiled threats that BP’s license in the country would be terminated if it followed through with its intention to publish this payments data. Sonangol stated that such disclosures would break confidentiality clauses. The letter caught BP by surprise and caused a great shock, prompting the company to back down from its transparency pledge. The event also caused a great stir throughout the extractive industry and within the UK Government.

Interestingly, at first Global Witness was blamed for the incident. Some argued that they should not have disclosed publicly BP’s commitment to revenue transparency. BP, the UK Foreign Office and other companies completely halted communications with Global Witness staff. In its defence, Global Witness had taken great pains in all letters to oil companies and in private discussions with BP to insist that transparency was required of all companies across the board in Angola. However welcome BP’s individual commitment to disclosure, Global Witness campaigners had regularly emphasised that one individual company acting unilaterally could be at risk.

In hindsight, it seems evident that BP had not done sufficient due diligence in clarifying with Angolan authorities that it would have no objections—legal or political—to disclosure.

It is also curious that BP’s letter to Global Witness pledging transparency of payments to Angola was dated 6 February 2001. The threatening letter from Sonangol to BP was also dated 6 February 2001. It is highly unlikely that Sonangol wrote their letter on the same day as BP posted its letter to Global Witness.

* A copy of this letter is available in the Global Witness report *All the Presidents’ Men*.

This gives weight to one theory that BP's intentions got leaked to the Angolans in advance of their sending the letter to Global Witness.

The impact of the BP-Sonangol incident was profound. For PWYP it underlined the case for mandatory disclosure through, for example, stock exchange disclosure rules. If companies were required to publish payments for every country of operation as part of the regulations to which they are bound in home countries, such mechanisms would override obstacles to disclosure such as confidentiality clauses at the operating country level. The event also brought the revenue transparency issue to the world media's attention.

2.8 How was PWYP started?

► *While many individuals and organisations from various countries played important roles in laying its foundations, PWYP was started by a small group of London-based activists. PWYP was publicly launched on 13 June 2002 by George Soros and the founding members of the Coalition at a press conference in London.*

A group of activists representing six London-based NGOs came together throughout 2001 and 2002 out of their shared concerns regarding the impact of the resource curse in many of the developing countries in which their organisations were involved. In fact, several international and local NGOs had already been doing substantive research and advocacy on the impacts of the extraction of natural resources in developing countries prior to the launch of PWYP.

The individuals based in London who played the most active role in setting up PWYP as a formal coalition during this period were Katherine Astill (CAFOD), Gavin Hayman (Global Witness), David Murray (Transparency International UK), Fiona Napier¹⁰ (Save the Children UK), Mabel van Oranje¹¹ (Open Society Institute), Simon Taylor (Global Witness) and Sophia Tickell (Oxfam GB). It should be noted that one other reason why these individuals came together to form PWYP was because they were closely located to one another geographically—their office bases were all in London. The logic underpinning PWYP was consistent with these NGOs' shared objectives of corporate responsibility, conflict prevention, poverty reduction and good governance. Furthermore, revenue transparency was a niche issue that was not being tackled by other NGO campaigns and was not on the agenda of governments and the business community.

A formal coalition was established in order to pool the diverse yet complementary strengths of the NGOs interested in campaigning for revenue transparency. For example, Transparency International had friendly ties with the business community which helped bring the extractive companies to the table, while Save the Children UK, Oxfam GB and CAFOD were large development agencies working in countries such as Angola with strong advocacy links to the British public and a close working relationship with the UK Department for International Development. Working as a coalition also enabled groups to more easily share resources, information and capacities to tackle a common objective.

PWYP was publicly launched at a press conference hosted by George Soros, Chairman of the Open Society Institute, in London on 13 June 2002. Other speakers at this event included: Mike Aaronson, former Director General of Save the Children UK, Sabit Bagirov of the Centre for Economic and Political Research (Azerbaijan), Julius Ihonvbere of the Africa Centre for Constitutional Development (Nigeria) and Simon Taylor, Director of Global Witness. That same day, a launch dinner was held at the Cinnamon Club in central London at the invitation of Mr Soros to which several key UK-based political, private sector, NGO and media representatives were invited.

2.9 What role did George Soros play?

► *George Soros played multiple roles in the launch phase of the campaign. He acted as a catalyst bringing interested NGOs together; he effectively served as PWYP's public spokesperson; he promoted the revenue transparency concept with governments and extractive companies; and his foundation provided financial support for activities such as the launch event.*

George Soros, Founder and Chairman of the Open Society Institute and one of the world's most successful financiers, played a key role in helping to launch PWYP. He was the host of PWYP launch events and the main focus of PWYP's media blitz. He was also heavily involved behind the scenes in developing campaign strategy and planning the launch. His foundation provided critical funding to get the campaign underway, including the launch events.

Mr Soros backed PWYP because increasing resource revenue transparency corresponded with his vision of promoting 'open societies'. OSI was already supporting a number of NGOs to conduct advocacy and research projects on revenue transparency, including through the Caspian Revenue Watch programme based at Mr Soros'

foundation. This core group of NGOs, supported by OSI's Revenue Watch programme, went on to become a key early constituency of the PWYP campaign. Azerbaijan, one of the countries with which the Caspian Revenue Watch programme worked, went on to become one of the first two EITI implementing countries, thanks in part to early efforts by Revenue Watch and the Soros foundation, and later became the first country to be designated as EITI compliant on 16 February 2009, having fulfilled the validation criteria.

George Soros' support helped to attract significant business, government and media attention. Most critically, his letter to UK Prime Minister Tony Blair in February 2002 brought the issue of revenue transparency to his attention and compelled the UK Government to take action. This letter became one of the defining moments in the foundation of the global resource revenue transparency movement.¹² Mr Soros' letters to oil and mining companies in 2002 urging support was one of the first times the extractive industry had been lobbied on the issue of revenue transparency.

Mr Soros continues to be a key advocate for revenue transparency today. His network of foundations continues to support a wide variety of activities throughout the world. Mr Soros also helped to create the Revenue Watch Institute.

2.10 What role did the Catholic Church play?

► *The involvement of the Catholic Church and faith-based organisations was critical to building the moral case for transparency.*

The Catholic Church was one of the first non-governmental actors to speak openly and publicly about the resource curse and the importance of transparency as a solution. It could do so because of its unique position of moral authority, especially in various African countries.

One of the most significant events around the time of PWYP's launch was the statement published by the Association of Episcopal Conferences of the Central African Region (ACERAC) at their gathering in Equatorial Guinea 7–14 July 2002. This groundbreaking declaration had a huge impact. It gave encouragement to civil society groups across the continent to engage in PWYP and signalled the first major challenge to governments that tough action was required to improve the lives of the poor suffering under the ill effects of the resource curse.

Development agencies linked to the Catholic Church, notably CAFOD, CRS and Secours Catholique/Caritas France and its sister agencies of the CIDSE network,

were instrumental in setting up PWYP on the ground in Africa. They helped to build support for PWYP across their partner countries and encouraged other civil society groups to work closely with the Church in their efforts to bring about transparency.

**Extract from ‘The Church and Poverty in Central Africa: the case of oil’,
a declaration by the Association of Episcopal Conferences of the Central
African Region (ACERAC) 7–14 July 2002**

‘Most of our political leaders have ceased to dream of a better future for their people. Conversion to egocentric politics is the order of the day now and there is a rush to divide up the national pie, of which an important and secret portion comes from oil production. The quest for political power in our countries is less motivated by ideology and having a social agenda than by a willingness to become the all-powerful manager of the whole of our countries’ resources. The social and economic well being of the people has become just campaign rhetoric. If not, why would the people continue to wallow in misery where oil is flowing?’

The control of oil manna is at the center of several battles for power in our region. Oil revenues have served as funding for arms purchases and to support private militias in certain States, sometimes with the complicity of oil companies. The latter have elsewhere, in their own interests, brought in financial and logistical support to belligerent parties in the region. The conflicts thus engendered have largely contributed to the spread of arms in the region, arms that have become one of the main causes of insecurity at the borders as well as inside our countries. One fears that tomorrow, some of our States will go to war against each other over shared oil concession zones.’

2.11 How important was the timing of PWYP’s launch?

- ▶ *The launch of PWYP fortuitously coincided with several events and trends that brought concerns around the management of the extractive industries and the accountability of corporations to the fore. PWYP was perfectly, though in many ways unintentionally, positioned to take advantage of these developments to get resource revenue transparency on the international agenda.*

The development of the revenue transparency movement coincided with the following developments:

- Research carried out in the 1990s by prominent and well-respected scholars including Paul Collier (Oxford University), Terry Lynn Karl (Stanford University), Jeffrey Sachs (Columbia University) and Paul Stevens (Dundee University) established a credible empirical footing for the revenue transparency movement. The combined impact of their work highlighted the ‘resource curse’ whereby governments become overly reliant on resource industries, leading to economic decline, rent-seeking behaviour and political and social instability. This body of research was critical in paving the way for the foundation of PWYP. It played a key role in compelling government, business, investor and media stakeholders to take the issue seriously and to pursue effective solutions.
- Throughout the 1990s and early 2000s, the Gulf of Guinea, in West Africa, was increasingly viewed by the extractive industry, the media and consumer countries in Europe and North America as the new major frontier for oil investment. The oil boom underway in the region presented an unprecedented opportunity for economic and social development in producing countries. Yet with high levels of corruption, instability and mismanagement there were great obstacles in the way. Resource revenue transparency fit perfectly in this context as a means of lifting the resource curse and using the oil boom for good.
- In the early 2000s, there was growing pressure on multi-national companies to improve their accountability to local communities and shareholders due to the proliferation of corporate social responsibility (CSR) initiatives.¹³ While the effectiveness of many of these initiatives was questionable, mounting pressure from NGOs compelled the private sector to develop CSR policies and improve consultation and reporting procedures. Revenue transparency was a practical and cost-effective policy that oil, gas and mining companies could support to improve their public image. Furthermore, companies could not argue against the concept of revenue transparency without looking as if they had something to hide. But most critically, companies could support revenue transparency because it benefited them too—ultimately it would improve investment prospects in resource-rich countries.
- In the development community, multi-stakeholder partnerships were becoming fashionable as a way to bring about solutions to global development problems. The Voluntary Principles on Security and Human Rights¹⁴ (VP), set up in 2000, was one such example. The VP had already created a multi-stakeholder framework in which governments, companies and NGOs had worked together to tackle contentious issues around the use of security forces for the protection

of extractive industry projects. The basic tenet of different stakeholder groups working together through this format was an important precursor to EITI. Some of the original VP architects advised the UK Government's Strategy Unit on ways in which the revenue transparency agenda could be tackled using the VP as a model. Thus the UK Government benefited from being able to learn from the experience of the VP in the lead up to EITI.

- The Kimberley Process (KP), assembled in May 2000, was another model of a multi-stakeholder partnership that provided many useful lessons for EITI.¹⁵ The KP was extremely successful at developing and implementing in a short period of time a global certification scheme to prevent the export and sale of conflict diamonds. Several individuals that were involved in the KP also became involved in EITI.
- The Extractive Industries Review (EIR) had been launched in 2000 by the World Bank Group (WBG) to conduct a wide-ranging review of its support for oil, gas and mining investments.¹⁶ The EIR was set up in response to concerns from human rights and environmental groups about the impact of the WBG's activities in the extractive sector and whether such support was in line with the Bank's mandate of poverty reduction. Civil society groups involved in the EIR called for an end to World Bank support for extractive projects; guarantees of free, prior and informed consent from local communities before the onset of extractive projects; and the adoption of stronger environmental, social and human rights safeguards. Of all the critical issues that were brought to the table over a series of long and heated international gatherings, revenue transparency was one of the few issues that everyone could agree on. It was arguably one of the least contentious issues. The EIR was instrumental in compelling the World Bank Group and extractive companies to adopt and implement a strategy for improving revenue transparency.
- The Chad-Cameroon Pipeline Project brought together numerous local and international civil society organisations to carry out research and advocacy around the question of whether the exploitation and export of oil was the right development path for poor countries. Campaign efforts were targeted at the World Bank, in particular, whose backing of the controversial project enabled the companies and governments involved to secure the necessary finance and insurance to construct the pipeline. The Bank was compelled to impose 'safeguards' intended to minimise environmental and social impacts and maximise transparency and accountability in the management of the revenue derived from

Chad's new oil fields. The legislation and safeguards adopted for the pipeline project contained several grave weaknesses. However, one positive outcome of the entire effort was that it brought to the fore the fundamental need for civil society oversight and participation in the negotiation of extractive industry projects and the management of resulting revenue flows.¹⁷

Response to PWYP

2.12 How did extractive companies initially respond to PWYP?

► *The launch of PWYP drew various reactions from extractive companies. No extractive company openly or publicly rejected the objective of revenue transparency. While some were more supportive than others, none were prepared to take a clear and public leadership role especially after the BP-Sonangol incident in Angola. Oil companies were most active in responding to PWYP's demands for greater transparency. Mining companies were more cautious and reserved in their initial approach; industry associations did not play an active role at the beginning.*

Early on, BP was the most influential actor in helping to shape the revenue transparency agenda. It was the only company that was prepared to respond favourably to Global Witness' appeals to oil companies for greater financial transparency in Angola.

The Sonangol letter to BP had several unintended impacts: it brought the issue of revenue transparency to the world media's attention; it made the oil companies group together out of fear of being competitively disadvantaged; and for PWYP it highlighted the need for mandatory solutions that would bring about a level playing field. BP was also influential in encouraging the Government of Azerbaijan to sign up to EITI. Azerbaijan was the first country to publish reconciled, audited data under the auspices of EITI.

Shell was also highly influential. It deserves credit for being the first oil company to support mandatory mechanisms. While Shell never published a formal corporate policy calling for mandatory disclosure, company representatives at various early stages of discussions between UK-based stakeholders indicated their support for the adoption of mandatory mechanisms. Shell—rather than PWYP itself—can even be credited with first coming up with the idea of amending stock exchange listing rules

to achieve disclosure of payments by companies on a country-by-country basis. PWYP even heard rumours of a letter from Shell to Tony Blair giving backing to PWYP's arguments for mandatory disclosure. Shell did not go on record at this time calling for a mandatory approach. However, thanks to the good efforts of individual staff who, acting in response to the launch of PWYP, pushed firmly for swift and effective solutions to the transparency problem, the company helped in convincing the UK Government and other major companies to take the issue of revenue transparency seriously.

Major US and European oil companies other than BP and Shell were less active in initial discussions around the time of the launch of PWYP (and EITI). Representatives of Exxon, Chevron and Total were contacted by George Soros and PWYP members and called on to support the global appeal for greater revenue transparency. However, these companies took a more cautious approach to the issue.

Mining companies were generally less engaged in the debate at the time of PWYP's launch, though they were supportive of the objective of greater transparency. There are several possible explanations. Firstly, some mining companies felt that they were already engaged in other initiatives to address issues related to corruption, access to information and managing mineral wealth.¹⁸ Secondly, many mining companies viewed the revenue transparency debate at the time as more of an oil industry issue: revenue flows from oil companies to governments are generally larger, therefore the scale of corruption and mismanagement is often greater. Thirdly, the mining industry was not under as great a spotlight as the oil industry on this specific issue. Early campaign efforts by civil society had been more targeted at oil-rich developing countries (Angola, Azerbaijan, Kazakhstan, Nigeria, etc.) and international oil companies that operate in these territories. Thus mining companies were arguably under less pressure to be active in discussions. An added dimension is that mining companies were facing huge resistance to their projects due to human rights violations, and environmental and local community impacts. As a result, they probably felt they had their hands full with those issues which, arguably, are more pressing for the mining sector than revenue transparency.

Industry associations including the International Council on Mining and Metals (ICMM), the International Association of Oil and Gas Producers (OGP) and the American Petroleum Institute, while being supporters of EITI today, barely featured at the onset of multi-stakeholder discussions around revenue transparency.

2.13 What was the reaction of the UK Government to the call for greater revenue transparency?

- ▶ *In response to the push for greater resource revenue transparency, the UK Government decided to bring together the relevant stakeholder groups to develop joint solutions, which culminated in the establishment of the Extractive Industries Transparency Initiative (EITI).*

In February 2002 the Strategy Unit of the UK's Cabinet Office¹⁹ published a comprehensive review of energy policies that laid the ground for future UK Government engagement on revenue transparency. The Review identified that the UK's energy security was endangered by threats to the supply of resources from volatile resource-rich developing countries. Thus the Strategy Unit drew the conclusion that promoting revenue transparency and good governance would tie in neatly with future energy security policies adopted by the UK Government to enhance stability in resource-producing countries.

Things first really started moving within the UK Government when George Soros wrote to UK Prime Minister Tony Blair on 12 May 2002 to alert him to the PWYP proposal and encourage him to take a lead on this subject as part of the G8's response to the recently created New Partnership for African Development (NEPAD).²⁰ According to UK Government representatives, Mr Soros' letter caught Mr Blair's attention. The Prime Minister was also lobbied to address the issue in his regular private meetings with the heads of the British Overseas Aid Group (BOAG), which includes CAFOD and Save the Children UK.

Fortuitously, the push by Mr Soros and BOAG agencies came at the right time. Mr Blair was interested in putting a cross-cutting issue such as this on the agenda at the World Summit on Sustainable Development (WSSD) in Johannesburg in September 2002.²¹ Revenue transparency encompassed many aspects which attracted the Prime Minister's attention: poverty reduction, good governance, corporate social responsibility and energy security. The multi-faceted nature of the revenue transparency agenda and the fortunate timing of the WSSD meeting propelled the issue to the fore and prompted the UK Government to take action in 2002.

Did you know? Contrary to widespread belief, Tony Blair did not technically announce the establishment of EITI at the WSSD meeting in Johannesburg in September 2002. As he departed from his prepared statement, he never actually uttered the words announcing EITI in front of the conference participants and world media. There are a few theories as to why this happened. The first is that Blair decided to dedicate his presentation to other issues that had come up during the conference and, given also time limitations, was forced to abandon the part of his speech where he would announce EITI. The second theory is that Blair believed that EITI did not have sufficient support from governments and companies and so dropped it from his address. The third theory is that he did not want to offend the South African hosts of the Summit who, along with Canada, had announced the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development, which aims to 'enhance and promote the contribution of the mining, minerals and metals sector to sustainable development'. The formal announcement of EITI came about when the Prime Minister's office at 10 Downing Street posted the full text of this prepared statement on the Internet in its original intended form.

How PWYP Works

2.14 Who works for PWYP?

► *At the beginning of 2009, the Coalition had three full-time paid staff positions in London and one full-time staff member in Africa. At the national level, some countries employ full-time coordinators and others have volunteers.*

The International Coordinator is responsible for general management of the Coalition and assisting members with capacity building and advocacy. A five-member management committee comprised of representatives of donors, most of whom are based in London as well, supervises the work of the International Coordinator.

The Information and Advocacy Officer assists the International Coordinator in implementing campaign plans and managing communications and information resources for the PWYP international coalition. The Programme Officer supports the PWYP campaign through coalition building and outreach, reinforcement of national

coalitions and capacity building for members. Both positions are supervised by the International Coordinator.

At the regional level, a full-time PWYP Africa Regional Coordinator, based in Cameroon, is responsible for coalition management and support to member organisations in sub-Saharan Africa. This position is supervised by a management committee of member organisations including the International Coordinator and representatives of African-based coalition members, plus the international donors who fund the post. The post was created because of the rapid and immense growth in coalition development on the African continent, at the time requiring—at the request of campaign partners in Africa—more hands-on support at a regional level on advocacy and capacity building efforts.

All international/regional staff persons work closely with individual PWYP members to support international advocacy efforts and with national coalitions to support the implementation of country-based action plans and capacity building programmes.

At the country level a national coordinator (or ‘focal point’ where there is no coalition) is responsible for facilitating the advocacy, monitoring and capacity building efforts of national coalitions and for liaising with international staff and other national coalitions. This role at the country level may be voluntary or paid, depending on a national coalition’s needs and funding capacity.

2.15 Why was an International Coordinator for the NGO coalition hired?

► *An International Coordinator was appointed in late 2002 to help facilitate the advocacy activities of the PWYP coalition members and to serve as a focal point for information-sharing on the campaign at the international level.*

The founding members of PWYP agonised for several months as to whether to hire a Coordinator at all. At first, they felt that they could carry out the necessary actions themselves without a Coordinator. However, after a push by OSI it was agreed that an added pair of hands to serve and represent all members of the Coalition would be important to help connect PWYP to the world outside London and to manage internal and external information flows. PWYP also needed someone to reach out to the NGO community in G8 countries and to developing countries where there was growing interest in supporting the campaign from local groups.

At the outset, the role of the International Coordinator, first hired in November 2002, was not to dictate strategy or even to participate in advocacy activities. Initially, the priorities of the Coordinator were to encourage non-governmental groups to support PWYP through civil society outreach, develop information resources (newsletters, website, etc.) and help organise campaign meetings for advocacy coordination purposes.

The International Coordinator, based in the London office of the Open Society Institute, reports to a management committee comprised of the London-based representatives of five founding members of PWYP. These organisations all contribute to the Coordinator's salary and operational costs. The role of this committee is to help support and guide the daily work of the Coordinator and handle human resource issues related to the position. The Coordinator's strategic agenda is however set largely by feedback and priorities identified by the Coalition as a whole through consultation by email, by telephone and in strategy meetings.

Due to the massive growth of the Coalition, especially in Africa, it became necessary in 2005 to hire the Africa Regional Coordinator to support coalition efforts across the continent more consistently. In 2007 the Information Officer post was created in London to manage more effectively PWYP's external (e.g. media, website) and internal communications and IT systems.

During the course of 2008 the role of the Information Officer was broadened to Information and Advocacy Officer and a new post of Programme Officer was created to support capacity building and outreach activities outside Africa. The hiring of these new staff has permitted the International Coordinator to focus increasingly more time on facilitating advocacy, policy activities and coalition building in priority countries.

2.16 How is PWYP funded?

▶ *As PWYP is a coalition, members themselves absorb costs related to their individual revenue transparency work. A small group of PWYP members make financial or in-kind contributions to support specific advocacy activities of the Coalition and to pay for the salary and operational costs of dedicated PWYP coordinators and staff members etc. In specific countries (especially in developing countries), while members absorb some costs, if there is insufficient funding to cover coalition activities and staff, assistance is sought from donors.*

There is no central budget for PWYP from which all campaign activities are paid. Members of the Coalition are not required to pay membership dues. Members are simply encouraged to contribute time, staff and resources towards monitoring and advocacy efforts wherever they can, either at the national or international level. Joint advocacy efforts or publication costs may be shared by coalition members. The operating and salary costs of the international and regional staff are shared by several PWYP members.²²

At the country level funding for national coalitions is mostly sourced from local donors present in that country and/or from international NGOs who have an active interest in supporting revenue transparency efforts on the ground. To fund advocacy, research and monitoring activities and the operational costs of national coalitions, members normally apply to donors for funding assistance collectively. However, some individual members may also have separate funding relationships with donors for activities related to PWYP but which are not formally part of the national coalition's action plan.

2.17 How have advocacy efforts been organised at the international level?

► *Advocacy efforts at the international level have generally been organised in an informal, ad hoc manner. With the growth of the Coalition membership and the expansion of advocacy activities, PWYP has attempted to introduce more formal working structures.*

All members are encouraged to contribute to PWYP's advocacy efforts at the international level. However, in practice only member NGOs with sufficient capacity, resources, time, staff, experience, skills and inclination to engage have contributed and followed up on particular strands of advocacy. Members are not obliged to participate in any advocacy campaign. Coalition members are kept abreast of developments and consulted about advocacy strategies via various communication tools (see question 3.29 for more details).

Over time PWYP has attempted to coordinate international advocacy approaches more coherently through the establishment of thematic working groups. Currently, there are working groups addressing specific issues such as international accounting standards, contract transparency and international financial institutions (see question 3.26 for further information).

2.18 What is the relationship between the PWYP international coalition and the national PWYP coalitions?

- ▶ *The PWYP international coalition refers to all civil society organisations that have formally signed up to the PWYP Mission Statement to support the appeal for greater revenue transparency on a global scale. National civil society coalitions work at the country level towards greater transparency. They are all affiliated with PWYP in working towards the same policy and advocacy goals but operate as autonomous, independent entities.*

At the international level, many civil society groups may not actually be signed up to the PWYP Mission Statement²³ but still actively support the campaign in whatever capacity they can. Signing onto this document is not a pre-requisite to participating in PWYP as the Coalition welcomes the contributions of all NGOs. Furthermore, in some cases for political or security reasons it may be advantageous for some NGOs not to be officially linked to the global campaign. However, wherever possible PWYP seeks to list all participating NGOs as coalition members.

In policy and advocacy terms national coalitions' strategies are in line with PWYP at the international level. For this reason, the International Coordinator and regional coordinators work closely with the national coalitions and their national coordinators. National coalitions may, however, have additional objectives that expand upon the global mandate of the campaign to include domestic issues and priorities that are relevant in their local context.

In operational terms, national coalitions are independent and autonomous from the international coalition. They manage their own action plans and, if applicable, budgets and have their own working structures. Many of these coalitions also have their own unique names, which is important to give them a sense of local identity.

It should also be noted that there are countries where formal national coalitions have not been established but where there are NGOs engaged in PWYP. In these countries there may not be an express need for the creation of a coalition because there is not a critical mass of NGOs with the interest, staff and resources to engage on PWYP within a coalition.

2.19 How does PWYP go about setting up national coalitions?

- ▶ *PWYP takes different approaches to setting up national civil society coalitions around the world depending on the local country context. In some cases, this involves*

proactively reaching out to local groups to encourage participation in the campaign and to stimulate the creation of national coalitions. In other cases, PWYP responds to local requests for assistance.

When civil society representatives express an interest in setting up a local PWYP coalition, international PWYP staff provide these groups with relevant resources to inform them of best practices in the establishment and management of national PWYP coalitions. Often PWYP staff and international NGOs/donors will go on a mission to meet with these actors to advise them on how to apply best practices and to evaluate the need for a local coalition in the first place.

The first step towards creating a coalition is normally to organise an information-sharing workshop and training session to sensitise a wide range of local civil society groups to the PWYP campaign and the activities of other coalitions around the world. Care is taken to involve NGOs from a wide spectrum of fields (human rights, environment, women's issues, faith, grassroots, etc.). Civil society representatives from other countries in the neighbouring region with experience of engagement in PWYP and, where relevant, EITI, are often invited to present case studies and provide suggestions to local groups on how to proceed. On the basis of these events, an evaluation is carried out by the local organisation in partnership with the PWYP international staff to determine whether there is a need to set up a national coalition. If so, a plan is then drafted by the local NGOs to develop the working structures and agenda of the Coalition and donors are contacted to explore financial and technical assistance.

National PWYP Coalition Case Study: Ghana

The national PWYP coalition in Ghana (Publish What You Pay Ghana) was established in 2004 to monitor the disclosure, auditing and management of revenues derived from the extraction of the country's vast mineral resources. Members include: CASSOLS, Friends of the Nation, Ghana Catholic Bishops Conference, Integrated Social Development Centre (ISODEC), Third World Network and Wassa Association of Communities Affected by Mining.

Several of these NGOs had been working on related topics when the Coalition was created. The Coalition began as a loose, informal entity that sought to raise awareness about revenue transparency and monitor the implementation of EITI, which the Ghanaian Government had signed onto in June 2003. In its first three years the Coalition held a series of roundtables to raise awareness about the PWYP campaign and EITI and to broaden participation among other civil society groups. The Coalition also organised outreach efforts to local communities affected

by mining operations. The Coalition was only formalised in 2006 upon receipt of funding from donors.

ISODEC, an NGO which has been one of the main drivers behind the Coalition in Ghana, has served on the national EITI steering committee from its inception. It acted on behalf of the national coalition in the negotiations with government, companies and other stakeholders to develop the reporting frameworks and auditing processes of EITI in Ghana. ISODEC has also worked closely with the National Advocacy Coalition on Extractives (NACE), which is the national PWYP coalition in Sierra Leone. Staff from ISODEC have provided training and capacity building assistance to the members of NACE and exchanged lessons learned from advocacy work on the mining sector in Ghana.

The Coalition is now attempting to incorporate EITI into national legislation, create reporting frameworks to cover revenues from the forestry sector and address concerns about the social and environmental costs and compensation issues. Members are also hoping to strengthen capacities of local leaders and community groups in mining regions on budget monitoring.

National PWYP Coalition Case Study: Azerbaijan

The Coalition for Improving Transparency in the Extractive Industries was the first national NGO coalition to be established in the Central Asia/Caucasus region to work on the issue of revenue transparency. The Coalition was formed to generate pressure for greater public oversight over the management of oil revenues, to monitor the implementation of EITI in Azerbaijan and to raise awareness among citizens about revenue transparency. Launched in Baku on 13 May 2004 by around 30 local NGO representatives, the Coalition is now comprised of more than 100 individuals—representatives of local NGOs as well as private citizens. It is managed by a Council of member representatives and supported by a Coordinator and an Assistant Coordinator. The Coalition has detailed internal regulations regarding its operations, strategy and decision-making processes. Funding for the Coalition has been provided by the local offices of INGOs, and bilateral and multilateral development agencies.

Coalition members have played a pivotal role since the inception of EITI in Azerbaijan. Representatives have participated in the national EITI committee and helped to select the auditor. Members negotiated the first ever formal memorandum of understanding between government, companies and civil society to set the rules and boundaries of the EITI implementation process at the country level. The Coalition has published several analyses of EITI audit reports and contributed to extensive public debate about the management of oil revenues in Azerbaijan. A wide range of capacity-building efforts have also been carried out to provide coalition members and the wider public with further expertise and technical know-how on the management of oil revenues in Azerbaijan.

For full details on the Coalition go to: www.eiti-az.org

Progress Made by PWYP to Date

2.20 How has the PWYP coalition grown over time?

- ▶ *PWYP has grown from a coalition of a few, mostly UK-based groups, to encompass over 350 NGOs from more than 68 countries. Over 25 national coalitions have been established.*

At its launch in 2002 PWYP was supported by a handful of UK-based NGOs and about 35 NGOs from Africa, Europe, Central Asia/Caucuses and the United States. These NGOs were responding to outreach by staff from the founding members to widen the Coalition base. At the time of writing, there are more than 350 members of the international coalition from more than 68 countries. In 27 countries, active coalitions affiliated to PWYP are working towards greater revenue transparency at the national level.

The rise in civil society participation can be attributed primarily to the great thirst for change in resource-rich developing countries among civil society groups given the devastating impact of the resource curse. The campaign is consistent with ongoing local priorities regarding good governance, corporate accountability and poverty reduction and thus has served as a useful vehicle for local groups to continue to push for greater access to information and accountability. Being part of a global network like PWYP has given local groups more exposure and clout in order to tackle the revenue transparency agenda.

The transfer of knowledge, experience and 'lessons learned' among local civil society activists in developing countries has also been a major factor in motivating and inspiring more and more NGOs to get involved. Another important factor of the PWYP coalition's growth has been the increase in support of international NGOs which have been able to devote time and resources to outreach activities and capacity building programmes that have enabled local NGOs to engage in the campaign. The hiring of full-time PWYP Coordinators to do dedicated outreach in places like Africa and the US has also had a huge impact in recent years in building further support for the campaign.

2.21 What have been some of PWYP's successes to date?

- ▶ *The PWYP coalition has achieved some notable successes. In general terms, the Coalition has mobilised civil society groups around the world in support of revenue transparency and wide international recognition of the importance of resource revenue transparency. In concrete terms, achievements include the creation of EITI. For a full list, see below.*

One of PWYP's most notable achievements to date has been the mobilisation of civil society organisations to campaign collectively at the international, national and local levels for greater transparency in the extractive industries. In a relatively short period of time, the Coalition has assembled a large and diverse range of NGOs to bring about change. In many of the countries in which PWYP operates, only a few years earlier NGOs were not able to talk openly about the issue of revenue transparency. Yet now, not only is public discourse on the issue of corruption possible, but companies and governments are being pushed to open up their books. Further, PWYP has united donors, international NGOs and foundations to support—and increase their investment in—the ongoing empowerment and capacity building of local civil society organisations.

One of the Coalition's other notable achievements is that revenue transparency is now an accepted norm of corporate behaviour. There may still not be full transparency of company payments globally, but companies no longer have a choice as to whether to engage in the debate or not.

Some other key successes of the Coalition—or concrete milestones that members played a pivotal role in bringing about—which have been achieved as a result of the Coalition's advocacy efforts behind the scenes and in the public domain include:

- The **IMF** published in June 2005 its *Guide on Resource Revenue Transparency*²⁴ as a means to encourage resource-rich governments to adopt international best practice.
- The **World Bank Group** and the **European Bank for Reconstruction and Development** (EBRD) agreed, at the company level, to make revenue transparency part of its lending requirements and, at the country level, to push for adherence to best international practice on revenue transparency.
- In relation to **EITI**:
 - Civil society participation is enshrined as a cornerstone of the EITI process. At the international level, civil society has equal representation

on the EITI Board with extractive companies. At the national level EITI implementation cannot go ahead without the full and active participation of civil society at all stages. Countries cannot even obtain ‘candidate’ status without consultation with civil society. Without PWYP, it is possible that NGOs might not have had such a central role in the decision-making and oversight functions of EITI and civil society might have played more of a token role.

- The EITI implementation criteria²⁵ were adopted in response to PWYP concerns about ‘free-riding’ countries and companies.
 - A strong two-year validation rule has been agreed upon.
 - EITI was enshrined into national law in Nigeria.
 - The Norwegian Government has committed to implement EITI—the first resource-rich developed country to do so.
 - EITI reporting has been expanded to the sub-national level in Nigeria, into the forestry sector in Liberia and into the fishing industry in Mauritania.
- The **European Union** adopted the Transparency Obligations Directive (TOD) in 2004, which recognised for the first time at the EU level that extractive companies and EU member states should take steps to increase transparency of payments to governments.
 - The companies **Statoil Hydro, Talisman Energy and Newmont Mining** voluntarily agreed to disclose payments to governments on a country-by-country basis.²⁶
 - The assembling of **institutional investors and pension fund managers**, now representing some US\$13 trillion in funds, to support calls for greater transparency of payments and revenues in the extractive industry.

PWYP members have also helped to bring about a number of other key developments that have great potential to deliver further concrete progress in improving transparency of governments and companies:

- The **International Accounting Standards Board**²⁷ has set up a sub-group to examine the feasibility of an accounting standard that would require companies to report their payments on a country-by-country basis and/or by payment types. In November 2007, the European Parliament called for the creation of such a standard.

- The **Extractive Industries Transparency Disclosure Act**²⁸ was introduced into the United States House of Representatives in May 2008 and the United States Senate in July 2008. The bill would require companies registered with the Securities and Exchange Commission to report payments made to foreign governments for the extraction of oil, gas and minerals. The bill is due to be reintroduced in 2009.
- In February 2008, the government of Azerbaijan and 16 co-sponsors introduced a **UN General Assembly Resolution** entitled 'Strengthened transparency in the extractives industry' which calls upon governments, industry, civil society and UN agencies and programmes to support joint efforts to promote transparency in the extractive industry, in particular through the EITI Initiative. The resolution was unanimously adopted on 11 September 2008.
- The multi-stakeholder transparency model is now being exported (by DFID) to other sectors including construction and medicines, with NGO participation at the core of these initiatives.

Finally, calls are now being made for the scope of technical assistance to developing countries to go beyond resource revenue transparency to look at how concessions are awarded, how contracts are negotiated and how money from oil, gas and mining is spent. Thus transparency of the entire extractive industry 'value chain' is now being tackled. Work is now being carried out by several individual PWYP members and by the World Bank through its 'EITI++' programme.²⁹

'[Publish What You Pay] make the case there are investor interests, public policy interests and interests among other users of financial reporting and the combination of those things persuaded the board it should reach out to other groups to get their views.' (Wayne Upton, Research Director of the International Accounting Standards Board, September 2006, in response to PWYP's appeals to the International Accounting Standards Board for the adoption of country-by-country reporting requirement.)

Basic Facts on the EITI

2.22 What is the difference between PWYP and EITI?

▶ *PWYP is an international coalition of civil society organisations calling for mandatory disclosure of company payments and government revenues. EITI is an international multi-stakeholder initiative that encourages resource-rich country governments to put in place a framework for the disclosure and auditing of payments and revenues.*

PWYP and EITI share the same objective of increased transparency in the extractive industries to promote good governance in the management of resource revenues. However, as the table below shows, there are several key differences.

	PWYP	EITI
Participants	Exclusively a civil society movement; only civil society organisations can be members of the international coalition and its affiliated national platforms.	Multi-stakeholder initiative at both the national and international levels involving governments, extractive companies and civil society, with the support of donors and international financial institutions.
Approach at the international level	PWYP coalition members campaign for mandatory solutions. They aim to change laws and regulations around the world to make transparency of companies and governments obligatory. Their goal is to create consistent global standards of information disclosure. PWYP argues that EITI implementation alone is not sufficient to ensure transparency.	EITI participants take a country-by-country approach, working together to encourage resource-rich governments to implement the Initiative in line with its criteria. It is voluntary for countries to sign up. EITI believes national governments should have ownership over transparency reforms.

	PWYP	EITI
Approach at the national level	Autonomous national civil society coalitions affiliated to PWYP carry out various advocacy, research and monitoring projects aimed at increasing transparency of payments, revenues and expenditures at the country level. Where EITI is being implemented, civil society representatives often serve as part of the national multi-stakeholder groups responsible for EITI implementation. At the same time, they also serve as the main local watchdogs of EITI.	EITI implementation is overseen by a local multi-stakeholder committee. Once voluntarily adopted, it becomes mandatory for all stakeholders in each country to abide by a mandatory set of basic rules and procedures set out by EITI board.
Scope	<ul style="list-style-type: none"> – Publication and independent auditing of company payments and government revenues ('publish what you pay/publish what you earn') – Transparency of licensing procedures and public disclosure of contracts ('publish what you should pay/publish what you don't pay') – Transparency of expenditures ('publish what you spend') 	Publication and independent auditing of company payments and government revenues

2.23 How does EITI work?

- **Aim:** 'To strengthen governance by improving transparency and accountability in the extractives sector. The EITI sets a global standard for companies to publish what they pay and for governments to disclose what they receive'.³⁰
- **Candidate status:** It is voluntary for countries to sign on to EITI. Governments must take clear steps towards meeting the EITI criteria—including production of a work plan for implementation, consultation with civil society organisations and designation of a national leader to coordinate implementation efforts—if they want to be considered officially a 'candidate' country. Implementation at the country level is managed by a locally designated multi-stakeholder committee.

- **Compliant status:** After achieving candidate status and then initiating implementation of reporting guidelines and auditing processes, participating countries must undergo a process of validation (verification according to specific norms) within two years. Validation is carried out by an independent entity. Candidate countries must surpass several concrete milestones to achieve 'compliant' status.
- **Governance:** EITI is overseen at the international level by a Board comprised of representatives of implementing country governments, supporter country governments, extractive companies, civil society organisations from both developing and developed countries, an investment firm and a Chairperson. Representatives of the World Bank and the international EITI Secretariat sit on the Board as observers. The Board is responsible for supervising and signing off on the validation process of implementing countries.
- **Support:** The Initiative is supported by an international secretariat based in Oslo, Norway.
- **Funding:** Candidate/compliant countries are encouraged to absorb the costs associated with implementation but where resources or technical assistance may be lacking, they can draw on support from the EITI Trust Fund and/or bilaterally from the World Bank, supporter governments and development agencies. The International Secretariat is funded by a combination of supporter country governments, implementing country governments, donors, extractive companies and non-profit foundations.
- **Current status:** By the beginning of 2009, 26 countries were participating in EITI as candidates. Azerbaijan became the first EITI Compliant country at the biannual conference of the EITI in Doha, Qatar, on 16–18 February 2009.

Role of Key External Stakeholders in Promoting Revenue Transparency

2.24 How important was the involvement of UK Prime Minister Tony Blair in getting revenue transparency on the international agenda?

- ▶ *Blair's personal support for the issue of revenue transparency—motivated primarily by concerns about the UK's energy security—was a critical factor in getting revenue transparency on the international agenda—and in the establishment of the EITI.*

The issue of revenue transparency had been brought to Blair's attention primarily by George Soros (see question 2.9) and the findings of the UK Cabinet Strategy Unit's Energy Review (see question 2.13). There is, however, no doubt that Blair's close relationship with the former Chief Executive of BP, Lord John Browne, an early though quiet supporter of revenue transparency, encouraged Blair to pursue the issue. Blair was apparently enthused by the cross-cutting nature of revenue transparency, in that it was principally about governance but could also be linked to poverty reduction, corporate social responsibility (CSR) and energy security objectives.

While Blair was the early figurehead of what would soon become known as EITI, it was the Strategy Unit that did the hard work to develop the underpinnings of the process in the lead up to its launch and to get support from a few key companies and countries to back the proposal. The Strategy Unit was tasked with taking a critical new development issue to the World Summit on Sustainable Development. EITI met the criteria of an 'innovative partnership' and was in line with Blair's personal interest in the topic.

Without such a large-scale international event as the WSSD, it is doubtful that the UK Government would have invested as much energy and as many resources as it did to ensure that EITI got up and running. Fortunately, if unintentionally, the event became a high-profile gathering that provided a further incentive to the UK government to launch EITI.

That Blair's name was attached to the Initiative (indeed, it had informally been known as the 'Blair Initiative' for many months) was an added incentive for stakeholders from the UK and abroad to come to the table. It also gave added impetus to DFID, when it took over the management of the portfolio on behalf of the UK Government, to work hard to make it a success. If the Initiative failed, even though it was not in reality the most critical issue on Blair's political agenda, it would have repercussions for his credibility.

'I firmly believe that the [EITI] can make a significant contribution to ensuring that the proceeds from mining and energy industries are used for development. We can draw on it in Iraq and elsewhere and it provides an example for others to follow. So, what next? Well, to succeed we need joint action by governments and companies, working in tandem. We need to link "Publish What You Pay" with "Publish What You Earn". And we need the active support and encouragement of the international community.' (Tony Blair, EITI Conference, London, 17 June 2003)

2.25 What role did companies play in the establishment of EITI?

► *Extractive companies played different roles during the establishment of EITI. Oil companies were generally more active than mining companies. On the whole the extractive industry supported EITI's establishment, though some companies took a more cautious approach.*

In the lead up to EITI, BP was the most critical player. As mentioned, the special relationship between Lord Browne, CEO of BP and Blair was a critical factor that helped reassure Blair of the importance of establishing EITI. Browne's support for transparency was the result of efforts of individual staff within BP who had been pushing BP to take a leadership role in promoting transparency, most notably in Angola, where they had significant business interests at stake. In much the same way as it was important to have a few risk-takers inside the NGOs, it was equally crucial to have risk takers in a few key oil companies pushing to gain the support of their CEOs to back the revenue transparency movement. The efforts of these individuals were an important reason why BP was the only company to reply favourably to Global Witness' demands in 2001 for full transparency of payments in Angola. As a result of this particular episode, BP had also unintentionally become the most critical player in the public domain.

Shell was arguably not as influential as BP, but helped to get EITI up and running by giving quiet encouragement to the UK Government. Shell became the first major extractive company to openly support the call for individual company disclosure at company level in 2004. This commitment came at a difficult time during EITI's development, when other companies clashed with PWYP over the issue of whether company data should be aggregated or broken down company-by-company at the country level. It was a helpful gesture and, on top of the Nigerian Government's commitment to individual company disclosure, it assisted PWYP members in other countries in their efforts to ensure full transparency of all revenue streams flowing

into government coffers. Shell's support was no doubt also a contributing factor to getting the Nigerian Government involved early in the adoption of the EITI.

Other oil majors, including Chevron and Total, were less engaged in discussions at the time of EITI's inception. While they did not openly resist the calls for greater transparency they emphasised that transparency was less a corporate responsibility and more of a host government obligation.

The exception among the majors was ExxonMobil. During some of the early EITI gatherings ExxonMobil was particularly cautious about the revenue transparency agenda.³¹ A turning point was the Riggs Bank scandal in 2004 in which the company became embroiled in accusations of complicity in acts of corruption committed by leaders of Equatorial Guinea.³² After these events, ExxonMobil began to engage more actively in support of EITI.

Mining companies were not as closely engaged early on in discussions about the formation of EITI. Many viewed the NGO campaign and the push to develop EITI as focused more on the oil industry and so there was less at stake for the mining industry. Mining company representatives even stated that EITI was yet another in a long list of initiatives that companies were increasingly being called upon to participate in.

2.26 In what way have investors been helpful in furthering the revenue transparency agenda?

▶ *As they have significant holdings in publicly listed extractive companies, investment management funds can exert influence over corporate policies through their investment decisions. Thus the backing of investment and pension fund managers was crucial in getting EITI underway and continues to be crucial in pressuring for change of company policies and practices.*

Investors—as the shareholders of publicly listed companies—have been a vital ingredient in building momentum behind the global resource revenue transparency movement. Listed extractive companies are obliged to listen to and act upon the views and recommendations of their owners. Thus investors with holdings in oil and mining companies have the ability to influence corporate policies—arguably more directly than NGOs.

The efforts of Katrina Litvack, representing the investment company F&C Asset Management, to bring together investment firms collectively under one umbrella to

support the calls for greater transparency gave a huge credibility boost to the revenue transparency movement in business circles. The signatories to the Investors Statement on Transparency in the Extractive Sector³³ now collectively represent some US\$13 trillion in funds, making this one of the most significant public declarations from the investment community. The statement highlights the business case for revenue transparency: mitigating country risks and enhancing long-term investment benefits in risky or unstable resource-rich countries. Litvack is widely credited for the leadership role she played to get revenue transparency on the agenda with the investment community.

PWYP members have worked closely with Litvack and other representatives of investment firms, where such collaboration was possible, to pressure oil and mining companies to improve policies on revenue transparency.

‘In our business, the higher the risk, the smaller the sums of money we are likely to invest—and the higher the returns we would have to expect to justify being there at all. So here’s the thing: the EITI promises to reduce the investment risk and contribute to more stable markets. . . . Given the clear benefits this brings to all parties, one has to ask why anyone would not support it?’ (Bob Jenkins, Chairman of F&C Asset Management, EITI International Conference, Oslo, Norway, 16 October 2006)

2.27 What role did the media play in putting revenue transparency on the agenda?

► *The media widely reported the launch of PWYP in June 2002 and the announcement of EITI by Tony Blair in September 2002.*

Various media outlets around the world played a useful role in publishing (predominantly in print and on the Internet) news articles and op-eds on the launch of PWYP and EITI throughout 2002, which helped to attract significant attention to the issue of revenue transparency in the business, political and international development communities. (See, for example, the op-ed published by George Soros in *The Financial Times* at the time of PWYP’s launch—Annex 5.) The media also frequently reported on the publication of research and books on the ‘resource curse’ by well-respected academics, which provided a critical footing for the foundation of the revenue transparency movement.

2.28 Was it important to have international financial institutions on board?

- ▶ *The support of international financial institutions added important weight to the revenue transparency movement. Their lending and technical assistance programmes can affect corporate and government policies on revenue transparency.*

The World Bank Group (WBG), International Monetary Fund (IMF) and European Bank for Reconstruction and Development (EBRD), which have been the most active international financial institutions (IFIs) to date, took time to officially endorse EITI. At its launch, EITI received broad support from the IFIs but did not benefit from their institutional participation. One of the main factors that led to the IFIs becoming closely engaged in EITI, in addition to obtaining their rhetorical support, was the initiative taken by individual staff members who took personal interest in the revenue transparency debate. These individuals pushed internally for resources and time to be devoted towards the issue so as to contribute to the implementation of the process at country levels. In terms of getting revenue transparency on the global agenda, the role that individuals played within the IFIs mattered too.

One individual who has been credited by many with instigating and ramping up support for EITI among the IFIs is Charles McPherson, former Senior Advisor, Oil, Gas, Mining and Chemicals Department at the WBG. McPherson was responsible for organising the first-ever international multi-stakeholder conference to explore the issue of revenue transparency. This conference, *Making Petroleum Revenue Work for the Poor*, took place at the World Bank in October 2002. At the time many viewed the gathering as a brave step because senior World Bank officials feared the issue would aggravate tensions between stakeholders. Rather, there was wide convergence of opinion among government, industry, civil society and WBG officials that revenue transparency should be pursued as a policy priority (though naturally there was difference of opinion on implementation mechanisms). This meeting helped set the tone for future meetings between stakeholder groups during the gestation of the EITI.

It was important to gain the endorsement of these international organisations for a variety of reasons.

- Through their lending programmes at both the company and country levels, the IFIs have the authority to introduce revenue transparency requirements and to push for adherence to best international practices. The policies of these institutions influence the standards followed by private sector banks (e.g. the Equator Principles) and export credit agencies that also support the extractive industries. The IMF's *Guide on Resource Revenue Transparency*, as a supplement

to its *Manual on Fiscal Transparency*, has come to define what constitutes best international practice in payments and revenues transparency. Despite these standards being voluntary, they have provided a benchmark from which civil society can measure the efforts of resource-rich country governments in reforming standards of reporting and fiscal management.

- The WBG, IMF and EBRD's support for EITI was an important precursor to gaining the backing—at least in policy terms, though arguably not in practical terms—of other international organisations such as the African Development Bank, Asian Development Bank and European Investment Bank. On the one hand it is unclear how much impact such endorsements have had in terms of delivering concrete results. On the other hand, though PWYP calls on these institutions to go much further, it is important to have achieved a more consistent approach among international organisations. A more coordinated, coherent message on the issue of revenue transparency to resource-rich developing country members and private sector clients that benefit from their financial support is important to maintain pressure from different angles.

'Not only does the IMF staff contribute . . . to achieving the shared objectives of the EITI; the EITI also helps the Fund. Once country authorities are sensitized to the advantages of the EITI, our discussions with them on revenue transparency tend to be more fruitful.' (Takatoshi Kato, IMF Deputy Managing Director, EITI Conference, Oslo, 17 October 2006)

3. Assessment of the PWYP Coalition

This chapter is divided into two sections. Part A assesses the PWYP coalition's efforts to achieve its policy and advocacy agenda. Part B assesses how PWYP has operated as a coalition.

Part A: Policy and Advocacy

This section assesses the factors that have contributed to the PWYP coalition's success in realising its policy and advocacy objectives to date. It also examines the challenges that the Coalition has faced in advancing its policy agenda and lessons learned along the way.

Objectives and Strategy

3.1 How important was it to have a focused and limited set of objectives?

▶ *PWYP tapped into a niche issue with a powerful message at its core and which has been simple to communicate. Having a specific objective also made it easy for coalition partners to stick to the message. Maintaining focus on a limited set of objectives has been a critical success factor.*

PWYP was launched with one core objective in mind: to increase transparency in the payment and receipt of revenues from the oil, gas and mining industries. This goal has been easy to understand and simple to communicate to the targets of the campaign's advocacy pursuits—government policy makers, parliamentarians, companies, donors, the media and civil society.

When PWYP was launched, members recognised that other NGO networks and campaigns already existed to tackle complementary issues such as the social, environmental and human rights impacts of resource extraction in developing countries. Thus there was no need to add such concerns to PWYP's advocacy agenda and the campaign could focus exclusively on revenue transparency, a new and niche topic.

PWYP has tried to be as direct as possible in highlighting that revenue transparency is only one part of a much wider set of reforms that are needed to make progress in resource-rich developing countries. Revenue transparency is a single-issue campaign that is part of a broader anti-corruption and good governance movement. This has perhaps not always been communicated clearly enough as PWYP has at times mistakenly been considered only an anti-corruption campaign. Furthermore, PWYP

has been criticised for allegedly ignoring other important issues such as the human rights and environmental impacts of resource extraction.

Nonetheless, having a limited yet compelling set of objectives has been crucial to PWYP's success. The Coalition has avoided overloading its advocacy agenda with too many diverse and competing goals. In this way, PWYP's core message—that citizens have a right to information—has remained the same and its core appeal to governments and companies has not been diluted.

Lessons learned:

- ▶ Keep goals simple, clear and focused.
- ▶ A single-issue campaign should be conscious—but not ashamed—of its limited remit.
- ▶ Maintaining targeted, resolute and clear-cut objectives has the potential to yield great benefits, not least because it makes it easier for campaign partners to stick to them and to measure progress.

3.2 How important was it to have a catchy 'brand' name for the campaign?

- ▶ *The name Publish What You Pay articulates a simple and straightforward goal, combined with a unifying call to action.*

The notion that companies should 'publish what they pay' was first put forward in the Global Witness report *All the Presidents' Men*, published in March 2002. It was decided that 'Publish What You Pay' would be the official name of the campaign in a conference call between the founding members of the Coalition and George Soros in May 2002 to plan the launch event for the campaign, which at the time was only weeks away.

There is little doubt that the name 'Publish What You Pay' helped the Coalition to quickly grab the attention of business, government, media and other members of civil society. It was an important factor in getting the campaign off the ground with a bang and selling its policy goals to strategic targets. The name communicates the main ask of the campaign and does so in a punchy and original manner. Indeed the name was acclaimed by the New York Times³⁴ and has spawned imitators.³⁵ The name has also translated well into French, the second main working language of the campaign, which now has its own brand recognition in France and francophone Africa. ('Publiez ce que vous payez').

Lessons learned:

- ▶ A catchy and original name should not be underestimated. At the same time it should communicate in a crisp and simple way the campaign's objective.
- ▶ If working in foreign languages, consider appropriate translations of campaign titles and slogans.

3.3 Was outreach to civil society groups in developing countries prioritised?

- ▶ *Coalition building in resource-rich developing countries was considered a high priority at the launch of PWYP and received a push with the hiring of an International Coordinator.*

Expanding the Coalition after its launch was vital in order to improve PWYP's credibility in the developing world, decentralise the focus of the campaign away from London and promote more global ownership of the campaign. Since then civil society groups in developing countries have been brought on board as a result of extensive outreach efforts and information-sharing activities. Relationships have been fostered through e-mail, conference calls, website resources, in-person exchanges and visits, workshops and training seminars. Civil society groups also approach PWYP itself and ask to get involved in the campaign.

Outreach to civil society was made possible with the hiring of the International Coordinator and the support of international NGOs working in developing countries who took an active interest in supporting local civil society on the issue. These organisations have come on board to support developing country partners not just as donors but as advisors, trainers, ambassadors on their behalf and advocates with the backing and legitimacy of local actors.

One important feature of PWYP is that it has superseded parochial organisational interests. Coordinators have acted as ambassadors on the campaign's behalf and many member organisations have done outreach to inform and encourage other individuals and organisations to get engaged. This, in turn, has inspired others to get educated about the campaign.

Lessons learned:

- ▶ The credibility of international campaigns is dependent on meaningful participation of local actors from target countries.

- ▶ Broadening support for coalition movements requires effective information-sharing and coordination mechanisms and sufficient human and financial resources to facilitate outreach and capacity building activities.

3.4 How important was it to have credible research on which to base the campaign's policy asks?

- ▶ *Published research by PWYP members was instrumental in underpinning the urgency of the Coalition's policy asks to the international community. Internal research mapping out advocacy strategies was important so that coalition resources were spent wisely and windows of opportunity to advance policy goals were seized proactively.*

The impact of various research reports by international NGOs including Global Witness, Human Rights Watch and Oxfam among others was immense—particularly the reports published on Angola. These studies on the impact of oil mismanagement in Angola on human rights and poverty provided a compelling case for full transparency and shocked many companies and governments into action. The alarming statistics—in terms of human suffering, poverty, refugees and the extent of the lost or embezzled revenue from oil—provided a sense of urgency to the push for transparency. Moreover, these were elaborately researched reports that provided a great deal of credibility for PWYP's policy asks.

Angola was not the only case study used to bring a country focus into PWYP's policy asks. Several other NGOs had been researching the extractive industries in Chad, Congo-Brazzaville, Nigeria and in the oil-rich countries of the Caspian region such as Azerbaijan and Kazakhstan. These were equally powerful cases which revealed that the trend of high levels of corruption, instability, indebtedness and poverty were not unique to Angola. It was critical for PWYP to shine the spotlight on these other countries in order to instigate a global campaign for revenue transparency, so as not to get bogged down in Angola.

On numerous occasions, the Coalition has commissioned internal technical reports on specific strands of PWYP's international policy asks. These assessments were useful in helping members understand which mechanisms could—and could not—realistically be developed on the international level to enhance transparency of companies and governments.

In 2002 a Master's student was commissioned to carry out a comprehensive mapping of EU and UK securities law to identify windows of opportunity to advance

advocacy around stock exchange listing rules. The study led European-based members to begin a campaign targeting the EU's Transparency Obligations Directive (TOD), which at the time was being negotiated as part of EU's efforts to streamline financial services legislation across member states. As a result of PWYP's efforts and with the support of Peter Skinner MEP, in December 2004 the EU adopted a provision in the TOD that committed member states to encourage extractive companies listed on their stock markets to disclose payments made to governments on a country-by-country basis. It also included a commitment on the part of member state governments to encourage extractive companies to increase the transparency of their payments to governments within the framework established at various international fora.³⁶

In 2005 PWYP hired an accounting expert to advise PWYP on strategies to influence the International Accounting Standards Board (IASB) and identify mechanisms to achieve country-by-country disclosure of payments. Although this mapping exercise identified several lost opportunities, it also found ways for PWYP to influence upcoming accounting reforms being carried out by the IASB. Using the findings of this internal mapping, PWYP decided to publish a research report, *Extracting Transparency*.³⁷ This report was used to pressure the IASB, investors and other stakeholders to support the revision of international financial reporting standards for the extractive sector. *Extracting Transparency* also helped to clarify the technical details of PWYP's policy asks on accounting standards. Both the internal advocacy mapping and published report prompted PWYP to escalate advocacy efforts on accounting standards.

Lessons learned:

- ▶ Authoritative research—ideally from multiple, reliable sources—provides a fundamental underpinning to get an advocacy movement underway and to promote the credibility of policy asks among external audiences.
- ▶ Coalition members should be prepared to carry out research 'in-house' and to use and share findings for the greater benefit of the movement and its members.
- ▶ Commissioning research by experts (including external experts if such capacity is not available inside the Coalition) to advise on advocacy strategies is important to help define policy priorities, set realistic advocacy targets and enhance credibility when pushing for policy solutions.

3.5 How has PWYP balanced its need to stay focused on its mission while expanding its advocacy strategy?

- ▶ *PWYP has successfully maintained its core focus on a limited set of goals but at the same time kept its targets mobile and expanded options when necessary.*

While PWYP's core objective has remained narrow and focused, its policy tools and advocacy mandate have expanded and evolved over time. PWYP began with a call to amend the disclosure rules for extractive companies listed on stock exchanges. The Coalition was, however, aware that this was not a fix-all solution. While oil, gas and mining companies that are listed on financial markets—the vast majority—would be captured by such a rule change, private and some state-owned companies would not. However, since the Coalition had finite capacity, especially in the early phase of the campaign, going after the stock-exchange listing rules was the best application of the Coalition's limited resources in seeking to achieve greater transparency of company payments.

Nonetheless, PWYP was criticised early on by some who believed that the Coalition, at least at the beginning, had put all its eggs in the stock exchange basket. The Coalition did not do enough—internally and publicly—to more clearly spell out that, in addition to stock exchange disclosure rules, PWYP advocates for a 'policy cocktail' of mandatory mechanisms. These mechanisms include an international accounting standard to achieve global country-by-country disclosure, plus the World Bank Group, IMF, export credit agencies and private sector banks incorporating rules on revenue transparency for all company- and country-level lending.

Internally within the Coalition it also took time to develop and clarify this multi-strand advocacy platform. Many members were not fully informed or consulted about the full spectrum of approaches that the Coalition would have to take to achieve transparency or sufficiently aware of their importance.

For a very long time, little or no information was available about PWYP's advocacy objectives and activities on the Coalition's international website, although policy recommendations were explained in several NGO reports and press releases. Eventually this was rectified when the international website was redeveloped and re-launched at the end of 2004. The website also helped to clarify that while PWYP is a single-issue campaign it does not have one single approach to achieving its aims.

Lessons learned:

- ▶ Maintain core objectives but remain open to fresh or alternative advocacy strategies.

- ▶ Determine which advocacy strategy will yield the greatest impact, even if it does not promise to deliver everything that you want.
- ▶ Communicate strategic objectives clearly among partners and to external audiences.
- ▶ Allow sufficient time and scope for open and democratic debate within the Coalition to assess and review strategic priorities.

3.6 Why did the PWYP coalition expand its goals beyond just revenues?

- ▶ *Throughout 2006 calls came from within PWYP to expand the advocacy mandate of the Coalition to emphasize the ‘Publish What You Earn’ appeal, to promote publication of extractive industry contracts and development of transparent licensing procedures and to adopt ‘Publish What You Spend’ as a strategic objective.*

These questions were explored in the lead-up to the PWYP International Strategy Meeting in October 2006 in Oslo, Norway. At this gathering, it was overwhelmingly—and democratically—concluded by members to amend the formal PWYP Mission Statement to reflect the importance of contract and licensing transparency and PWYP’s efforts to bring about transparency in the management and spending of resource revenues.

PWYP has had multiple targets but has maintained the same goal. The overall thrust of what PWYP is seeking—the reversal of the ‘resource curse’ through greater access to information on the management of the extractive industries—has remained consistent since its launch. Its advocacy goals and approaches, however, have had to adapt to reflect emerging strategic priorities and a greater empirical understanding of the complex challenges that resource-rich countries face. The key to managing such changes has been open, free and informed consultation with campaign partners and self-discipline in maintaining the essential focus of PWYP’s mission in order to avoid dilution.

Lessons learned:

- ▶ Maintaining core objectives while adapting to emerging strategic priorities is critical to being responsive to external developments.
- ▶ Open and informed consultation with coalition partners is vital to building consensus on new strategic priorities.

PWYP's Role in EITI

3.7 How did PWYP gain influence within EITI?

- ▶ *Coalition members positioned themselves early on at the heart of EITI negotiations and decision-making bodies by playing a constructive but critical role and being open to dialogue with all parties. This approach was crucial to gaining respect, attention and legitimacy from governments and companies. PWYP used the threat of walking away from EITI only at critical and exceptional moments.*

Given the non-governmental origins of the revenue transparency movement and the leadership shown by PWYP members on the issue at the global level, PWYP has long had great influence within the EITI process. Members have played a constructive role in helping to shape and nurture EITI. PWYP members positioned themselves at the inception of EITI as being open to dialogue; they did not enter discussions with an anti-corporate stance or a political agenda to change governments.

While PWYP has generally supported EITI, at several key stages PWYP members have had to stand firm when core interests were threatened. With EITI being a multi-stakeholder initiative, it could not continue to operate at any point without the support of the NGO community. In this manner, the NGO delegation has been able to play a highly influential role in shaping EITI policy.

In early 2004, PWYP was becoming increasingly concerned about 'free-riding'. Many countries and companies had publicly committed to EITI's principles but had not yet done anything meaningful to implement them. PWYP used the threat of walking away from EITI to get governments and companies to accept minimum criteria for implementation and to ensure the multi-stakeholder process did not result in the 'lowest common denominator'. PWYP argued that minimum criteria were essential to ensure all participating governments and companies would comply with common standards. When minimum criteria were adopted, this was an important victory for PWYP.

With civil society participation a core element of EITI, PWYP has the leverage to advocate hard for what it believes in. PWYP's participation in, and support for, EITI has been an important factor of the Initiative's success and its credibility. After all, companies and governments need a civil society platform like PWYP to lend credibility to their participation in initiatives like EITI.

Lessons learned:

- ▶ NGOs should attempt to be involved from the outset of multi-stakeholder initiatives as equal and independent partners. Other stakeholder groups should welcome the constructively critical role that NGOs play.
- ▶ NGOs need to strategically manage their engagement so that they can both engage with multi-stakeholder initiatives and maintain a watchdog role. They need to maintain the distance to speak with an independent voice.
- ▶ In multi-stakeholder initiatives, NGOs should use the threat of walking out only at critical moments, i.e. when their core interests are threatened.

3.8 How important was it to agree on the principles of EITI during its formation?

- ▶ *Agreement among participants on the EITI Principles was an important early milestone because it was the first test of the multi-stakeholder approach and enshrined civil society participation at the core of EITI.*

The EITI Principles, adopted at the first international EITI conference in London in June 2003, provide the cornerstone of the Initiative.³⁸ Participating governments, companies, civil society groups, investors, international organisations and donors are all signed up to the Principles. Within the Principles are enshrined the fundamental tenets of EITI, including the responsibilities of stakeholders to support greater transparency. One of the most critical components is that civil society is recognised as an equal partner to governments, companies and other stakeholders.

The Principles were a stepping stone for the PWYP coalition. From the outset, they allowed the Coalition to sit at the table with the other stakeholders and opened the doors to encouraging civil society groups from the developing world to engage in the EITI at a local level. The Principles also, however, underlined the voluntary nature of the EITI at the international level. Their voluntary nature was considered by many in PWYP as, at best, a backward step and, at worst, a major defeat for the mandatory disclosure agenda.

At the same time, PWYP was able to secure a small victory in making EITI mandatory at the country level: the Principles recognise that every extractive industry company operating in an implementing country has an obligation to report payments data. The argument for participation by all companies at the country level was controversial. In fact, companies supported it because EITI would only make sense if figures from

all companies paying revenues were included, thereby creating a level playing field. There was, nevertheless, disagreement over whether information from companies should be aggregated or broken down individually. At the time of the negotiations in the lead up to the June 2003 conference this issue could not be agreed, so the specific details of reporting were not included. It was decided that it would be discussed and explored at a later stage so that the Principles could be finalised and used to bring more key players into the fold.

Lessons learned:

- ▶ The early stages of negotiations are a critical juncture for civil society groups to embed fundamental principles at the core of multi-stakeholder processes—subsequent changes can be difficult, timely and burdensome.
- ▶ Civil society (and other stakeholders) should understand that there can often be no perfect solution: negotiations will, by their inherent nature, require compromises from all sides.
- ▶ Contentious issues can—and at times should—be left aside and explored at later stages. This is important so that the bigger picture of what the Initiatives are trying to achieve can be kept in mind at all times.

3.9 Has PWYP had to compromise its fundamental principles?

- ▶ *PWYP has never dropped its mandatory disclosure agenda but coalition members had to strategically downplay it at times to allow EITI to develop.*

Initially many members of the PWYP coalition were sceptical that the voluntary EITI approach would make significant progress on transparency on a global scale. PWYP was after all founded with the goal of requiring disclosure by companies and governments, on the assumption that voluntary efforts would not achieve universal reform.

In 2002 and 2003, numerous discussions about the development of EITI took place among UK-based stakeholders under the guidance of the UK Department for International Development (DFID). NGOs acting on behalf of the PWYP coalition undertook to work within that framework to build trust and understanding with companies and governments. During this period it became clear that, due to its voluntary approach, EITI was going to be reliant on the initiative of host governments to bring

about any meaningful change. The problem with this situation was that there was little emphasis on the responsibility of companies themselves and their ‘home’ governments (mostly in OECD countries) to shoulder their fair share of the burden. The voluntary, country-by-country approach was contrary to PWYP’s approach.

In addition, discussions had strongly indicated a leaning towards the aggregation of company data at country levels, meaning there would be no access to individual company data. Because of these constraints, serious discussions took place within the PWYP coalition on whether to engage with EITI. Some members felt that it was tactically best to try to improve the Initiative over time as one of the stakeholders seated at the table; others felt that PWYP should denounce the Initiative with much media attention.

One of the main turning points in PWYP’s attitude to EITI was Nigeria’s agreement to implement the Initiative following appeals from civil society groups, Shell and the World Bank. The historic announcement by President Obasanjo in November 2003 was soon followed by a commitment to require payments disclosure on a company-by-company basis. As EITI was fragile in its foundations, coalition members did not want to undermine the willingness of the Nigerians to follow through with this momentous pledge. It provided the first opportunity for local civil society to engage openly with the Nigerian Government on improving resource revenue management. Moreover, as all companies operating in the country would be required to disclose, it effectively became a mandatory process at the national level.

The Nigerian example demonstrated that PWYP could still work within the—at times—limited confines of EITI to achieve real gains, in partnership with the other stakeholder groups, without compromising fundamentally on its principles.

Lessons learned:

- ▶ In multi-stakeholder/voluntary initiatives NGOs should remain healthily sceptical and keep sight of core goals, but be willing to keep advocacy strategies flexible and mobile, as alternative avenues to achieving these goals may appear.

3.10 Has EITI distracted PWYP? Or has PWYP used EITI to its advantage?

- ▶ *PWYP coalition members have invested significant resources and time in supporting EITI. On the one hand, this meant that EITI drew away a significant degree of PWYP’s attention and time from pursuing other campaign targets such as the*

promotion of mandatory mechanisms. On the other hand, over time PWYP has increasingly been able to work within and outside of EITI to advance its mandatory disclosure goals.

External stakeholders have often expressed confusion about the difference between PWYP and EITI. Without close inspection, many had the impression that they were the same thing! Possibly this was because PWYP members devoted so much energy, time and resources towards EITI, particularly in its first few years. Accordingly, at times coalition members felt that not enough had been done to distinguish PWYP from EITI.

On the one hand, several PWYP members believed that it was necessary to devote great resources and energy to EITI at its onset, shape the Initiative and play the civil society watchdog role. Many viewed EITI as a useful platform on which to engage with companies, governments and other stakeholders in order to build trust and a common understanding that had never been possible before. EITI was a convening force; it had the potential to be a vehicle for local civil society to engage with their governments for the first time on this issue—with the backing of members of the international community. In this way, EITI was a safe forum that encouraged local actors to get engaged and push for change.

On the other hand, during EITI's inception, some PWYP coalition members believed it would be a great distraction. Given the ineffectiveness of other voluntary processes, many PWYP members were sceptical about EITI's potential as well as the underlying motivations of governments, companies and donors to get involved. These members feared that companies would point to the existence of EITI as an excuse for not going down the regulatory route, which PWYP felt was the only viable means of bringing about global change.

PWYP never dropped the mandatory agenda but it was strategically and temporarily downplayed along the way while negotiating the framework of EITI. It was important for PWYP to remain strategically flexible in order to allow EITI to grow. The two main factors that led PWYP members to remain committed to EITI were:

- Although EITI is voluntary on the international level, the Initiative has mandatory characteristics at the country level. All companies operating in an implementing country would be subject to the reporting guidelines.
- Developing country civil society activists increasingly began to utilise EITI as a means to engage with their government and the companies operating in their territories. As EITI mandated local civil society participation, it could be a useful vehicle through which to empower and mobilise local civil society.

It could be argued that EITI helped lay the foundation for mandatory measures coming back on the table six years later. Proposed reforms to accounting standards and the EITD Act in the United States have been buoyed by investors and company engagement with EITI and statements made on its behalf testifying to the importance of revenue transparency to investment stability and shareholder protection. EITI helped the policy climate ripen to the challenges of the ‘resource curse’ from the early PWYP days when it was a little known issue and no mandatory traction with the regulators could be found.

Two to three years after EITI’s inception it became clear to the PWYP coalition that progress was slowing or regressing in several implementing countries and that few advances were being made with company transparency. The attention of the PWYP coalition was subsequently returned to the regulation agenda on a more significant scale. Save the Children UK’s publication of the *Measuring Transparency Index* in March 2005 was an important turning point in re-focusing the PWYP coalition’s mind on the mandatory agenda.³⁹ The study highlighted the inconsistencies and inadequacies of company and home government policies and performance on revenue transparency, despite their professed commitment to the principle of increased disclosure through EITI. Host governments were not included in this first index. Save the Children UK argued that mandatory mechanisms would be vital to bring transparency to corners of the globe not covered by EITI, to ensure home governments shoulder their fair share of responsibility for reform and to ensure that companies were reporting on a consistent basis for every country of operation. The PWYP coalition used the pitfalls and flaws of EITI to argue—within and outside of the EITI framework—for the adoption of instruments such as International Accounting Standards and stock exchange regulation.

Ironically enough, by the end of 2006 it also became apparent that PWYP could use examples of where EITI was gaining ground in a few countries to convince policy makers and standard-setters that mandatory instruments at the international level would, in fact, reinforce gains made by EITI at the country level. This was a particularly relevant point, given EITI in many countries was not incorporated into national law. Progress, therefore, was dependent on the will of the administration in power, which could change at any point.

EITI also demonstrated to bodies such as the International Accounting Standards Board that there was widespread consensus on the need to pursue revenue transparency. Thus PWYP argued there was less resistance to adopting complementary reporting standards to reinforce revenue transparency.

Lessons learned:

- ▶ Initiatives should be given appropriate time and space to develop.
- ▶ When engaged in multi-stakeholder initiatives, NGOs should be willing to compromise on strategic points if there are gains to be made from participation. However, NGOs should remain vigilant in monitoring the progress of the Initiative and be ready to return to their original strategy if their expected returns have not materialised.

3.11 Have NGOs expected too much from EITI too soon?

- ▶ *It is the role of the Publish What You Pay coalition as the representative of civil society within EITI, to stimulate change and play a watchdog role over implementation of policies. At the same time the Coalition has had to learn to be patient and respect that progress can take time.*

Other stakeholders involved in the revenue transparency movement have noted that PWYP members have played a constructive role in the EITI process. NGOs have acted in the best interests of the Initiative, negotiating compromises with other EITI stakeholders while balancing the views of wider coalition members and not conceding on core, minimal asks. PWYP representatives have normally entered discussions with an idea of their lower and upper thresholds, i.e. the minimum the Coalition would accept as a compromise and the maximum they could hope to achieve. Members acting on behalf of PWYP at EITI fora have consulted coalition members extensively prior to the events to ensure there was consensus on the thresholds. In this sense, the expectations of PWYP coalition members have been managed effectively. This approach has prevented hasty celebrations or grave disappointment from affecting the Coalition's perceptions of progress being made by EITI.

At the same time, NGO participants have been criticised by several company and government representatives for wanting to rush the process and prematurely expressing concerns about levels of progress. Indeed, by participating in EITI and investing huge amounts of resources, staff time and energy, PWYP members had great expectations that EITI would pay dividends. PWYP's own credibility would be at stake if EITI failed.

The Coalition has had to accept that progress in some countries, particularly the more closed and authoritarian ones, can take time. At the same time, it has been the role of PWYP to serve as watchdogs to maintain pressure on all stakeholder groups

for commitments to be put into practice. PWYP has indeed served as the EITI ‘bad cop’ by confronting issues that have to be tackled to bring about progress. In this respect finding the right balance has not always been easy and will be a constant work in progress.

Lessons learned:

- ▶ NGO representatives should enter negotiations with a clear idea of *maximum* and *minimum* thresholds defining their boundaries.
- ▶ Ensure NGO negotiators have a clear mandate from wider coalition members to agree on compromises with governments, companies etc.

PWYP’s Campaign for Mandatory Disclosure

3.12 How have PWYP’s advocacy efforts on stock exchange disclosure rules progressed to date?

- ▶ *Despite resistance from governments and companies, the PWYP coalition has persisted with advocacy efforts to change stock exchange disclosure rules for listed extractive companies. As a result, important progress has been made: the issue is now being championed by members of the US Congress and EU Parliament. However, a number of challenges remain.*

Companies wishing to raise capital or have their stock traded on stock exchanges need to disclose information about their activities according to rules set by a regulator. PWYP has worked to introduce a rule requiring listed companies to report payments to governments on a country-by-country basis. If applied to major stock exchanges around the world, most of the major extractive companies operating internationally would be captured by such a rule.

PWYP members in the US and EU have been the most active on pursuing changes to stock exchange disclosure rules. This is because the majority of the world’s oil, gas and mining companies are listed on stock exchanges in the US and EU. In general, governments and companies have been reluctant to support the regulatory changes that the PWYP coalition has called for.

The PWYP US coalition⁴⁰ has worked closely with several influential members of the United States Congress, including Congressman Barney Frank, Chairman of the Financial Services Committee in the US House of Representatives,⁴¹ and Senator Charles Schumer of the Senate Banking Committee, to introduce the 'Extractive Industries Transparency Disclosure (EITD) Act'. The EITD Act would require all companies registered with the Securities and Exchange Commission (SEC)⁴² to report all payments to foreign governments for the extraction of oil, gas and minerals on a country-by-country basis as part of financial statements already required by the SEC. The requirement would apply to all companies listed with the SEC. In effect this means that it would cover the majority of the world's largest internationally operating oil, gas and mining companies.⁴³

The EITD Act has great potential. Its chances of being passed are aided significantly by the fact that it is being championed by the Chairman of the committee of the House of Representatives that is responsible for financial services regulation and a powerful and influential member of the Senate Banking Committee. The House of Representatives Financial Services Committee held a legislative hearing on the bill, despite it being an election year focused on the financial rescue plan, which is evidence of the sponsor's commitment to the legislation. In total, nearly forty members of Congress co-sponsored the Act and both sponsors are committed to reintroducing and passing the EITD Act in the 2009 Congress. If passed, it would be the most significant step forward in the PWYP coalition's efforts to increase information disclosure by companies on an international level.

The EITD Act would also have a huge knock-on effect internationally. The challenge for EU-based PWYP members is to develop a strategy to take advantage of the bill so that disclosure rules in EU member states are amended accordingly and the bulk of extractive companies worldwide are captured by mandatory reporting standards. Thus there is a great need for a coordinated US–EU approach by the PWYP coalition.

Throughout 2003 and 2004 EU-based PWYP members liaised closely with Members of the European Parliament, most notably Peter Skinner MEP, Chairman of the Economic and Monetary Affairs Committee,⁴⁴ in regards to the Transparency Obligations Directive (TOD). The TOD was a key part of the EU's efforts to harmonise disclosure rules for companies listed on financial markets in EU member states. Thanks to Skinner and pressure by PWYP members, an amendment to the TOD was approved by the EU which calls for member states to promote public disclosure of payments to governments by extractive companies listed on European stock exchanges and to work within international financial fora to increase revenue transparency. While

a welcome step forward, in practice this amendment has not amounted to much. EU member states were not obliged to implement the provision because it was included only in the TOD's recital. To be effective, member states have to take the initiative to implement it and even then the language only refers to 'encouraging' disclosure by listed companies.

In March 2006 PWYP members in the UK succeeded in prompting the Alternative Investment Market (AIM), part of the London Stock Exchange, to introduce a new requirement for extractive companies being listed for the first time. AIM now calls on extractive companies to '*disclose any payments aggregating over £10,000 made to any government or regulatory authority or similar body made by the applicant or on behalf of it, with regards to the acquisition of, or maintenance of its assets.*' It was introduced as part of several measures designed to reduce the risk to investors following a number of scandals related to mining, oil and gas companies listed on AIM.

In December 2005 the Spanish Congress passed a non-binding resolution, supported by all political parties, which urges the government to require all extractive companies listed on the Spanish stock market to publish all payments made to government in all countries where they operate. While a welcome step, since the passing of the law in 2005, neither the Spanish Congress nor the Spanish government has taken steps to follow up on this transparency initiative.

These developments at the European level are important because they officially recognise the importance of increasing transparency of extractive company payments to governments. Too often the focus is on transparency by governments. However, as the EU and AIM rulings are only voluntary measures with few current enforcement mechanisms, PWYP members still have a long way to go to convince policy makers in Europe to introduce mandatory reporting requirements. As the example of Spain shows, even once laws are introduced they must be enforced to have any real effect.

Lessons learned:

- ▶ When carrying out regulatory/legislative advocacy NGOs require:
 - Persistence—to overcome reluctance by governments and companies;
 - Patience—progress can be slow and unpredictable.
- ▶ Progress on regulatory/legislative policy can be bolstered by a representative member of parliament championing the issue. It is also important that this supporter have influence in the relevant policy area.
- ▶ It is key for coalition partners to coordinate closely when working on regulatory advocacy efforts which have international ramifications.

3.13 How have PWYP's advocacy efforts on international accounting standards evolved?

- ▶ *PWYP took time to develop its case for country-by-country reporting requirements to be incorporated into international accounting standards. Coalition members found a window of opportunity in 2006 and launched an unprecedented civil society campaign targeting the IASB. This resulted in the IASB formally acknowledging the importance of increasing extractive industries transparency and agreeing to set up a sub-group to tackle the issue.*

Accounting standards set out the rules for what should be reported in a company's accounts. While laid down in law on a national basis, there is a growing trend towards the harmonisation of accounting standards around the world in response to the increased globalisation of corporations and finance. The PWYP coalition calls for an international accounting standard, which would cover more than 90 countries, to include a requirement that extractive industry companies disclose in their accounts all payments that they make to the governments of the countries in which they operate.

PWYP's international accounting standards work has been driven by a small group of coalition members. Because it is a highly technical subject that has required extensive time and research it has been difficult to involve a broad base of coalition members. This, however, has not meant that advocacy efforts have been less effective. It has arguably been more productive having a small number of PWYP members with a specific focus and relevant expertise on accounting standards coordinating and implementing strategies on behalf of the wider membership. The challenge for these members has been to communicate in clear enough terms to the wider network to obtain guidance for their campaigning work.

Advocacy efforts have focused on pressuring the International Accounting Standards Board (IASB). Campaign efforts took time to develop. In mid-2006, when the IASB set up a consultation process to seek comments on reforms to an International Financial Reporting Standard on Segment Reporting known as IFRS 8, PWYP began a concerted push.⁴⁵ During the consultation period the IASB received an unprecedented number of appeals from civil society organisations in support of PWYP's demand for country-by-country reporting of payments to governments to be incorporated into IFRS 8. More than 80 letters were sent to the IASB: never before had the IASB been lobbied so extensively by civil society.⁴⁶ Media articles appearing around the time that the IASB considered submissions on IFRS 8 also added pressure.

While the IASB ultimately did not incorporate PWYP's demand into IFRS 8 the pressure that was brought to bear was significant enough to convince IASB members

to explore the issue further. This resulted in the establishment of an IASB task force mandated to consult with external stakeholders and explore possible future mechanisms to contribute to the global revenue transparency debate.

Lessons learned:

- ▶ Don't take no for an answer! Persistence is paramount.
- ▶ Advocacy efforts on technical subjects should be led by partners with relevant expertise and sufficient resources, but involve wider consultation of the Coalition.
- ▶ Despite the technicalities and complexities of an issue, keep your message clear and simple and do not underestimate the power of collective civil society lobbying.
- ▶ Proactive strategic planning is critical to identifying in advance relevant and useful mechanisms to achieve advocacy goals.

3.14 What impact have PWYP's advocacy activities targeting the international financial institutions had?

- ▶ *Some progress has been made in improving IFI policies at the company level but measures remain largely unenforced and therefore limited in effectiveness. At the country level the IFIs adopt a position of supporting EITI implementation.*

International financial institutions (IFIs)—especially the World Bank Group and IMF—have significant leverage over governments of resource-rich countries and over many extractive industry investments operated by the private sector. The PWYP coalition works to require extractive sector projects and resource-rich governments that receive IFI assistance to implement revenue transparency measures.

At the international level PWYP coalition members have targeted—albeit at varying levels—the African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), International Monetary Fund (IMF) and the World Bank Group (WBG), which includes the International Finance Corporation (IFC). PWYP members' advocacy activities have concentrated on pressuring these institutions to incorporate revenue and contract transparency requirements into the conditions of their extractive industry project support and government lending and technical assistance programmes. While PWYP members have

lobbied all IFIs, the WBG, IMF and EBRD have been targeted most because they are larger institutions with a greater presence—and therefore influence—in resource-rich countries.

The EBRD⁴⁷ and IFC⁴⁸ have made transparency of payments a condition of extractive industry client support. At the country level, all institutions have committed to supporting EITI implementation. Many of the IFIs have been very active in supporting EITI implementation by providing technical assistance, policy guidance and funding. Whilst being a positive step, EITI obliges nothing of the IFIs. EITI does not make transparency a pre-condition of engagement with resource-rich country governments.

The IMF has in many ways gone further than others. The *Guide on Resource Revenue Transparency*⁴⁹ provides a comprehensive framework for resource revenue transparency which includes practical guidance to governments on a wide range of disclosure, reporting and accounting practices. The *Guide* goes further in emphasizing clear government policies for the use of resource revenues, such as open budget processes and stating that good practice requires that all signed contracts be publicly disclosed. The limitation of the *Guide* is that it is voluntary in application, has not officially been signed off by the IMF Board (it only represents the views of staff) and the process for its implementation is unclear.

PWYP members have persisted in lobbying the IFIs to refine their policies. Constant pressure on the IMF from PWYP members was a catalyst for the IMF's revision of the *Guide on Resource Revenue Transparency* in 2007, originally published in June 2005. The EBRD improved (albeit only partially) the wording of its revenue and contract transparency provisions in its Energy Policy in response to PWYP members during its consultation period in 2006.

The Bank Information Center, a PWYP member, has been instrumental in guiding and facilitating advocacy targeting the IFIs at both the international and national levels. Its research and monitoring studies have highlighted the deficiencies of the IFIs' policies and performance to date and provided constructive recommendations for improvement.⁵⁰ Such papers have been helpful resources for all members tracking IFI policies on revenue and contract transparency. In addition, they have helped add to pressure on the IFIs to put policies into practice and/or expand policies to meet international best practice.

Lessons learned:

- ▶ Progress in changing and improving IFI policies requires persistent lobbying and detailed monitoring efforts.

- ▶ Coalition partners with specific expertise on IFIs play a crucial role in informing wider groups and motivating them to persist with advocacy efforts.
- ▶ Advocacy efforts are most effective during times of IFI policy renegotiation and with wide civil society support and credible research in place to back up policy asks.

3.15 Has PWYP overlooked private sector banks and export credit agencies?

- ▶ *PWYP has not had sufficient resources or expert support to devote to advocacy efforts targeting banks and ECAs and international instruments to pressure for policy reform have been limited in scope and effectiveness.*

Private sector banks and export credit agencies⁵¹ (ECAs), through the conditions they attach to their financing of extractive industry projects, exert great influence over what impact these investments have on the communities and countries in which they invest. For this reason, PWYP members have worked to introduce revenue and contract transparency requirements into the conditions of banks and ECA financing of extractive industry projects *if and when* they go ahead.

The role that banks and ECAs have played in supporting the extractive sector and providing loans to governments has been analysed in various NGO reports. PWYP members have made several efforts to pressure banks through the Equator Principles process and ECAs through the OECD.⁵²

Such advocacy has however been limited in scale and strength. This is because PWYP has had only a few experts within the Coalition who could work on a regular basis to campaign for revenue transparency requirements of banks and ECAs to the extent required. Promoting revenue and contract transparency has been included in the reform agendas of wider NGO networks tracking the policies of banks (BankTrack⁵¹) and ECAs (ECA-Watch⁵²). Indeed, several PWYP coalition members are also members of these networks. While this has been welcome additional support, extractive industry transparency has been just one of many issues on these networks' agendas. Other PWYP members have had limited scope to participate and support BankTrack and ECA-Watch's work and make transparency a priority issue during negotiation processes with banks and OECD members.

The complexities of this issue in relation to banks and ECAs—often involving complicated technical deals and agreements—has also made it harder to campaign and attract media or public attention.

The international instruments available to advance these specific strands of advocacy have also been ineffective. For example, the revision in 2006 of the Equator Principles (EPs), which provide a set of social and environmental benchmarks for banks to use in providing project finance, had a specific remit and it was difficult for PWYP to insert revenue and contract transparency into the agenda. The EPs are also voluntary and have few enforcement mechanisms even when adopted by banks.⁵⁵ Without effective mechanisms available to pursue transparency policies of banks and ECAs nor broad-based coalition capacity to work on the issue, PWYP has had limited room to manoeuvre.

Lessons learned:

- ▶ If the avenue for pursuing a specific advocacy agenda is limited and efforts cannot be backed up with adequate expertise and/or regular input, then the issue should not be categorised as a high priority. Limited internal resources have to be invested wisely, where there is the greatest scope for change.
- ▶ Members that are able to pursue such strands of advocacy should be given a clear leadership role and advised to report back/consult with wider membership when necessary.

3.16 Why has contract transparency become a focus of PWYP coalition members?

- ▶ *Contracts determine how much revenue will flow from an extractive industry project to a government. PWYP members have begun to work on this line of advocacy, as local citizens are increasingly interested in knowing if a good deal has been made that is in the interest of the country and its people.*

Public disclosure of contracts will help inform citizens how much their government is supposed to receive from natural resource extraction, which can then be compared with how much the government actually receives. This is because an extractive sector contract typically includes the determinants of a government's potential revenue stream such as revenue-sharing arrangements, taxes, royalties, bonuses, social benefits, as well as exemptions from any of these provisions.

PWYP coalition members have begun to campaign for transparency of extractive industry contracts as it complements advocacy efforts around payments and revenues transparency. Not only do citizens wish to know how much is being paid and received, but they want to know whether these payments are accurate and in the

public interest. Contracts also set terms and conditions that often supersede local law and impact human rights, environment and producing communities.

The PWYP coalition has made important policy advances on the issue of contract transparency:

- The IMF's *Guide on Resource Revenue Transparency* has recognised the value of contract transparency. The *Guide* states that contractual terms are likely to be widely known within the extractive industry after they have been signed and that public disclosure 'should in fact strengthen the hand of the government in negotiations, since the obligation to disclose the outcome to the legislature and the general public increases pressure on the government to negotiate a good deal'.⁵⁶
- The World Bank, through the IFC, has enacted a policy that, when phased in, will require extractive industry clients to disclose the relevant terms of key agreements that are of public concern, such as host government agreements and intergovernmental agreements for all new 'significant' projects (defined as those expected to account for 10 per cent or more of government revenues).⁵⁷
- In the United States, PWYP members have been successful in pressuring for language to be inserted into Foreign Operations Appropriations bills that require the US Government to push for contract transparency requirements in the lending conditions of international financial institutions.⁵⁸

Despite these steps, PWYP members have faced numerous challenges in gaining widespread support from the extractive industry and producer country governments. Companies have generally argued that contracts are commercially sensitive and that public disclosure would endanger competitiveness. Governments have stated that contract transparency would erode their bargaining power for future contracts and might lead companies to leave, to explore and produce elsewhere. To continue to advance the contract transparency agenda, PWYP members will have to ramp up efforts to effectively counter these arguments.

There is presently no singular international mechanism available to bring about contract transparency. Consequently, the Coalition has focused on multiple international advocacy targets on contract transparency. This has presented some challenges. The IFIs have been the main targets to date. Despite some progress it is unclear whether the IFIs will bring about comprehensive, global change on contract transparency. However, with the launch of the 'EITI++' programme by the World Bank, which includes contract processes and negotiations, this issue is gaining momentum.

Some efforts have also been made to influence ECAs but with limited success so far. Promoting contract transparency has thus far not been part of EITI's mandate at either the international or country level. Accordingly, further research might be necessary to identify the Coalition's goals in this line of advocacy. In general, advocacy efforts by PWYP members are now being concentrated at individual country levels. Some PWYP members are even actively involved in contract review processes, most notably in the Republic of Guinea.

In organisational terms, contract transparency has been a relatively recent addition to the agenda of several PWYP members. In fact, not all PWYP members are actively working on the issue; efforts are being led by specific members who have an active interest and relevant expertise on the issue. Contract transparency has, however, become a core component of capacity-building programmes and training workshops among coalition members in resource-rich developing countries.

Lessons learned:

- ▶ Company and government resistance to specific policy aims (such as contract transparency) can be overcome in time and should not be an obstacle to pursuing advocacy goals.
- ▶ Advocacy targets and instruments to achieve policy asks should be clearly defined—whether at the international or national level.
- ▶ It is crucial that coalition partners are adequately equipped to pursue new policy asks and advocacy goals. Training and capacity building of coalition partners should be prioritised after introducing new advocacy activities in order to promote broad awareness and enhance cooperation among members.

PWYP's Relations with Extractive Companies

3.17 Has PWYP focused too much on the oil and gas companies at the expense of the mining companies?

- ▶ *Given the scale of controversies in the oil sector and the demand of civil society in a majority of oil-rich countries to focus on oil, strategically PWYP has gained more from concentrating on oil companies.*

The foundations of PWYP arose from transparency efforts in oil-rich countries in sub-Saharan Africa and the Caspian region, so it was only natural that campaign efforts, particularly in the first few years, were concentrated on the oil industry. Huge windfalls from resource extraction in these oil-rich regions presented great challenges for the governments and citizens of these countries as well as great opportunities for investment in poverty reduction programmes. Thus oil companies were initially targeted in campaign efforts and coalition building was focused on oil-rich developing countries where local civil society was keen to get engaged.

Due to this focus on oil, less time has been spent on investigating the situation in mineral-rich developing countries and targeting mining companies. The mining sector has, however, not been ignored. Several NGO reports on the mining sector, for example, by Oxfam America⁵⁹ and by CAFOD,⁶⁰ have highlighted revenue transparency efforts in the mining sector. The research and advocacy efforts of many local groups in DRC, Ghana and Indonesia, for example, have been first-rate in identifying the extent of corruption and mismanagement of mineral industries and in proposing concrete solutions for increased transparency. However, PWYP has arguably not done enough to showcase the work and successes of mining company-focused coalition members in its communications and external relations.

It is also important to note that because human rights, environmental and social impacts are felt at a very local level in mineral producing countries, for revenue transparency to be relevant and useful to local communities the reporting of data has to be done at a sub-national level.

Lessons learned:

- ▶ With limited resources, devote energy and focus to where the campaign can have most impact.
- ▶ Campaign priorities should be determined to the greatest possible extent from the ground up, i.e. in response to local civil society demands.
- ▶ Be sure to effectively showcase the broad spectrum of coalition activity—to represent fairly the diverse working agendas of members.

3.18 Has PWYP's dialogue with companies been effective?

- ▶ *While PWYP has worked constructively with most companies, members have often not dealt directly with the real decision-makers within the companies, which has hampered their ability to move the agenda forward at the highest level.*

One major lesson that the NGOs have learned from their experience dealing with companies in the multi-stakeholder format is to not get stuck talking only to public relations departments or CSR advisors. While these persons are often the entry-points into a company for NGOs (and many have played positive leadership roles on revenue transparency), members often felt that they got trapped talking to middle-rank staff of companies. Some of these persons were not able to exert the required influence over company policy or make decisions. While these officials may be responsible for dealing with CSR-related issues day-to-day, PWYP members should also have asked to deal with senior managers at the same time so they had a direct line to the decision-makers in the companies. Members also feel that it would have been helpful to have consulted with company lawyers at an earlier stage as they have huge sway over what a company may or may not be able to agree to. CEOs/Boards will normally consult with in-house lawyers before committing to any new policies.

Lessons learned:

- ▶ Maintain dialogue with high-level decision-makers of companies as well as with staff responsible for everyday management of NGO relations.

Part B: Operational Aspects

This section assesses how PWYP has operated as an international coalition. It examines the strengths and weaknesses of the structures and mechanisms that have been used to enable the Coalition to function—what has worked, what has gone wrong, what has been done to improve and what lessons can be drawn from these endeavours.

Personalities

3.19 In what way do individuals matter in coalitions?

- ▶ *Individuals with a motivated and team-oriented work ethic are critical to the success of coalition movements. To the greatest extent possible, PWYP has tried to ensure that funding is not the motivation for individuals and organisations to get involved, so that members' focus is maintained on policy and advocacy results, and in order to prevent negative competition between members.*

While PWYP members have had different reasons for getting involved, they have been united in their motivation to lift the 'resource curse'. Yet PWYP has only been successful because of the commitment and drive of individuals within the organisations that make up the membership of the Coalition. What has been key for PWYP is that individuals from member organisations who are personally interested and motivated to contribute to the campaign have dedicated sufficient time and resources. However, an equally essential ingredient has been that individuals have been committed to working within a team to achieve results.

A critical success factor has been that working relationships have been based on making progress and taking concrete action—rather than just following processes and endlessly consulting with one another or getting bogged down in bureaucratic guidelines. Furthermore, a sense of constructive peer pressure and competition among members to improve and contribute has provided a healthy basis for this working dynamic.

To the greatest extent possible, PWYP has encouraged its members to volunteer their own staff time and resources towards campaign activities. This has ensured that each member has a stake in the campaign and a sense of ownership. Consequently, members have been motivated to achieve policy change rather than secure funding. This has helped to ensure that members pursue successes as much for the team as for themselves.

While individuals are crucial for NGO coalitions the same can be said for the role of individuals in others sectors. Committed individuals championing the concept of revenue transparency in some extractive companies, governments, investment firms and international organisations have been invaluable in ensuring progress on the issue.

Lessons learned:

- ▶ Individuals matter: an organisation is only a valuable campaign partner if there are individuals who are personally interested and dedicated to making a contribution.
- ▶ Successes achieved by individual NGOs or sub-groups of coalition members should be celebrated as victories of the entire coalition.
- ▶ Processes should be adopted, formally or informally, to prevent competition for funding being a major motivation of coalition partners.

3.20 How important has the involvement of prominent public figures such as George Soros and the Catholic Church been?

- ▶ *The personal interest and involvement of a prominent public figure such as George Soros, well respected in both political and business circles, has been critical because he has lent credibility and integrity to PWYP's policy asks. Further, having such a public figure involved as a long-term supporter of the movement has helped maintain the pressure on government and business stakeholders to deliver. The support of the Catholic Church in Africa, especially at the launch of the campaign, emphasised the moral arguments of the PWYP campaign for greater revenue transparency.*

George Soros' personal backing of PWYP made external stakeholders take notice of the campaign when it was launched. He lent a huge deal of integrity and pragmatism to PWYP. Having a credible public spokesperson or celebrity figure as a coalition

supporter who has the ability to influence the target audience is a valuable ingredient for success. What has been particularly helpful is that Mr Soros has been a long-term coalition supporter and continues to take a great interest in the issue. His backing was neither short-term nor superficial in nature, simply aimed at attracting media attention. This long-term involvement has helped maintain pressure over time on governments and companies to deliver on their promises.

At the same time, some members of the NGO community were and remain suspicious of the links between Mr Soros and PWYP. They believed that there may be a hidden agenda given Mr Soros' investment career. PWYP could potentially have done more to make clear that it was because of Mr Soros' belief in the principles of 'open society' that he was involved in the initiative rather than any alleged links to his financial and business pursuits.

While Mr Soros' backing was integral to PWYP being taken seriously in government and business circles, the statement made by the Association of Episcopal Conferences of the Central African Region calling for greater oil revenue transparency in Africa and the involvement of various Catholic relief charities in the Coalition made a persuasive case about the moral standing of the campaign.

Lessons learned:

- ▶ 'Celebrity' ambassadors can be a valuable asset to a campaign especially if they have sufficient clout to influence advocacy target groups and, ideally, are engaged over the long-term to maintain pressure.
- ▶ The motivation for public figures' engagement in an advocacy campaign should be transparent and clearly communicated to prevent confusion or mixed messages.
- ▶ The support of an actor with high moral standing—like the Catholic Church—can lend much credibility to a campaign tackling a development issue.

3.21 What should the role of the International Coordinator be?

- ▶ *The International Coordinator of the PWYP coalition was hired to 'facilitate' more than 'coordinate'.*

The International Coordinator role has been to *facilitate* rather than dictate the Coalition's activities. The Coordinator's responsibilities have expanded over time with the

Coalition's growth to include coalition management, capacity building and implementation of advocacy strategies. However, the Coordinator's role as a facilitator has not changed. It has been maintained—intentionally—as such since the outset so that the Coordinator is not an excuse for others not to do their work. In PWYP's experience, the Coordinator post should best be considered a support function and ally of coalition members, rather than their boss. Another lesson learned is that the position's remit and responsibilities should be visible and transparent to members, which is important, among other reasons, in order to manage their expectations of what the Coordinator can and cannot do.

Lessons learned:

- ▶ To promote broad ownership and support for advocacy activities among coalition members it is important for the Coordinator of NGO coalitions to facilitate to the greatest possible degree, rather than dictate.
- ▶ The role and responsibility of the Coordinator and other PWYP international staff members should be clearly defined and publicised among coalition members.

Organisational Structures

3.22 Did PWYP benefit from modelling itself on other NGO coalitions?

- ▶ *Some 'lessons learned' from other NGO coalitions in which PWYP members had been involved were taken on board informally when PWYP was being established. Generally PWYP's organisational 'structures' developed organically over time.*

A comprehensive mapping of other civil society coalitions was not carried out prior to the launch of PWYP. Several members had been involved in other NGO coalitions (e.g. the 'Coalition for Corporate Responsibility' or CORE⁶¹) and took on board informally the lessons learned from their experience. However, if there was one model of another coalition that was considered—though not technically adopted in any formal manner—it was the International Landmine Coalition, also known as the 'International Campaign to Ban Landmines' (ICBL).⁶²

The ICBL coalition had been set up to bring like-minded NGOs together under a common banner to coordinate advocacy efforts at a global level to ban the use of landmines. The ICBL functioned well as it had a powerful, clear and simple objective that was shared by all its coalition members around the world. The ICBL operated without burdensome organisational structures. It served to share information, resources and skills amongst campaign groups working at country and international levels on the same concerns. Similarly the idea, at least at the beginning, was to keep the PWYP coalition's organisational structure as simple, focused and light on rules and processes as possible. In this way the Coalition would serve as an umbrella under which all like-minded NGOs campaigning on revenue transparency could share experiences and strategies, and team up wherever possible on joint advocacy missions.

Lessons learned:

- ▶ NGO coalition models cannot always be replicated but the most relevant lessons learned from their organisational structures and advocacy successes should be taken into consideration where useful.
- ▶ More NGO movements should produce 'lessons learned' reports such as this one!

3.23 What organisational factors were key to the successful foundation of the PWYP?

- ▶ *Firstly, PWYP complemented the work that was already being carried out by NGOs. Secondly, founding members were able to play to their strengths and exert influence among different stakeholder groups.*

NGOs that came together to establish PWYP had all been involved in development work in resource-rich countries and had first-hand experience with the 'resource curse'. The idea of PWYP fitted neatly with existing work agendas. This made it possible for the NGOs to justify the investment of staff time and financial resources in the campaign. Working together with others on PWYP also allowed the groups to pool resources to carry out policy and advocacy initiatives efficiently, which, if successful, would ultimately result in mutually beneficial outcomes for the NGOs involved.

The complementary nature of PWYP to NGOs' existing work was an important factor in the successful foundation of PWYP. Yet it has also been one of the main factors in the mobilisation of civil society to support the campaign, especially in resource-rich developing countries.

One of the strengths of the PWYP coalition's working method is that each person and organisation has been encouraged to assume the roles that play to their strengths. For example, the founding members of the PWYP coalition organised themselves so as to exert pressure among the different stakeholder groups where they had influence. Some groups had friendly ties to the business community, others had close working relationships with the UK Government and others had strong advocacy links with the British public. This model has also been actively encouraged in all national PWYP coalitions. However, for this to work to maximum effect, roles and responsibilities have to be clearly defined and agreed upon to prevent duplication, miscommunication and inefficiency. PWYP has not always succeeded fully in defining roles clearly—either at the international or national level.

Lessons learned:

- ▶ A campaign that is able to capitalise on the existing work and priorities of NGOs is more likely to gain support among these groups—and among prospective supporters.
- ▶ A coalition that brings in groups with different core strengths will be able to leverage its resources to greater effect.
- ▶ Strengths of individuals and organisations should be openly embraced so they add greatest value to where they are needed most.
- ▶ Roles and functions of coalition members—NGOs and individuals—should be defined clearly.

3.24 At the beginning was it advantageous to operate in a loose, ad hoc manner?

- ▶ *A loose structure was useful at the beginning as it suited the dynamic, fast pace of the campaign and allowed the Coalition to keep its focus on delivering results. It is important not to get bogged down in bureaucracy, but have structures work for you.*

PWYP was established in 2002 with little to no bureaucracy or governance procedures. This created a flexible and dynamic working style. Members agreed on the main strategic goals but otherwise did not work from any overriding strategy document or operating structure that dictated how the campaign was to be run. It helped significantly not to be bogged down in rules and formal structures as this openness

and dynamism encouraged members to contribute in any way possible depending on their time, resources, capacities, skills and location.

At the beginning, this informal structure was possible because there were few coalition members and the most active were based in London. Information-sharing was easy and meetings could be arranged regularly and without much warning to coordinate advocacy strategies. But this also meant that it was harder to engage with coalition members who were not London-based. Members outside London were at a great disadvantage and felt distant from decision-making processes.

PWYP's unique organisational structure and operating features developed organically in response to the demands of members and expanding strategic priorities. This growth was not always well controlled but the Coalition survived! Members have generally accepted that 'growing pains' are a normal, healthy part of an expanding—and successful—coalition.

Lessons learned:

- ▶ Organise around delivering results—in certain contexts an informal approach with minimal rules can be beneficial.
- ▶ Rules and organisational structures should be introduced when necessary (namely during a coalition's expansion) to improve and enhance coordination and information sharing, but they should not distract from making progress.
- ▶ Coalition members should be open to regularly reviewing and improving structures and working methods.

3.25 How effectively has the PWYP coalition managed strategic planning on its policy and advocacy agenda?

- ▶ *No comprehensive strategic plan was developed at PWYP's inception, although general advocacy priorities were identified. Nowadays, the Coalition has a Strategic Advisory Group which sets an International Action Plan. The Plan contains policy priorities and advocacy plans for both the short- and long-term. However, following their introduction, the effectiveness and usefulness of the Strategic Advisory Group and International Action Plan are under review.*

Several PWYP members have wondered whether more time and resources should have been invested at the beginning to develop comprehensive and perhaps multi-year

advocacy strategies. At times it was not clear to PWYP members what the Coalition's strategic priorities were and what contribution members could make towards these advocacy pursuits, either at the national or international level. Many members, particularly in developing countries, were completely reliant on the International Coordinator to distribute information and to advise them on what advocacy efforts should be tackled.

Members have also suggested that more could have been done to bring in experts to advise PWYP on its overarching advocacy strategy in the early years of the campaign, despite the benefits of the loose, ad-hoc nature of the Coalition's working dynamics. A comprehensive advocacy mapping exercise could have allowed tasks to be divided up more clearly and opportunities to make progress on strategic priorities might have been seized earlier. At various stages of the campaign, PWYP members had to react to different windows of opportunity because there was little forward planning.

The reality at the beginning of PWYP was that events happened fast and there was little time or resources to cover all bases. Some internal research was commissioned by PWYP to gauge how to pursue specific strands of advocacy or if members should engage at all on these topics, given limited human resources and broad-based expertise: namely, stock exchange regulation and international accounting standards. While these were helpful studies, they were only acted upon at the time by UK-based members of the Coalition and did not cover all areas of international advocacy. So despite PWYP having had a specific strategy for one or two of its key advocacy efforts, coalition members were simply juggling many—perhaps too many—different balls in the air at the same time. It was only natural that some efforts could not be executed to the extent required.

Over time PWYP has attempted to improve its long-term planning by establishing, firstly, an International Action Plan (first developed in 2006 by the PWYP International Coordinator) and, secondly, a Strategic Advisory Group (SAG). The Plan serves as a catalogue of the long-term advocacy activities of the Coalition to achieve its goals. It is intended as a guide to coalition members, not a blueprint for success. The SAG, first established in 2007, is comprised of two NGO member representatives from each main geographic region with a mandate to draw together the International Action Plan, review its implementation and make suggestions to the wider coalition on strategic priorities.

(The terms of reference and mandate of the SAG as well as other coalition governance structures and processes are being reviewed by the PWYP coalition as this publication goes to print.)

Lessons learned:

- ▶ A small coalition may be able to operate for short periods of time without an over-arching, definitive strategic plan so long as policy goals are clear.
- ▶ As coalitions grow (particularly on an international level) it becomes increasingly important to define advocacy goals and priority tasks in the form of an action plan/work plan. This is so that it is clear what members are responsible for and what the timelines for action are.
- ▶ How strategic decision-making is carried out by a coalition (whether by staff or by a relevant committee) should be clearly identified. Representation on decision-making bodies should be reflective of the Coalition membership.

3.26 Has developing more formal structures for advocacy planning and strategic oversight been helpful?

- ▶ *Introduced structures are still new and developing but at the very least reflect the increased desire of members, particularly in developing countries, to play a more active role in shaping PWYP's agenda.*

Until 2007, PWYP did not have formal structures for strategic decision making and planning. Thus the operations of PWYP have arguably been undemocratic at times. NGO members have been justified in their criticism of lack of inclusive decision-making processes.

In its early years, PWYP relied on members simply having trust in one another to make the best decisions about strategic priorities. But now that the Coalition has grown significantly in most regions of the world and strategic agendas are expanding, it was important to build consensus through the use of governance procedures. This was why the Strategic Advisory Group was established and guidelines for the publication of official PWYP policy documents (press releases, public declarations, advocacy letters, etc.) were developed to ensure members were consulted.

At the time of writing, the SAG is functioning in a limited manner due to operational constraints (language, time-zone barriers and size of the group) and lack of clarity among members about their role and mandate. The role, composition and function of the SAG are currently being reviewed by PWYP staff and a few coalition members with an eye to addressing these challenges and creating a more effective governance structure for the Coalition.

PWYP has also attempted to coordinate advocacy efforts with the adoption of thematic working groups. These groups are responsible for the development and implementation of advocacy activities related to each of the Coalition's international advocacy priorities, targeting:

- International Accounting Standards
- Stock exchange regulation
- International financial institutions
- Export credit agencies
- Private sector banks
- Contract transparency
- EITI
- Debt relief and responsible financing
- State-owned companies
- Protection of civil society activists
- Capacity building

Any member of the Coalition can join these working groups so long as he or she has relevant experience, knowledge and resources to play a meaningful role. To date, these groups have not all been fully active or useful. The jury is still out as to whether they can effectively address the Coalition's democratic deficits and advocacy weaknesses at the international level. But the working groups are a sign of the immense growth of advocacy activity taking place at the international level within the Coalition and the desire by members to tackle joint priorities in a more informed and harmonised manner.

Lessons learned:

- ▶ More formal organisation structures should be phased in and given time to develop and strengthen.
- ▶ At the same time, changes should only be introduced and maintained if they add value in improving strategic planning, advocacy coordination and democratic decision-making.

3.27 What lessons can be drawn from the Coalition's expansion?

- ▶ *PWYP's growth—both in numbers and in geographical scope—has been intentional and supported by well-resourced outreach activities. However, handling the fast pace of the Coalition's expansion has been a challenge—especially for coalition members from developing countries who have needed capacity building support.*

Since the launch of the campaign, great effort has been invested in outreach activities and encouraging civil society groups globally—and particularly in resource-rich developing countries—to participate in PWYP. Several major NGOs and donors helped grow the campaign globally by giving grants to local groups and organising capacity building programmes. In this sense, the growth of the Coalition has been intentional.

On the other hand, the 'widening' of the Coalition to many more countries has not always been matched by the 'deepening' of the Coalition. It has been impressive to outside audiences to hear the number of members involved in the campaign and how many national coalitions have been formed to campaign for transparency. However, the quantity and quality of inputs from members has varied.

Despite the large number of NGOs involved in PWYP, on several occasions responsibility for managing and implementing advocacy has been too concentrated in the hands of a few members. One explanation is that not all coalition members have had the requisite expertise or resources—human and financial—to contribute. Many members, especially from developing countries, have been prevented from participating fully in the International Coalition because of geographic and/or linguistic barriers. In many instances it has been because members lack access to communication channels and technology.

Another explanation is that there simply has not been sufficient will among a large number of members to carry out the necessary legwork involved in implementing advocacy efforts. This is especially true in relation to the more technical advocacy issues such as stock exchange listing rules, accounting standards and export credit agencies. More generally, within large—and voluntary—networks like PWYP it is easy for members to shirk responsibility. However, it is not a requirement that members of the Coalition actively participate. There are only general membership principles that all NGOs agree to adhere to when joining the international coalition.⁶³ It has generally been considered unnecessary and unhelpful to introduce a means to sanction members for non-participation, though the Coalition may feel the need to review membership rules and procedures in the future.

A significant challenge has been that the massive growth and expansion of PWYP has not always been matched by an adequate investment in capacity building of local civil society partners. PWYP has been a fast-paced campaign, operating in a dynamic and flexible way. At times, however, the campaign has gone too fast for many partners, particularly those based in developing countries who, as mentioned above, often lack sufficient and reliable access to communication technologies. Most critically, some members have not had the political space in their home country to engage openly in the campaign, which has limited their scope to contribute.

National coalition-building efforts have also, at times, been hampered by lack of broad-based expertise among members, which has prevented them from engaging fully in advocacy and monitoring activities. This has resulted in ownership of some local campaigns being concentrated in a few—rather than many—hands and/or advocacy efforts taking a considerable amount of time to develop.

Finally, while PWYP has often been criticised—albeit fairly at times— as being a northern-dominated, Anglo-Saxon campaign because of its origins in the UK, a great number of developing country civil society members have in fact stated their appreciation for the fact that the campaign had to start somewhere in the world. Members understand that it was the combination of fortuitous timing in the context of external events and trends in the UK (outlined below in Chapter 4) and the serendipitous coming together of a few pioneering individuals in London concerned with the impact of oil extraction on developing countries which triggered the foundation of PWYP in the UK.

Lessons learned:

- ▶ The expansion of a coalition should be coupled with adequate human and financial resources to sustain its growth.
- ▶ Coalition building efforts should take place at the local level at an appropriate pace and should be backed up by sufficient training and capacity building activities where necessary.
- ▶ When a coalition becomes very large, it is likely that a minority of members will remain most active, while many will participate in a more passive manner.

3.28 How helpful is it to have the involvement of a well-resourced donor and ally such as the Open Society Institute?

- ▶ *Having the involvement and support of a well-resourced funding organisation such as OSI has been critical to giving PWYP financial security and flexibility.*

Promoting revenue transparency has been a firm advocacy priority of the OSI network, many of its foundations on the ground in resource-rich countries and George Soros himself. OSI has been active both as an advocate for revenue transparency and as a funder.

Prior to the launch of PWYP, OSI had already supported some key members including Global Witness and Transparency International. OSI's early funding assistance—of the PWYP launch events, of Caspian civil society groups in particular through the Revenue Watch Program and of other gatherings of civil society groups—was vital to getting PWYP underway and paving the way for the establishment of the Revenue Watch Institute. As the campaign developed, without OSI's support many PWYP members and national coalitions would have had more difficulty getting started on revenue transparency advocacy.

Most importantly, over the years, OSI's funding capacity and flexibility have enabled many campaign efforts to be carried out quickly when funds were required for unplanned activities or emergency situations. OSI's funding has made possible the hiring of new staff for PWYP (Africa Coordinator, Information/Advocacy Officer and Programme Officer.)

The Coalition has however been careful not to rely overly on OSI for funding. OSI has also been keen not to be the sole funder and has encouraged other donors, both non-governmental and governmental, to lend their support. Members have helped share the financial obligations—paying for advocacy activities and giving grants to southern-based members—to generate broad ownership over the campaign.

An additional reason PWYP has taken steps to secure multiple sources of funding is to ensure that the campaign is not perceived internally or externally as OSI-owned or a project of George Soros. However, without such a large and flexible funding institution like OSI, PWYP arguably would not have had as much financial security and thus policy success. Without having to focus all its efforts on fundraising, the PWYP coalition has been able to devote most of its energy to advocacy and achieving policy success.

Lessons learned:

- ▶ Financial security and flexibility—if attainable—is important because it allows members to focus on substantive activities.
- ▶ Having multiple sources of long-term funding is key to attaining and maintaining financial security to prevent dependency on one or too few donors whose commitment can ebb and flow.
- ▶ Multiple sources of funding are important in order to deter accusations of bias or influence by one donor source on coalition activities and policies.

Communications

3.29 How effectively have coalition members communicated and exchanged information?

- ▶ *Members exchange information primarily through electronic means (e-mail, websites and newsletters), workshops and exchange visits. The Coalition has been challenged by the vast expansion in information flows.*

The Coalition has used various means to share information and coordinate strategies at the international, regional and national levels but primarily members have communicated via e-mail. The Coalition uses different e-mail distribution lists, each representing a geographic region (Africa, Europe, Asia-Pacific and Central Asia) or thematic issue (e.g. EITI). These enable subscribers to seek assistance from other members for specific advocacy tasks, post news, share ideas and communicate ‘lessons learned’.

These e-mail distribution lists have been a major contributing factor to the successful growth and development of the PWYP coalition. They have given members an economical and accessible vehicle to communicate with other civil society groups not only in their own region but also around the world. The lists have evolved from basic information sharing to become an important tool for action, collaboration, peer-to-peer exchanges and sharing experience among members and national coalitions. The fact that many developing country civil society groups joined the information age in the 2000s enabled large civil society networks like PWYP to grow. Without such technology, it is doubtful PWYP could have made as much progress as it did in such a short span of time.

The challenge for PWYP has been to maintain a quality flow of information via these lists. Members can be bombarded at times with streams of e-mails which might be irrelevant to them. For the many members in developing countries with less reliable and frequent access to the Internet, such an overflow of e-mail can be overwhelming. In addition, as the English language dominates most e-mail exchanges, this can leave non-English speaking members at a disadvantage.

To address these challenges, PWYP has introduced rules and principles for the use of the e-mail distribution lists. PWYP international staff have translated key exchanges when necessary. The Coalition has used additional means of communication such as conference calls to bring partners from different countries together. Members are also exploring how to best use online resources such as blogs and password protected websites.

The PWYP office in London that hosts the international staff has published newsletters on a regular basis to inform the Coalition—and the public at large—about latest developments, activities and events. The scope and content of these newsletters have grown in response to the increased size of the Coalition. Their quality and frequency has depended on staff having sufficient time and capacity.

One of the most successful means of learning between campaign partners has been through exchange visits, particularly at the regional level in West Africa and Central Asia where many such tours have taken place. Peer-to-peer learning in these regions has been a key factor in transferring best practices and advocacy techniques between national PWYP coalitions/members. These visits empower and motivate civil society actors through lessons about the mistakes and successes of other groups working on similar issues. Normally such exchanges have taken place between partners with a common language. Such exchanges have been supported by donor agencies and INGOs.

Consultation with developing country partners on global strategic priorities and advocacy positions has been an ever-present challenge for PWYP. Many of the strategic international level decisions have been made by partners working in the North. These members are close to the EITI international secretariat and the headquarters of extractive companies and financial institutions. Such proximity enables them to exert a greater influence on these advocacy targets and to have greater access to information. It has been a challenge for Southern partners to play a role in shaping policy decisions because of their location. Huge efforts have been made by Northern-based partners to consult more frequently with Southern partners, to include them in meetings taking place in the North and to improve information flows, but in reality, this imbalance between North and South has been hard to rectify.

Lessons learned:

- ▶ Develop communication tools that are responsive to the needs of campaign partners and which take into account technological and linguistic capacities.
- ▶ Do not rely overly on one means of communication to share information.
- ▶ Create opportunities for peer-to-peer learning at local, regional and international levels.
- ▶ Multi-lingual staff to manage information exchanges is fundamental.
- ▶ Where possible, seek guidance and support from IT specialists and consultants to gain external advice and expertise on communication methodologies.

3.30 How useful a tool has the PWYP website been?⁶⁴

- ▶ *Even though it is the main source of information about the campaign, the PWYP website has not been the most effective campaign tool as the Coalition has invested insufficient resources toward managing it. But it is a work in progress.*

The international PWYP website has been managed through the office of the International Coordinator. The first version of the PWYP international website launched in 2002 was a static site with few features and only short descriptions of the Coalition's activities. Over time, as the campaign grew, more information was produced and demand from partners increased, it became necessary to redevelop the site. A massive overhaul was carried out throughout 2004.

Since that redevelopment the site has been more useful and informative. More content has been available in different languages and it has been easier to capture latest developments and news. However, its design has never been particularly slick or technologically advanced and its contents have been difficult to follow for audiences unfamiliar with the resource curse. The site provided little incentive for audiences to revisit it. One of its main problems was that it did not have a specific target audience. It sought to provide a bit of information for many different stakeholder groups: the Coalition members, journalists, policy makers and investors. Most critically, it neither effectively showcased the work that had been carried out by campaign partners nor clearly highlighted the achievements that have been made by other members of the global resource revenue transparency movement (e.g. EITI stakeholders).

One explanation for the deficiencies of the site is that very few resources—both financial and human—have been available to manage the site on a continuous basis.

Some volunteers assisted occasionally but this was an unreliable approach to website management.

Lessons learned:

- ▶ Invest as early as possible in obtaining sufficient human resources towards developing and managing online resources.
- ▶ Clearly demarcate the website for specific interest groups and stakeholders and cater to their unique needs.
- ▶ Develop a translation strategy to ensure all key documents are available in languages required for target audiences and campaign members/partners.

3.31 Has PWYP communicated effectively with external audiences?

- ▶ *PWYP has not always effectively communicated with external partners for a number of reasons, although measures have been put in place to rectify this situation.*

During its first five years PWYP did not have a systematic external communications or media strategy. The International Coordinator served as the focal point of information for external stakeholders (companies, investors, governments, international organisations) and journalists. But coalition members have also played a role in communicating news and advocacy initiatives to external audiences on behalf of the Coalition.

The primary means of distributing information to external audiences on a mass scale has been via the international website⁶⁵ and e-mail distribution lists. Coalition press releases, public declarations and newsletters have normally been issued by the International Coordinator, and then members distribute them to local audiences.

However, as highlighted above, the PWYP international website has not always been the most useful resource for external audiences. Moreover, as e-mail inboxes are constantly bombarded by incoming messages, it can be hard to convey information through public distributions lists. Websites and e-lists cater to general members of the public rather than the people whom PWYP is seeking to influence in its advocacy activities. Members have therefore relied more on channelling information directly to advocacy targets and key stakeholder contacts in government, private sector and international organisations in personal meetings and telephone calls.

When research reports have been published by a coalition member on the issue of revenue transparency, PWYP has relied heavily on members utilising their own

communications departments to gain media attention and to ensure that the messages from the Coalition reach as wide an audience as possible.⁶⁶

In 2007 a staff member was added to develop a clearer media engagement strategy and to improve the flow of information to external stakeholders.

Lessons learned:

- ▶ Incorporate a media and communications strategy at an early stage in the development of a campaign—and regularly update these strategies.
- ▶ Allocate adequate human and financial resources for media and communications from the beginning.
- ▶ Do not rely on a website or e-mail distributions lists to communicate with external stakeholders.

3.32 Is it justified to say that PWYP has mostly been an Anglophone initiative?

- ▶ *At the international level PWYP has indeed functioned for the most part as an 'Anglophone' initiative but the Coalition has put in place various measures to provide information in other languages.*

Internal and external communication has largely been dominated by the English language. On the one hand, this has simply been reflective of the fact that English is the major language of business, diplomacy and international relations. On the other hand, the majority of PWYP members and national coalitions are based in countries where English is not the primary working language. English has been a significant deterrent at times to civil society actors, especially from developing countries, who do not speak the language but who wish to be engaged in campaign activities and decision-making processes, whether by e-mail, telephone or in-person at strategy meetings or advocacy events.

To address these challenges PWYP has to date:

- Created a multi-lingual website and is in the process of creating a multi-lingual internal online resource centre for the use of coalition members.
- Embarked on a massive translation strategy in response to the Coalition identifying this as a great need (making key campaign documents and information exchanges available in several languages).

- Provided simultaneous translation at international events or meetings involving coalition members.

Inevitably, in an international network of this kind there will always be language barriers to overcome. PWYP has been able to function reasonably effectively at the international level despite linguistic challenges by prioritising translation as part of its communications strategy and, quite importantly, ensuring staff have multi-lingual skills.

Lessons learned:

- ▶ The use of one working language may be practical but an impediment to effective coalition building on a global scale.
- ▶ Incorporate internal multi-lingual capacity from the earliest possible stage when launching a global campaign.

Public Support for Transparency

3.33 Has the PWYP coalition missed an opportunity by not launching a mainstream public appeal?

- ▶ *A mainstream public appeal to mobilise thousands of voices has not been necessary (nor realistic given limited human and financial capacities) as the Coalition was successful in getting the revenue transparency agenda taken up quickly. The implementation of revenue transparency policies by companies and governments is, arguably, too technical a subject to be the basis of a public campaign. Individual PWYP members have however launched public appeals for specific policy outcomes.*

An appeal or petition that generates broad public support for a specific cause can be a powerful asset for NGO movements in their endeavours to change the policies and practices of governments, parliaments and corporations. Public backing and media coverage of NGO campaigns on child soldiers, labour practices in sweatshops, debt cancellation, aid to Africa and climate change (to name a few) has been instrumental in compelling action from the international community.

The underlying plea behind PWYP has the potential to capture the attention of public at large. While the finer details of the campaign may be complex, the overarching message of PWYP is a powerful and simple concept to communicate, namely that countries that are rich in natural resources should not be poor.

The PWYP coalition has not invested its resources into a large-scale public relations strategy or launched a mainstream public campaign at the international level. There are a few explanations:

- **Focus on advocacy:** It has been more important for PWYP coalition members to focus on influencing policy targets directly rather than making concerted efforts to mobilise a wider public.
- **Focus on local civil society support:** Financial resources have been prioritised for civil society outreach and capacity building programmes, i.e. empowering NGO coalition members to pressure political and business stakeholders at the local level.
- **Focus on implementation:** The core message of PWYP was, with some exceptions, quickly accepted by the Coalition's main advocacy targets. There has been little need for PWYP to mobilise the public to convince governments, parliaments, companies, investors, donors and international organisations of the importance of revenue transparency. The main disagreement between PWYP members and companies and governments was on how to achieve it. Therefore, PWYP members have focused largely on implementation of revenue transparency policies and the technicalities of legislation, regulation, EITI reporting structures, etc. The implementation of revenue transparency policies has been, arguably, too technical a topic to be the subject of a mainstream public appeal.
- **Use of resources:** Effective public campaigns are expensive and labour-intensive to organise.

Individual PWYP members have however organised public appeals but to achieve a specific policy outcome:

- Secours Catholique/Caritas France, its supporters and other members of the national PWYP platform in France organised a postcard campaign in the lead up to the 2003 G8 Summit in Evian, France. Some 7,000 postcards were sent by residents of France to then President Jacques Chirac to appeal for the G8 to make promoting revenue transparency a priority of the event and to the CEO of Total to pressure for greater transparency of its payments to governments. The postcard campaign had an impact. The Evian Summit Declaration was the first

time the G8 formally indicated its support for efforts to improve transparency in the extractive industries.⁶⁷

- The PWYP Nigerian coalition organised a text-message campaign in 2007 to pressure members of the National Assembly to pass the Nigerian EITI Act. The bill was eventually signed into law by President Obasanjo in May 2007.
- The PWYP US coalition launched a website dedicated to the Extractive Industries Transparency Disclosure Act in 2008, which included a public appeal to encourage US citizens to write to members of Congress to support the adoption of the EITD Act.⁶⁸

Lessons learned:

- ▶ Public/mainstream campaigns are best organised to elicit a specific policy outcome within a specific timeframe. If launched, public appeals should be simple to support and easy to understand for wide audiences.
- ▶ Significant financial and human resources are required for broad-based public appeals. If the same aims can be achieved through direct advocacy, this is a more effective use of limited resources.

Membership Dynamics

3.34 How has PWYP managed its relations with large international donors?

- ▶ *PWYP has shared information among donors to streamline and improve funding processes for local partners. Coalition members are taking steps to diversify their donor base in the interest of long-term financial sustainability.*

Some international members of the PWYP coalition are also grant-making institutions that play a vital role in equipping local civil society members with the resources, skills and funding to carry out research and advocacy projects on revenue transparency.⁶⁹ While most donors have their own priorities, their financial support for NGOs and national coalitions working on revenue transparency has often been directed at the same groups. It has been important for these donors to share information and consult one another to prevent duplication and to promote the most effective allocation of

resources to local civil society groups. Coordination among donors is also vital to make application procedures clearer and more predictable for local civil society groups.

One notable development that has taken place in concert with the expansion of PWYP has been the foundation of the Revenue Watch Institute (RWI).⁷⁰ Originally a programme of the Open Society Institute, RWI was spun-off officially in 2006 to become a fully fledged NGO with its own governing board, independent funding sources and work plan to promote transparency in the extractive industries. Like OSI, RWI is in a unique position: it is both an active PWYP coalition member and a grant-making institution that funds a significant number of advocacy projects and PWYP member organisations. (However, unlike OSI, RWI's funding comes from various donors including governments, the World Bank and foundations.)

RWI's objectives are fully in line with PWYP—greater transparency of payments, revenues and expenditures. RWI's mandate and tools to achieve these aims are however wider than PWYP's. In addition to advocacy and research, RWI provides financial and technical assistance to civil society groups and governments. RWI also supports programmes to improve the entire extractive industry 'value chain'.⁷¹ The organisation also brought new donors into the fold, including the Hewlett Foundation, the Gates Foundation and the Norwegian Government to support civil society on revenue transparency.

On policy and advocacy, PWYP members and RWI have worked closely together. Operationally, RWI's financial and human resources have grown significantly, enabling it to expand its support for the PWYP coalition and strengthen advocacy and capacity building efforts on the ground. RWI's increased support to the PWYP coalition is warmly welcomed and highly valued, although the Coalition should ensure that it does not become too dependent on any one source of funding. A diversified donor base is important for the long-term sustainability and financial security of PWYP members and national coalitions.

Because of its expansion and increased funding, some PWYP members feel that there is a risk RWI might have disproportionate influence within the revenue transparency movement. In practice, RWI consults widely and openly with PWYP members about its programmes and funding support and, where possible, works jointly with other donors and INGOs to share responsibilities.

Lessons learned:

- ▶ Recipients of funding can help coordinate donor support by putting in place a process for information sharing and networking among funding agencies.

- ▶ Work with donors to make application procedures as predictable and clear as possible for coalition partners.

3.35 How effectively have internal disputes been resolved?

- ▶ *At the international level, PWYP has not experienced serious disputes. However, at the national level, not enough attention has been paid to conflict prevention and resolution. Some degree of friction is inevitable in large and expanding coalitions.*

At the international level PWYP has been fortunate not to have experienced many major conflicts between coalition members or national platforms. Advocacy activities have generally been carried out with the best interests of the campaign in mind and in line with internationally agreed objectives.

That is not to say there have not been a few tricky moments. One example was in 2006, when many members began to feel that their control was slipping over the determination of advocacy priorities and the manner in which they were being carried out, prompting a call for the introduction of formal governance procedures. Not every member saw eye-to-eye on how these issues should be tackled—or what the most appropriate solutions were. To resolve this situation, the Coalition consulted widely with members on possible solutions. Briefing papers were circulated to members asking questions to prompt a discussion on the most appropriate governance arrangements and decision-making processes and highlighting the available options. Discussions culminated at the PWYP International Strategy Meeting in October 2006. Respected and credible facilitators were invited to guide discussions. The agreements that were reached had broad support from participants and were subsequently proposed to the wider coalition.

PWYP's loose structures have worked reasonably well at the international level, but less so at the country level, where there have been serious conflicts between NGO members of national platforms. As this is an assessment of the international coalition rather than an in-depth study of national coalition dynamics, there is little scope to assess all problems that have emerged at the country level. However, the main causes of internal disputes and conflict within national coalitions can best be summarised as follows:

- Competition for money, prestige and visibility
- Poorly defined roles and responsibilities of coalition members
- Limited internal democracy

- Internal communication failures
- Lack of leadership
- Deficient organisational skills

Conflicts have generally not been about advocacy goals or strategies. Instead, they have revolved around the control and management of campaigns and have taken place due to poor coalition management skills, or been the embodiment of pre-existing friction and competition between clashing personalities.

PWYP has not paid enough attention to national coalition management and conflict resolution. It should, however, be stated that there are numerous examples of effective, harmonious and cooperative national coalitions—with and without formal organisational structures—that have had great success in working as a team on joint advocacy pursuits.

While some conflict and disagreement in any large coalition is inevitable, in response to these challenges at the country level PWYP has:

- Developed an internal Best Practice Guide in 2006 to advise coalition members on techniques and strategies for the effective establishment and management of national coalitions based on the ‘lessons learned’ and experiences of local platforms to date.⁷² The Guide includes suggestions on how to develop appropriate governance procedures and work plans, which are critical to specifying the roles of coalition members and instituting effective organisational procedures to limit the potential of conflict.
- Played a convening role between disputing parties to negotiate compromise solutions where an intervention by international coalition representatives has been required. Normally in these circumstances, a neutral or trusted person from outside of the national coalition has been an important peace broker.

Lessons learned:

- ▶ Disagreements are part of international coalitions. Try to minimise any negative effects by swiftly and directly addressing disputes.
- ▶ To limit the likelihood of internal disputes, publicise widely and encourage adherence to best practices for coalition management.
- ▶ To maintain local ownership and independence of national coalitions it is critical that disputes are resolved locally by members themselves following their own agreed governance and grievance procedures.

- ▶ The international coalition should consider designing a set of criteria and ethics rules that national coalitions and individual NGOs have to meet in order to be accepted in the campaign as members.

3.36 How well has PWYP handled situations where key coalition members' support dropped off?

- ▶ *Member contributions will naturally ebb and flow. PWYP has had to work to keep some members actively contributing to implementation of advocacy activities.*

The reality of a large coalition, where membership is voluntary and members are not obliged to be active at all times, is that commitment will fluctuate. At times PWYP has been stung by the decline in active contributions from large development agencies to campaign activities. This included, for example, Save the Children UK in 2005–2006, during staff changes and organisational restructuring and Oxfam Great Britain a year after the launch of PWYP. These members never stopped supporting PWYP but were simply unable to devote staff towards ongoing advocacy actions.

In response to these situations PWYP members and the International Coordinator lobbied the Senior Management of Save the Children UK and Oxfam GB to encourage a re-investment of staff time and resources. PWYP also looked to other coalition members to ensure the workload was spread out amongst members, rather than relying on the 'usual suspects'.

At the country level some coalitions' motivation waned when members had too many competing priorities and too few resources or staff to contribute actively. At times PWYP pushed strongly—particularly in Europe—for the development of national PWYP coalitions but will was lacking among contacted NGOs. Outreach to encourage other groups to participate in the PWYP campaign has been an important part of strengthening the global call for transparency. However, the Coalition should be careful to devote its resources and time to countries where the will of NGOs to engage meaningfully in advocacy pursuits either pre-exists or has real potential.

Lessons learned:

- ▶ Outreach to encourage member participation and secure support for advocacy activities is important but should be prioritised only where the will among NGOs either already exists or can be nurtured because of genuine, meaningful interest.

- ▶ Coalitions should be prepared for ebbs and flows in member participation and have strategies in place to adapt accordingly.

3.37 Has enough been done to protect PWYP's 'brand'?

- ▶ *Protecting PWYP's brand has been more of an 'art' than a 'science'. Yet fairly simple measures can be taken.*

Any civil society organisation is free to join the PWYP coalition so long as it endorses the Mission Statement and commits to the Coalition's membership principles. This open door has been critical to encouraging many groups to sign onto the campaign even if they do so for symbolic reasons rather than to get involved in advocacy activities (indeed, many simply cannot because of funding or human resource constraints). At times PWYP has had to use its discretion over whether to welcome some NGOs into the Coalition. For example, organisations with suspected political agendas have been quietly turned away to protect the non-political nature of PWYP's advocacy agenda.

At the national level, the main threats to PWYP's credibility include, firstly, the participation of local groups who are motivated by potential access to money and attention rather than by contributing to the achievement of policy goals and, secondly, the unwarranted and improper use of the 'Publish What You Pay' name by members and non-members. Some members of national coalitions, in the guise of PWYP, have taken positions on public policy issues or elections which are not related to the campaign and which threaten PWYP's independent, non-political identity.

PWYP has not developed a comprehensive brand protection strategy: however, a few steps have been taken to try to remedy the threat of the Coalition's brand being abused.

Firstly, PWYP has encouraged, but not forced, national platforms to develop their own name for their local campaign rather than simply adopting 'Publish What You Pay'. At country levels it has been advantageous for coalitions to slightly distance themselves from the international campaign for strategic or security reasons. It also can prevent confusion: with similar names, some locals may not be able to distinguish between the two levels of campaign activity. A separate name is also a simple but powerful tool for promoting local ownership. It also protects the international brand of PWYP.

Secondly, PWYP has worked closely with all national coalitions to ensure that proper procedures for the participation of new members are developed and agreed

upon. For example, only members with a clear and credible intent are accepted into coalitions. Coalitions have also been advised to establish clear rules on how advocacy and media activities are carried out in the name of the Coalition. These guidelines should include grievance procedures for dealing with members that act or speak out on issues outside of the campaign mandate when serving under the PWYP banner.

Thirdly, PWYP has encouraged national coalitions to develop joint funding proposals for donors which define the role of each local member in the execution of work plans. Such arrangements attempt to ensure that all members of national coalitions who receive funding understand that they are working towards a common goal in the best interests of the Coalition. PWYP's credibility is influenced by the work carried out at the national level by local coalitions, the quality of their interventions and their organisational framework.

Lessons learned:

- ▶ Brand protection for large international coalition movements with local chapters can be enhanced by:
 - Applying clear procedures for induction of members, administrative management and funding applications;
 - Encouraging local chapters to adopt a unique name to establish a distinct identity.
- ▶ Organisations do not have to be formally signed up to the Coalition to be a constructive and active participant in advocacy activities.

3.38 What lessons have been learned from how PWYP has dealt with threats to its civil society partners?

- ▶ *After a range of threats to PWYP members, the Coalition has learned important techniques to respond to these incidents.*

NGO representatives in several countries have faced threats to their security as a direct result of their participation in PWYP. Some civil society activists have been prevented by authorities from travelling internationally to participate in conferences and meetings on EITI. Several prominent members have even been imprisoned seemingly as a result of their work to uncover corruption. Such incidents have been traumatic to the persons involved and a grave infringement on their rights to speak out and engage openly in questions of economic justice and social development.

PWYP members have been targeted because they threaten to unveil the truth, which would potentially strip away the benefits that corrupt leaders derive from lack of transparency. Intimidation tactics are intended to scare activists into retreat. They also serve as a great distraction. PWYP members have had to spend significant time and financial resources addressing these crisis situations.

The Coalition has responded fervently to threats to their campaign partners in different countries. Members have worked together to mobilise diplomatic, political and international organisation representatives to protect and/or release the affected campaigner. Despite language barriers and little previous contact, the speed and scale of coalition mobilisation in response to threats to partners has been impressive and, for the most part, effective. The negative side effects of working on issues such as the arrest of campaign colleagues, is that it takes up enormous time, energy and resources.

The irony of the various threats and arrests that have been made is that they have brought PWYP coalition members closer together and given increased visibility to the campaign. These crisis situations highlighted the risks that coalition members take in their efforts to promote transparency. Until such moments many members had not appreciated the dangers that other colleagues face to carry out their advocacy and research missions. As such, these events have served to strengthen cross-border support and camaraderie between coalition members.

Some local civil society groups are faced with a great dilemma: in many countries the EITI is the only means by which local civil society can gain an international profile and receive some semblance of protection via the EITI criteria that demand their involvement. At the same time, if they are at the receiving end of threats and intimidation, they want to see that appropriate action is taken to address the perpetrators. However, not to the extent that they may lose one of the most effective footholds to engage with their government (i.e. if the government is kicked out of EITI altogether).

Lessons learned:

- Given the sensitive nature of the work being carried out by many partners it is critical to have swift access to emergency legal assistance and financial resources in the event of imprisonment or harassment of a civil society partner.
- If a civil society partner has been targeted, it is crucial to quickly open up lines of communication with diplomatic representatives in that country and at an international level.
- A team of staff should be established to coordinate emergency responses, negotiation with local authorities and media strategies. Roles and responsibilities of the team members should be clarified to ensure proper information flows.

3.39 How effectively did PWYP manage the process to nominate civil society representatives to the EITI Board without formal decision-making structures?

► *The PWYP coalition was granted responsibility in 2006 for convening a process to nominate five civil society representatives to serve on the EITI Board. The Coalition used a consensus-based approach (with both top-down and bottom-up elements) to agree on the nominees. While not entirely fair, it was the most appropriate approach at the time as the Coalition did not have formal decision-making structures in place.*

In 2006 the EITI delegated to the PWYP coalition the role of coordinating the nomination of civil society representatives to the EITI Board. The PWYP International Coordinator, on behalf of the Coalition, issued an open call for nominations among civil society organisations worldwide to fill the five civil society seats (and five alternate posts) available. Non-PWYP members were also invited—and actively encouraged—to nominate candidates.

Candidates were asked to submit their CV and a cover letter explaining how they felt they met the following criteria:

- Proven record of professional analysis, advocacy, or research on natural resource sector management or public finance management at national or international levels;
- Active engagement in the EITI and knowledge of the implementation process;
- Adequate capacity to be able to consult widely with other civil society organisations and representatives in their country and region in order to canvass views and opinions in a timely, responsive and open manner;
- Sufficient authority and ability to speak with conviction on behalf of their organisation and other civil society representatives/networks from their country and region to represent their concerns and opinions at Board meetings;
- Sufficient capability and resources to report back regularly to wider civil society audiences on Board decisions and outcomes of meetings;
- Sound experience in dealing with a wide spectrum of stakeholder groups (private sector, donors, IFIs, governments, media, etc.).

After the submission deadline, a three-person committee of well-respected individuals with experience working on EITI led interview meetings with all the candidates to encourage them to reach consensus on whom among the candidates should

be selected for the EITI Board. As consensus was not reached among candidates, the committee went away and reviewed all CVs, letters and notes from the interviews. The committee then released five proposed names for the member posts and five proposed alternate posts. At the PWYP International Strategy Meeting in Oslo in October 2006 nominees were invited for a final discussion. The committee explained their decision to attendees according to the established selection criteria. The names were then accepted by consensus in a plenary session of the strategy meeting and subsequently submitted to the EITI Conference, where the Board membership was confirmed.

The selection process outline above was flawed and unsatisfactory in the view of many members. However, no other alternative selection process was proposed and without formal decision-making processes in place, this was considered the fairest approach. The Coalition attempted to make the process as transparent as possible: information was published on a special website set up for the nomination process and notes were circulated widely via e-mail distribution lists in various languages. While it was in some ways regrettable that the three person committee had to effectively decide on the nominees, it was perhaps wishful thinking that the candidates were themselves going to be able to decide amongst themselves on who should be selected.

PWYP recently facilitated the election of civil society representatives to the new EITI Board which was constituted on 16 February 2009.

Lessons learned:

- ▶ A transparent, consultative and informed decision-making process is the best (albeit imperfect) option in the absence of formal election procedures within the Coalition.
- ▶ A body such as the SAG, which has a legitimate decision-making mandate and is comprised of a broad-base of PWYP members, should be tasked with developing a more effective, equitable selection process for future elections of PWYP members to bodies such as the EITI Board.

4. Future Priorities and Challenges

This concluding chapter looks at issues that the PWYP coalition must confront in order to continue to bring about long-lasting change.

4.1 Ownership of PWYP must continue to take root in developing countries.

PWYP has significantly increased the number of its coalition members and national platforms. Increasingly campaign activities have taken root at the national level in resource-rich developing countries.

The long-term success of PWYP depends on developing country partners continuing to gain ownership of the campaign and shaping strategic priorities according to their local needs. Indeed, the future of the campaign rests in their hands as ultimately it is in these countries that citizens will hold governments accountable for the management of resource revenues. To enable this, newly introduced structures for strategic planning and advocacy coordination, like the PWYP Strategic Advisory Group (SAG) and thematic working groups will have to work effectively.

At the national level the main challenge will be to channel existing enthusiasm among civil society groups, despite obstacles and threats, in order to persist with advocacy and monitoring efforts. To do so will depend on several factors:

- Encouraging stable, yet dynamic local civil society leadership.
- Ongoing capacity building, financial and technical support from international partners and donors.
- Increasing support for local platforms to meet best practices on coalition management in the areas of advocacy, policy and thwarting conflicts and disputes.
- Exchanging lessons-learned and best practices among civil society partners at regional, national and local levels.
- Improving mechanisms for information sharing and advocacy coordination.

A key factor for the campaign to endure and succeed at the local level is the protection of civil society activists. In the absence of an open, free, democratic and secure environment in which to pursue revenue and contract transparency, any advances will be of limited value. The persistence of threats to civil society activists working on revenue transparency demonstrates that the PWYP coalition will need to be proactive in developing effective strategies to prevent such threats from occurring. If threats do take place, a clear-cut and well-coordinated plan to deal with the problem must swiftly be put in to action.

4.2 PWYP's advocacy strategy must continue to address developing country civil society priorities.

Gradually the emphasis of the PWYP campaign has shifted away from northern-based campaigning aimed primarily at corporations ('publish what you pay') to advocacy efforts in resource-rich developing countries targeting companies *and* governments (incorporating 'publish what you earn'). These efforts promote more accountable, equitable management of oil, gas and mining revenues ('publish what you spend') and call for transparency of extractive industry contracts and licensing arrangements.

The majority of coalition members are from oil- and mineral-rich developing countries and have identified these goals as vital elements of PWYP's overall mission to tackle the 'resource curse'. As advocacy coordination and information sharing efforts have improved within the Coalition, members from developing countries have

increasingly contributed to the elaboration of PWYP advocacy activities and the campaign has responded to the suggestions and priorities of its local partners.

The PWYP coalition will have to continue to adapt its advocacy planning and organisational arrangements to reflect new local priorities, including:

- Licensing transparency
- Contract transparency
- Sub-national reporting of payments and revenues⁷³
- Disaggregated reporting of company payments (i.e. publication on a company-by-company basis)
- Budget analysis

Advocacy will remain key in the home countries where extractive companies are listed or based, i.e. in OECD countries, to maintain focus on the need for all stakeholders to take responsibility for transparency and be a part of the solution. Global solutions will continue to be necessary for an ongoing global problem.

4.3 PWYP must not lose sight of its core goals but keep targets mobile.

PWYP's goals are simple and clear: greater transparency in the payment, receipt and management of oil, gas and mining revenues and greater transparency of contracts and licensing arrangements in the extractive industries. The PWYP coalition must continue to assert this core appeal at the heart of all advocacy activities. As no other international civil society networks are pursuing these specific goals PWYP will remain a niche issue with a limited and focused set of objectives.

The Coalition must, however, continue to take advantage of all possible avenues to achieve company payments and government revenues disclosures. This means continuing to emphasise that EITI, although important, is only one channel of advocacy for the Coalition. EITI will likely remain limited in geographical scope due to its voluntary nature and the advocacy mandate of PWYP will continue to go well beyond EITI. This means focusing on national legislation in home and host countries, stock exchange regulation, changes to national and international accounting standards, export credit agencies, private sector banks and international financial institutions.

The challenge for PWYP is, firstly, to proactively take advantage of windows of opportunity to advance these policy asks and, secondly, develop realistic yet ambitious strategic plans for the middle- and long-term. This is critical in order to organise global

advocacy efforts more efficiently, to create new advocacy opportunities and to effectively spread responsibility for implementation of advocacy activities among coalition members taking into account resource capacities, staff time, financial health and technical expertise. The SAG and national coalitions must also consider adopting a tougher and more sophisticated advocacy strategy to overcome ongoing rhetoric from both governments and companies if milestones are not being met by the Coalition. Indeed, the SAG and PWYP members generally have a tough challenge in front of them.

The PWYP coalition will need to invest time and resources in developing effective international instruments to achieve greater transparency of licensing procedures and contractual agreements in the extractive industries. An effective mechanism to achieve these goals does not currently exist at an international level. The challenge for the Coalition is, firstly, to find sufficient resources to be able to tackle this advocacy agenda concertedly and, secondly, to secure political and/or business support for reform.

4.4 PWYP must strike the right balance between *widening* the Coalition globally and *deepening* implementation in key countries.

In this section, the *deepening* of PWYP is taken to mean the consolidation of existing national civil society coalitions working on revenue transparency and *widening* signifies the expansion in the number of national society coalitions around the world.⁷⁴ The challenge that PWYP faces is how to balance the need to continue to support existing members and national coalitions to pursue revenue and contract transparency advocacy goals with the need to expand the Coalition's membership and encourage the formation of new civil society coalitions in regions where the campaign is not currently active.

There is no denying that consolidation of existing coalitions in the resource-rich developing countries where PWYP is currently active—strengthening advocacy, research, monitoring and capacity building efforts—is an ongoing challenge for PWYP and a fundamental future priority. Moreover, EITI implementation remains incomplete in 26 countries and requires significant long-term monitoring efforts by PWYP members at the country level.

There is also no escaping the reality that PWYP must devote more coalition building efforts to resource-rich regions where the campaign is less active, such as Latin America, the Middle East and North Africa and the Asia Pacific. In these regions there may be potential for civil society groups to participate meaningfully in the cam-

paign but from new and alternate perspectives. Given the rise of state-owned extractive companies from Brazil, China, India and Russia, PWYP may well have to consider how to engage with local groups in these countries to be in a position to influence their policies on revenue transparency.

For more than five years, PWYP has managed to achieve an appropriate although by no means perfect balance between bottom-up and top-down approaches to coalition building and to the planning, implementation and review of advocacy activities. It is crucial for PWYP to maintain such a balance by:

- **Respecting local autonomy and priorities:** Demand for transparency and thus participation in PWYP by local civil society cannot be forced. It can only be nurtured and encouraged a genuine interest exists.
- **Prioritising resources and funds where need is greatest:** National coalitions have emerged in countries where a clear need for transparency has been identified by local civil society because of the presence of natural resources and concerns around accountability and transparency of companies and governments. In this sense, it will be important for PWYP to continue to concentrate on where policy change is needed most to bring about improved accountability in the management of resource revenues.
- **Ensuring a variety of donors engage in outreach activities and funding:** With limited resources and time at the international level, PWYP has had to rely on several international NGOs and donors to respond to growing demands from civil society for support to engage in advocacy activities related to PWYP and EITI. Any widening of the PWYP campaign should only take place along with a widening of PWYP's donor and INGO base support. This is crucial so that such international partners would be in a position to help coordinate and manage outreach and coalition building programmes and to ensure that existing consolidation efforts would not be derailed by the diversion of resources.

4.5 Coalition members must develop more creative and robust advocacy strategies to keep revenue transparency high on the political and business agenda and to overcome vested interests.

The main obstacles to further progress on improving transparency in the extractive industries are political and commercial vested interests in lack of transparency. Given the vast sums of petrodollars flowing into the coffers of corrupt and undemocratic

governments and record profits being recorded globally by oil, gas and mining companies is there any genuine incentive to change the status quo?

Angola is a real test case for PWYP and EITI. Angola is flush with oil money but there remains widespread corruption and poverty and no meaningful progress on transparency. The influence of international organisations has diminished significantly as countries such as Angola, Democratic Republic of Congo and Gabon have had easy access to finance from countries like China and private banks with less arduous requirements in terms of the good governance and accountability of lender countries. The local constituency of NGOs is small and weak, lacking in sufficient resources and capacities to be able to effectively monitor companies and hold the government accountable. It still is risky for Angolan civil society to engage in PWYP. Activists are still targeted and harassed for speaking out and campaigning on revenue transparency issues. Angola is also at the heart of where PWYP began. While the success of PWYP/EITI does not depend on making progress in Angola and there are many other countries that are equally a priority, such initiatives will nevertheless be measured by their effectiveness in overcoming the lack of transparency in Angola.

The PWYP coalition must continue to use corruption scandals to emphasise the need for rapid action on transparency at the company and country level. The role of investigative research in this respect is vital. A further priority should be advocacy around private sector banks and export credit agencies, where little progress has been made to date.

4.6 PWYP must develop a strategy vis-à-vis Brazil, Russia, India and China.

The rise of state-owned extractive industry companies from Brazil, Russia, India and China (commonly referred to as the 'BRIC' countries) presents a great challenge to the PWYP coalition and EITI community of stakeholders. The influence of the BRIC governments in resource-rich developing countries is growing. They are making large investments to shore up their energy needs at home. Yet to date, the BRIC governments (and state-owned companies' directors and staff) have had limited engagement in the EITI process.

The PWYP coalition cannot ignore the growing role and influence of the BRIC governments. At present PWYP member organisations such as Revenue Watch Institute (RWI) are working to engage Chinese oil companies and Chinese government officials to sign on to transparency standards such as EITI. RWI is also working with the EITI Secretariat and Stellenbosch University Center for Chinese Studies on a research project looking at transparency and corporate social responsibility among

Chinese extractive company representatives, government officials and civil society in both Africa and China. Numerous think tanks including Chatham House are collecting empirical evidence on Asian national oil company investment in Africa, which can help PWYP foster a more informed debate with relevant policy communities and BRIC governments. Such initiatives should be supported and sustained.

Work on International Accounting Standards and the EITD Act will have a direct impact on BRIC extractive companies, forcing them to begin disclosing payments to producing country governments for the first time. As more countries begin implementing EITI and validation standards tighten, more and more BRIC companies will be subject to government pressure to participate as they are beginning to do in countries like Gabon and Kazakhstan. As the BRICs become more dominant players in PWYP member countries, local coalitions and international partners will need to develop mechanisms for targeted monitoring at the country level reinforced by high-level advocacy in forums like the G8, UN and elsewhere.

4.7 PWYP must regularly review and evaluate lessons learned.

Reviews and evaluations, such as this assessment, should be carried out at regular intervals by the PWYP coalition. The Coalition should consider other methods of carrying out future studies, such as organising a workshop to canvass a wide spectrum of coalition members as an alternative to interviews or carrying out a survey of coalition members through the Internet. It would be useful to continue to involve actors from outside the Coalition such as government, industry and investor representatives to take on board their views. The Coalition may also wish to hire an independent consultant to carry out their own analysis and review of the Coalition's progress. Whatever approach is taken, sufficient funding and staff should be made available for the review process and for producing the findings. This same exercise could also be done at the regional and national levels.

4.8 Finally, keep evaluating whether the lives of poor citizens in resource-rich developing countries are really being transformed as a result of improved transparency.

PWYP must continue to ask the international community: *how bad does it have to get?* Extractive companies continue to profit while more than 60 percent of the world's poor live in natural resource-rich countries.

Hence, PWYP must continue to pose difficult questions to companies and expose the laggards who are not meeting best international standards of transparency.

It is unfair to infer that the revenue transparency movement has not transformed the lives of poor citizens of resource-rich developing countries in some way. Promoting revenue transparency is tackling a structural cause of poverty. Transparency will not directly or immediately create jobs, raise income levels or improve hospitals and schools. But it is laying down a fundamental condition for improved governance and economic management that, over time, will enable social and economic development.

PWYP's success at the macro-level has been the instigation of real change in the policies of the extractive industry and governments in how oil, gas and mining revenues should be accounted for and managed and the mass mobilisation of civil society across the world to support such policy change. The campaign's future success will depend on these civil society partners being able to effectively and credibly monitor the implementation of such policies at the international, national and local levels.

At the micro-level PWYP has inspired civil society activists and carried out crucial capacity building programmes to assist local citizens of resource-rich developing countries with advocacy, research and monitoring activities. PWYP's future success will depend on citizens having real and open access to information and having the skills to engage constructively with governments in a more democratic debate about the distribution of public finance.

Such steps will be essential to transform in real terms the lives of the poor in resource-rich developing countries.

Annexes

Annex 1: PWYP Coalition Statistics

- PWYP member organisations span 68 countries, with varying levels of engagement on a national and/or international level.
- There are PWYP national coalitions (or affiliated national campaigns) in 27 countries:
 - Azerbaijan, Cambodia, Cameroon, Canada, Chad, Cote d'Ivoire, Democratic Republic of Congo, France, Gabon, Ghana, Guinea, Guinea-Bissau, Indonesia, Kazakhstan, Kyrgyz Republic, Liberia, Mali, Mauritania, Mongolia, Niger, Nigeria, Norway, Sierra Leone, Republic of Congo, Timor-Leste, United States and Zambia
- National coalitions vary in size. For example, in Nigeria, there are over 160 civil society organisations signed up as members of the national coalition. In Norway, there are 14.
- There are active member organisations in an additional 14 countries:
 - Angola, Australia, Ecuador, Equatorial Guinea, Georgia, Germany, Mozambique, the Netherlands, Peru, Sao Tome and Principe, Spain, Uganda, the UK and Venezuela

- In the remaining 27 countries, there are organisations signed up to PWYP as members, therefore showing their support, but not currently actively engaged in the campaign:
 - Algeria, Belgium, Botswana, Brazil, Burundi, Chile, the Czech Republic, Ireland, Italy, Japan, Kenya, Lesotho, Mauritius, Morocco, Pakistan, the Philippines, Poland, Portugal, Romania, Senegal, Slovakia, South Africa, Sudan, Swaziland, Switzerland, Tanzania and Zimbabwe
- The five civil society EITI Board members (and the five civil society ‘alternate’ EITI Board members) are all from PWYP member organisations (see: <http://www.eitransparency.org/about/board>).
- PWYP members are actively participating in the national EITI processes in 22 of the 23 EITI ‘candidate’ countries.

Note: All figures are from June 2008, the time of writing.

Annex 2: Members of the PWYP International Coalition

II.II.II. Koepel Vlaamse Noord Zuid Beweging (Belgium)
Accao para o Desenvolvimento, Pesquisa e cooperacao Internacional (Angola)
Action Aid United Kingdom (United Kingdom)
ActionAid International—Italy (Italy)
Association for Accounting & Business Affairs-OffShore Watch (United Kingdom)
African Oil Policy Initiative Group (United States)
Africa Centre for Constitutional Development (Nigeria)
The African Community Development Foundation (United Kingdom)
African Network for Environmental and Economic Justice (Nigeria)
Agencia Ecumenica para o Desenvolvimento Social em Angola (Angola)
Agir Ici (France)
Al Dugan Foundation (United States)
Amnesty International Italy (Italy)
Amnesty International Netherlands (The Netherlands)
Amnesty International—Section Française (France)
Amnesty International United Kingdom (United Kingdom)
Association Algerienne de Lutte contre la Corruption (Algeria)
Association Burundaise des Consommateurs (Burundi)
Association for Democratic Citizens (Nigeria)
Association Nigerienne de Lutte contre la Corruption (Nigeria)
Association SHERPA (France)
Attac (France)
Australian Council for International Development (Australia)
Banneker Center for Economic Justice (United States)
Bank Information Center (United States)
Berne Declaration (Switzerland)
Botswana Council of NGOs (Botswana)
Brazilian Institute of Social and Economic Analyses (Brazil)
Bread for the World (Switzerland)
Broederlijk Delen (Belgium)
Bureau on Human Rights and Rule of Law (Kyrgyzstan)
The Burma Campaign (United Kingdom)
Cameroon Youths and Students Forum for Peace (Cameroon)
Campagna per la riforma della Banca mondiale (Italy)
Campagna Sudan (Italy)
Campaign Against Arms Trade (United Kingdom)

Catholic Institute for International Relations (United Kingdom)
 CARE France (France)
 CARE International Angola (Angola)
 CARE International UK (United Kingdom)
 CARE International
 CARE Tanzania (Tanzania)
 CARE USA (United States)
 Caritas Norway (Norway)
 Catholic Agency for Overseas Development (United Kingdom)
 CIDSE
 Catholic Relief Services (United States)
 Caucasus Environment (Georgia)
 CEE Bankwatch Network (Czech Republic)
 CEFOD (Chad)
 Center for Economic and Social Rights (United States)
 Center for the Promotion of Democracy in Liberia (Liberia)
 Pax Christi, German Section—Central Africa Commission (Germany)
 Centre for Democracy and Development (Nigeria/United Kingdom)
 Centre for Development, Constitutionalism and Peace Advocacy (Nigeria)
 Centre pour l'Environnement et le Développement (Cameroon)
 Centre Méditerranéen pour l'Environnement et le Développement (Morocco)
 Centre for Minority Rights Development (Kenya)
 Centre for Public Private Cooperation (Nigeria)
 Centre for Social Development of Cambodia (Cambodia)
 Centre for Sustainable Human, Economic and Social Development (Nigeria)
 Christian Aid (United Kingdom)
 CIMADE (France)
 Collectif 'Total (ex-Elf) ne doit pas faire la loi' (France)
 Comboni Missionaries (Bari, Italy)
 Comité d'Action pour le Développement Intégral (Democratic Republic of Congo)
 Commission Episcopale Justice et Paix-République Démocratique du Congo (DRC)
 Commonwealth of Niger Delta Youths (Nigeria)
 Community Development & Welfare Agenda (Nigeria)
 Community Level Environmental Action Network (Nigeria)
 Community Rights Initiative (Nigeria)
 Community Technology Trust (Zimbabwe)
 Concern for Development Initiatives in Africa (Tanzania)
 Concerns Organisation (Nigeria)
 Conflicts over Natural Resources Solidarity Network

Congo Transparency (DRC)
Congo Yetu Initiative (DRC)
Cordaid (The Netherlands)
Corner House (United Kingdom)
Corporación Observatorio Latinoamericano de Conflictos (Chile)
Corporate Knights (Canada)
COTN Tanzania (Tanzania)
Delta Women's Empowerment Network (Nigeria)
Development Workshop (Canada)
DEWEN Nigeria (Nigeria)
Earth Rights Institute (United States)
Ecological Society Green Salvation (Kazakhstan)
Economic Research Centre (Azerbaijan)
Ecumenical Council for Corporate Responsibility (United Kingdom)
Ecumenical Network Central Africa (Germany)
EITD Research (Cameroon)
EU-CORD Network (Europe)
Engineers Against Poverty (United Kingdom)
Environmental Defense (United States)
Fastenopfer (Switzerland)
Fatal Transactions
Fédération des Eglises et Missions Evangéliques du Cameroun (Cameroon)
Fédération internationale des ligues des droits de l'Homme (France)
La Fondation Afrique Nouvelle (Cameroon)
Forest Peoples Programme (United Kingdom)
Forum Civil (Senegal)
Forum Voor Vredesactie (Belgium)
Friends of the Earth (Canada)
Friends of the Earth (United Kingdom)
Friends of the Earth (United States)
Front Pour le Paix et la Defense de la Democratie
Fundación Ecología y Desarrollo (Spain)
Gender and Development Action (Nigeria)
German Pacific Solidarity Network (Germany)
Germanwatch (Germany)
Global Witness (United Kingdom)
Gremio ABC (Angola)
Groupe de Recherches et Alternatives et de Monitoring du Project Petrole
Tchad-Cameroun (Cameroon)

Groupe de recherche pour une stratégie économique alternative (Belgium)
 Home (Kazakhstan)
 Helping Hands Group (Nigeria)
 Human Rights Watch (United States)
 Idara Aaghosh (Pakistan)
 Ijaw Council for Human Rights (Nigeria)
 Independent Advocacy Project (Nigeria)
 Information and Resource Center on the Oil Industry in Azerbaijan (Azerbaijan)
 Inicitiva Angolana Antimilitarista para os Direitos Humanos (Angola/Germany)
 Initiative Pro Africa (Germany)
 Initiatives Development Now (Nigeria)
 Institute for Dispute Resolution (Nigeria)
 Institute for Economic and Social Reforms (Slovakia)
 Institute of Human Rights and Humanitarian Law (Nigeria)
 Intermon Oxfam (Spain)
 International Crisis Group
 International Solidarity Services
 ISR Info (France)
 Japan Center for a Sustainable Environment and Society (Japan)
 Journalists in Need
 Justice et Paix France (France)
 Justica Paz e Democracia (Angola)
 Kyrgyz Committee for Human Rights (Kyrgyzstan)
 LABEH (East Timor)
 La Commission Justice et Paix de Pointe-Noire (Congo-Brazzaville)
 Lawyers' Environmental Action Team (Tanzania)
 Leads Nigeria (Nigeria)
 Le Défi African (Congo-Brazzaville)
 Liga Jubileu 2000 Angola (Angola)
 Medico Internacional (Germany)
 Mineral Policy Center (United States)
 Mineral Policy Institute (Australia)
 Mission East
 Mouvement Humaniste (France)
 Movement Congolaise pour le Démocratie et Développement Integral (DRC)
 National Resources Defense Council (United States)
 Netherlands Institute for Southern Africa (Netherlands)
 Network for African Peace Builders (Zambia)
 Niger-Delta Professionals for Development (Nigeria)

Niger Delta Project for Environment, Human Rights and Development (Nigeria)
Niger Delta Women (Nigeria)
Nor Sud Voix Hunmaine
Norwegian Forum for Environment and Development (Norway)
Novib (Netherlands)
Observatoire Congolaise des Droits de l'Homme (Congo-Brazzaville)
OIKOS (Angola)
One World Action (United Kingdom)
Open Society Institute
Operation Young Vote (Zambia)
Our Niger Delta (Nigeria)
Oxfam America (United States)
Oxfam (United Kingdom)
Pan African Civil Society Network
Partnership Africa Canada (Canada)
Pax Christi International
Pax Christi Netherlands (The Netherlands)
Pax Christi Flandres (Belgium)
Philippine Media Center for Advocacy (The Philippines)
Polish Association for Legal Education (Poland)
Probe International (Canada)
Prince of Wales International Business Leaders Forum (United Kingdom)
Project Agape (Nigeria)
Public Finance Monitoring Centre (Azerbaijan)
Public Policy Research Centre (Kazakhstan)
Public Service Accountability Monitor (South Africa)
Reconciliation, Transparency and Citizenship Coalition (Angola)
Renaissance Africaine
Rural Foundation for Gender and Development (Nigeria)
Sfanta Maria Foundation (Romania)
Save the Children (United Kingdom)
Scottish Catholic International Aid Fund (United Kingdom)
Secours Catholique /CARITAS France (France)
Step-Up (Sao Tome e Principe)
Social Justice Advocates of Placer County (United States)
Society for Water & Public Health Protection (Nigeria)
SOLIDAR (Belgium)
Survie (France)
Sustainable Development Institute (Liberia)

Tanzania Association of NGOs (Tanzania)
 Tearfund (United Kingdom)
 Third World Network (Ghana)
 Transnational Corporations Observatory
 Transparency International (Australia)
 Transparency International (Azerbaijan)
 Transparency International (Cameroon)
 Transparency International (Canada)
 Transparency International (France)
 Transparency International (Germany)
 Transparency International (Kazakhstan)
 Transparency International (Kenya)
 Transparency International (Indonesia)
 Transparency International (Mauritius)
 Transparency International (Switzerland)
 Transparency International (United Kingdom)
 Transparency International (Zambia)
 Trocaire (Ireland)
 United Church of Canada (Canada)
 United Nations Association (United Kingdom)
 Urgewald (Germany)
 Die Verbraucher Initiative (Germany)
 War Child Canada (Canada)
 War on Want (United Kingdom)
 Wassa Association of Communities Affected by Mining (Ghana)
 Watchman International Network (Nigeria)
 West African NGO Network
 Western Sahara Campaign
 Women's Ray / Female Beam (Kazakhstan)
 Women's Right to Education Programme (Nigeria)
 World Economy, Ecology & Development Association (Germany)
 World Learning for International Development (United States)
 World Vision International
 Yonge Nawe Environmental Action Group (Swaziland)
 Zero Corruption Coalition (Nigeria)
 Zimbabwe Democracy Trust (United States)

Note: The membership list is from June 2008, the time of writing. Please note that as this report goes to print the PWYP coalition is conducting a full-scale membership survey. Please see: www.publishwhatyoupay.org for an updated list of PWYP member organisations.

Annex 3: Timeline of Events 1999–2008

1999

Dec 1 Global Witness publishes the report *A Crude Awakening*, exposing how Angolan state corruption and lack of oil revenue transparency has contributed to the humanitarian disaster in the war-torn country.

2000

Sept First ever multi-stakeholder meeting held to discuss revenue transparency issues in the context of Angola, hosted by the UK Foreign Office (Peter Hain, Minister for Africa) and attended by oil companies operating in Angola (including BP, Shell and Statoil), Simon Taylor (Global Witness) and David Murray (Transparency International UK).

2001

Jan 24 Global Witness writes to oil companies operating in Angola appealing for disclosure of payments.

Feb 6 BP writes to Global Witness pledging to disclose information on total net production, aggregate payments to Sonangol and total taxes and levies paid to the Angolan Government.

Feb 6 Sonangol writes to BP threatening to terminate license if company goes ahead with its transparency commitment.

Fall Caspian Revenue Watch launched as part of Open Society Institute's Central Eurasia Project.

Oct 1 Oxfam America publishes its report *Extractive Sectors and the Poor*.

2002

Mar 1 Global Witness publishes *All the Presidents' Men*, shedding further light on the scale of state corruption in Angola and complicity of oil and banking industry, introducing the concept of 'publish what you pay'.

Mar Simon Taylor talks to George Soros at an OSI meeting in Johannesburg and they agree to launch a campaign to promote revenue transparency in extractive industries.

May 13 George Soros writes to UK Prime Minister Tony Blair.

- June 13* Press conference and media blitz to formally launch PWYP in London.
- July 14* First major African civil society statement on revenue transparency issued by Association of Episcopal Conferences of the Central African Region (ACERAC).
- Sept 2* Blair announces EITI at World Summit on Sustainable Development in Johannesburg.
- Nov* Henry Parham hired as International Coordinator of the PWYP coalition.
- Nov 26* First formal UK stakeholder meeting on EITI in London.

2003

- May* First publication of investors' Statement on Transparency in the Extractive Industries.
- May* First PWYP national coalition in Europe established in France.
- May* Caspian Revenue Watch publishes report *Caspian Oil Windfalls: Who Will Benefit?* and launches Iraq Revenue Watch following US invasion of Iraq.
- June 3* G8 Heads of State at summit in Evian, France, first express support for extractive industries transparency as part of *Fighting Corruption and Improving Transparency Action Plan*.
- June 13* First High-Level International EITI Conference held in London to agree on principles.
- June 13* Catholic Relief Services (CRS) and Terry Lynn Karl publish *Bottom of the Barrel* report on the perils and opportunities that African nations face with the ongoing oil boom.
- Sept* First national PWYP coalition in francophone Africa established in the Republic of Congo ('La Coalition Congolaise Publiez ce que Vous Payez').
- Nov* Azerbaijan establishes the first national EITI multi-stakeholder committee to manage and oversee implementation of EITI.
- Nov 7* Nigerian President Obasanjo commits publicly to EITI implementation at Transparency International's tenth anniversary celebration in Berlin.

2004

- Feb* First national PWYP NGO coalition in Anglophone Africa established in Nigeria ('Publish What You Pay Nigeria').

- Feb* Nigeria becomes first African country to formally initiate EITI implementation and set up a multi-stakeholder committee.
- May 13* Azerbaijani NGOs establish first national coalition in the Central Asia/Caucasus region (Coalition for Improving Transparency in the Extractive Industries).
- Aug* The World Bank concludes its Extractive Industries Review. As a result, the Bank commits to introducing transparency requirements of extractive sector clients and to support EITI implementation at the country level.
- Sept* First national PWYP coalition in North America established in the United States.
- Dec 17* European Union formally adopts a ‘Transparency Directive’ to harmonise minimum disclosure requirements for listed companies across all EU capital markets. Includes non-binding language encouraging payments disclosure by listed extractive companies.

2005

- Feb* EITI Technical Workshop in Paris. PWYP members (led by Global Witness) threaten to walk away from EITI if criteria for implementation are not adopted to prevent company and government ‘free-riding’.
- Feb 25* First PWYP Africa Regional Strategy Meeting held in Pointe Noire, Republic of Congo involving key members and representatives of PWYP national coalitions from West and Central Africa.
- Mar 17* Second High-Level International EITI Conference held in London; criteria adopted and multi-stakeholder International Advisory Group, chaired by Peter Eigen, established to develop proposals for future governance and management of EITI.
- Mar 17* *Measuring Transparency* index published by Save the Children UK to provide a benchmark with which to assess policy and performance of extractive companies and ‘home’ governments. Index later taken over by Transparency International as the Promoting Revenue Transparency Project.
- Mar* Azerbaijan becomes first country in the world to report audited EITI data.
- June 7* The IMF’s *Guide on Resource Revenue Transparency* is published.
- Sep* *Extracting Transparency: the Need for an International Financial Reporting Standard for the Extractive Industries* co-published by Global Witness and Save the Children UK.

Dec First major PWYP pan-African capacity building workshop organised in Kribi, Cameroon and position of PWYP Africa Regional Coordinator created (Matteo Pellegrini served in this position until 2008).

2006

Mar The Alternative Investment Market (AIM), part of the London Stock Exchange listing smaller companies, introduces a requirement for extractive companies (when being listed on AIM for the first time) to disclose any payments aggregating over £10,000 made to any government or regulatory authority.

Apr 7 PWYP Coordinators in Congo-Brazzaville, Brice Mackosso and Christian Mounzeo, arrested and jailed. They eventually go on trial for breach of trust and forgery charges, receive a twelve-month suspended prison sentence and a fine. The case is being appealed.

Sept 15 Revenue Watch Institute formally launched in New York.

Sept 20 The International Accounting Standards Board agrees to set up a sub-group to explore issues around the adoption of country-by-country reporting in response to PWYP.

Oct 13 A major PWYP international strategy meeting takes place in Oslo. PWYP members agree on a new campaign mission statement and governance structures, including the formation of a Strategic Advisory Group.

Oct 15 PWYP Coalition and Revenue Watch Institute publish jointly *Eye on EITI* containing a wide number of civil society perspectives on EITI implementation and a list of recommendations.

Oct 16 The third International EITI Conference approves the proposed validation system and the establishment of a Board to oversee EITI at international level. Peter Eigen becomes Chairman of EITI Board.

Dec 7 First official meeting of EITI Board in New York. Oslo is selected as location for new international EITI Secretariat.

2007

Feb 18 Global Witness campaigner Sarah Wykes arrested and jailed in Angola on charges of alleged breaches of national security law—a few days later she is released on bail and a month later permitted to leave the country.

June 13 Fifth anniversary of PWYP.

- July* New staff join PWYP: Radhika Sarin replaces Henry Parham as International PWYP Coordinator and Rachael Taylor joins PWYP international as Information Officer.
- Aug* First major PWYP conference for civil society groups from the Asia-Pacific region held in Bali, Indonesia.
- Sept* New International EITI Secretariat opened in Oslo, Norway.
- Sept* First list of EITI *candidate* countries agreed at Board meeting.
- Sept* First in-person meeting of the PWYP Strategic Advisory Group.
- Sept 27* Norway announces its commitment to implement EITI at home, becoming the first developed, resource-rich candidate country.
- Dec* First major Latin America PWYP and EITI meeting in Lima, Peru.

2008

- Apr 28* Transparency International publishes *2008 Report on Revenue Transparency of Oil and Gas Companies*, an evaluation of 42 leading international and national oil and gas companies operating in 21 countries on revenue transparency policies, management systems and performance.
- April* Iraq commits to EITI implementation.
- May 15* Congressman Barney Frank, Chairman of Financial Services Committee of US House of Representatives, introduces into the US Congress the Extractive Industries Transparency Disclosure Act, developed in collaboration with the PWYP US Coalition.
- June 26* US House of Representatives Financial Services Committee holds a legislative hearing on the EITD Act, which includes testimony from a former oil company executive, the investor community and the PWYP coalition.
- July 31* Senator Charles Schumer of the Senate Banking Committee, introduces the Senate companion version of the EITD Act.

Annex 4: Letter from George Soros to UK Prime Minister Tony Blair

May 13, 2002

The Rt. Hon. Tony Blair Prime Minister
10 Downing Street, London SW1A 2AA

Dear Tony:

I want to alert you to a proposal being put forth by the London-based NGO Global Witness and supported by a host of other groups including Oxfam, Save the Children, and Christian Aid, among others.

The proposal calls for oil and other natural resource companies to disclose all payments to national governments as a condition of being listed on major stock exchanges. These payments could then be compared against national budgets to ensure that funds are not misappropriated.

In Africa, resource companies do not disclose payments to governments, whereas in most developed countries they do. The result is that corruption is facilitated and money that could be directed to fighting poverty is stolen.

Because individual companies may be disadvantaged if they disclose information that others keep hidden, calls for voluntary disclosure are doomed to failure. Yet companies would benefit collectively by a leveling of the playing field if disclosure requirements were imposed. In fact, my own private discussions indicate that support for such a proposal can be expected from the industries concerned.

I would like to suggest that the UK take the lead on this issue during the G8 Summit in June. It could form a central part of the G8 response to the New Partnership for African Development (NEPAD). I am personally committed to seeing this proposal integrated into the developed world's effort to fight global poverty. I have attached a more detailed copy of the proposal. I should very much like to hear your response.

You might also be interested to know that my African foundations recently convened a meeting of African civil society leaders in Johannesburg, which I attended. Participants felt it crucial that NEPAD be made more accessible to the African public. They believe NEPAD leaders should reach out to civil society through the establishment of a permanent forum to address such issues as transparency in governance and HIV/AIDS. They are exploring ways to support national monitoring mechanisms for NEPAD's various components. I shall keep you informed of any interesting developments on this front.

With best wishes,
George Soros

Annex 5: Op-ed by George Soros on the Launch of PWYP

Transparent corruption: Oil and natural resource companies should make clear how much money is being taken by officials

by George Soros, *The Financial Times*, 13 June 2002

All over the world, countries that should be rich remain poor. Though blessed with valuable minerals such as oil, diamonds and gold, the ordinary people of Angola, Nigeria, Kazakhstan and elsewhere are mired in poverty while corrupt officials prosper. Money that could be used to reduce poverty and jump-start economic growth is stolen instead.

Oil and mining companies play an important role in many developing countries. Often they are the main source of budget revenues and foreign currency earnings. In Angola, for example, oil accounts for an estimated 90 per cent of the \$3bn-\$5bn (£2bn-£3.4bn) state budget. At least \$1bn of this revenue goes missing every year.

There is a close connection between the exploitation of natural resources and the prevalence of corrupt and oppressive regimes. A secure revenue stream allows such regimes to maintain power, and controlling vast flows of money gives dictators a powerful incentive to cling to power. Without the need for broader public support, these regimes can oppress their citizens and ignore basic needs such as healthcare and education.

The problem is particularly acute in Africa, where the natural resource sector accounts for about three-quarters of the continent's trade. Angola, Sierra Leone, Chad, Congo-Brazzaville, the Democratic Republic of the Congo, Equatorial Guinea, Gabon, Nigeria and Sudan are all countries where natural resources provide a big portion of state revenues, and corruption is rampant. Many have been devastated by civil wars motivated by the control of natural resources. As a general rule, people in resource-rich and resource-poor African countries are equally poor but the resource-rich countries have worse governments and greater civil strife.

Central Asia faces similar prospects. In the coming years, countries such as Kazakhstan, Uzbekistan and Azerbaijan can expect greatly increased revenues from the sale and transport of oil and gas. Will these funds foster development or repression?

Multinational corporations involved in extraction industries argue that the misappropriation of state revenues is beyond their control. Nevertheless, they cannot escape responsibility for what happens in the countries in which they operate.

Unsurprisingly, activists have often singled out oil and mining companies for blame. In recent years, lobby and pressure groups have launched campaigns against Royal Dutch/Shell in Nigeria, Unocal and TotalFinaElf in Burma, ExxonMobil in Aceh, British

Petroleum and Occidental Petroleum in Colombia, ChevronTexaco in Angola, Talisman in Sudan, Freeport MacMoRan in Papua, Indonesia, and ExxonMobil and partners in Equatorial Guinea.

But this does not have to be the case. It is in the enlightened self-interest of these companies to ensure that their payments are not misappropriated. In association with a broad consortium of human rights, environmental, development, and anti-corruption groups, I am endorsing a proposal that would require oil and natural resource companies to make public how much they pay to national governments.

The proposal, known as 'Publish What You Pay', would be a useful step in forcing corrupt governments to open up to scrutiny from their own people. The idea is to require natural resource companies to make public disclosure of taxes, fees, royalties and other payments to governments as a condition of being listed on leading stock exchanges. I am not talking about releasing commercially confidential data, but simply the basic figures that companies are already required to disclose in many developed countries.

I recognise that oil and mining companies do not control how their payments are spent, or misspent. But if they are to be good corporate citizens in this age of globalisation, they do have a responsibility to disclose these payments so the people of the countries concerned can hold their governments to account.

No individual company wants to start disclosing data before its competitors do. That is why voluntary disclosure will not work. But all companies would benefit from a level playing field if disclosure were required. They would not be violating the terms of their agreements if the requirement to 'publish what they pay' were imposed on them.

What we are proposing is only a first step. Africa is high on the agenda of this month's Group of Eight summit. The New Partnership for African Development, Nepad, an African initiative that will be discussed at the summit, emphasises the need to eliminate corruption. Our proposal fits right into this agenda.

If revenues generated by the extraction industry were channelled to promote development, poverty could be dramatically reduced. Coupled with the Millennium Challenge Account recently announced by the US and other improvements in international assistance, they could go a long way towards making the United Nation's widely supported millennium goals a reality.

© George Soros. Originally published in *The Financial Times*.

Notes

1. Construction Sector Transparency Initiative. See: <http://www.constructiontransparency.org> and Medicines Transparency Alliance: <http://www.medicinestransparency.org/>.
2. See Annex 1 for a full list of countries.
3. The Human Development Index ranks countries in terms of life expectancy, literacy, educational attainment and GDP per capita. See: <http://hdr.undp.org/en/>.
4. The Corruption Perceptions Index ranks countries in terms of perceived levels of corruption, using data from various different expert assessments and opinion surveys. See: http://www.transparency.org/policy_research/surveys_indices/cpi.
5. First published in June 2005 (see: <http://www.imf.org/external/pubs/ft/grrt/eng/060705.htm>) and revised in April 2007 (see: <http://www.imf.org/external/pp/longres.aspx?id=4176>). See question 3.14 for further information.
6. Source: *All the Presidents' Men*, Global Witness, 2002.
7. See: http://www.globalwitness.org/media_library_detail.php/93/en/a_crude_awakening.
8. See: http://www.globalwitness.org/media_library_detail.php/85/en/all_the_presidents_men.
9. International NGOs who are members of PWYP and present in Angola providing development assistance include: CAFOD, Care International, Christian Aid, CRS, Oxfam GB and Save the Children UK among others.
10. Formerly Fiona King.
11. Formerly Mabel Wisse Smit.

12. See Annex 3 for a copy of this letter.
13. For example: European Multi-Stakeholder Forum on CSR, Global Reporting Initiative, Global Sullivan Principles, OECD Multinational Guidelines and the United Nations Global Compact, among others.
14. For more information on the Voluntary Principles go to: <http://www.voluntaryprinciples.org/>.
15. For more information on the Kimberley Process go to: <http://www.kimberleyprocess.com/>.
16. For more information on the EIR, visit the International Finance Corporation website. See: <http://www.ifc.org/eir>.
17. Further information on the Chad-Cameroon Pipeline Project can be found in the report *Bottom of the Barrel: Africa's Oil Boom and the Poor*, by Ian Gary and Terry Lynn Karl, Catholic Relief Services, June 2003, available at: http://crs.org/publications/showpdf.cfm?pdf_id=183.
18. For example, many of the major mining companies, under the auspices of the World Business Council for Sustainable Development and in collaboration with the International Institute for Environment and Development (IIED), launched the 'Mining Minerals and Sustainable Development' Project (MMSD) in 1999 with the objective of identifying how mining and minerals can best contribute to sustainable development.
19. The Strategy Unit provides policy and strategic advice to the UK Prime Minister and other UK government departments and identifies emerging issues and policy challenges. See: <http://www.cabinetoffice.gov.uk/strategy>.
20. NEPAD is an inter-governmental framework for addressing many of the biggest socio-economic development challenges facing African nations. See: <http://www.nepad.org/>.
21. For further information on the WSSD, see: <http://www.un.org/jsummit/>.
22. In 2008 salary and operational costs for the International Coordinator were provided by CAFOD, CARE International UK, Christian Aid, Global Witness, the Open Society Institute, Oxfam GB, Oxfam Novib, the Netherlands Institute for Southern Africa (NIZA), Pax Christi Netherlands, Save the Children UK and Secours Catholique. For the Information/Advocacy Officer and Programme Officer, funding is provided by Global Witness, the Open Society Institute and Revenue Watch. Institute. For the Africa Regional Coordinator: Catholic Relief Services, Global Witness, Oxfam Novib and Revenue Watch Institute.
23. See: <http://www.publishwhatyoupay.org/en/mission>.
24. See question 3.14 for further information.
25. See: <http://www.eitransparency.org/eiti/criteria>.
26. These companies have provided (usually in their annual CSR report) a net figure on payments made to the countries in which they operate.
27. The International Accounting Standards Board is an independent, privately funded accounting standard-setter based in London, England. It is responsible for developing international financial reporting standards and promoting the use and adoption of these standards. Further details are available in Chapter 3.

28. Further information on this Act is available in question 3.12. See also: www.OpenTheBooks.org.
29. World Bank Press Release ‘World Bank and Partners Launch EITI++’ (12 April 2008). See: <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21727772~pagePK:34370~piPK:34424~theSitePK:4607,00.html>.
30. From EITI website: <http://eitransparency.org/>.
31. See: Statement by the Chairman of ExxonMobil, Andrew P. Swiger, at the EITI Conference in London, 17 June 2003; <http://web.archive.nationalarchives.gov.uk/+http://www.dfid.gov.uk/pubs/files/eitidraftreportexxonmobile.pdf>.
32. See: U.S. Senate Permanent Subcommittee on Investigations, Committee on Governmental Affairs report *Money Laundering and Foreign Corruption: Enforcement and Effectiveness of the Patriot Act Case Study Involving Riggs Bank*, dated July 15, 2004.
33. A copy of the Investors’ Statement is available at <http://www.eitransparency.org/supporters/investors>.
34. ‘The Year in Ideas; Forced Transparency’, by Blaine Harden, New York Times, 15 December 2002: See: <http://query.nytimes.com/gst/fullpage.html?res=9B03E3DC173AF936A25751C1A9649C8B63>.
35. See for example ‘Publish What You Fund’: <http://www.publishwhatyoufund.org/>.
36. PWYP members based in the EU are still working to pressure EU member states to implement fully and revise to make obligatory, this provision of the TOD.
37. *Extracting Transparency: The Need for an International Financial Reporting Standard for the Extractive Industries*, Global Witness and Save the Children UK, September 2005. See: http://www.globalwitness.org/media_library_detail.php/141/en/extracting_transparency.
38. For the full list of the EITI Principles go to: <http://www.eitransparency.org/eiti/principles>.
39. The *Measuring Transparency* reports were first published in March 2005. They developed a standard to assess the performance of companies and governments in support of revenue transparency and a framework to track their progress over time. The framework of this study was then taken over, revised and expanded upon by Transparency International in 2006. See: http://www.transparency.org/policy_research/surveys_indices/promoting_revenue_transparency.
40. The PWYP US Coalition was established in 2005. More information on its members and activities is available on the Coalition’s website. See: <http://www.pwypusa.org/>.
41. Representative Barney Frank’s website. See: <http://www.house.gov/frank/>.
42. The SEC is the US Government agency responsible for regulating US stock markets and enforcing US federal securities laws. See: <http://www.sec.gov/>.
43. For more information on the EITD, see: <http://www.openthebooks.org/>.
44. Website of Peter Skinner, MEP. See: <http://www.peterskinnermep.eu/>.
45. IFRS 8 on Segment Reporting aims to reduce differences in segment reporting between IFRSs and United States generally accepted accounting principles (more commonly known

as GAAP). See IASB website for full details. See: <http://www.iasb.org/Current+Projects/IASB+Projects/Segment+Reporting/Segment+Reporting.htm>.

46. For a full list of submissions by NGOs on IFRS 8, see: <http://www.iasb.org/Current+Projects/IASB+Projects/Segment+Reporting/ED+8+Operating+Segments/Comment+Letters/Comment+Letters.htm>.

47. EBRD Energy Policy, July 2006, page 32. See: <http://www.ebrd.com/about/policies/sector/energy.htm>.

48. IFC Social and Environmental Sustainability Policy, April 2006, page 4. See: <http://www.ifc.org/ifcext/sustainability.nsf/Content/EnvSocStandards>.

49. *IMF Guide on Resource Revenue Transparency*, April 2007. See: <http://www.imf.org/external/np/pp/2007/eng/051507g.pdf>.

50. See Bank Information Center website. See: <http://www.bicusa.org/en/Issue.Resources.6.aspx>.

51. ECAs are government agencies—sometimes quasi-government agencies—which extend government-backed export credits, loans, insurance and investment guarantees to companies operating in high-risk areas abroad, including many resource-rich developing countries. ECAs are the largest providers of public finance to private-sector projects in the world, particularly in the extractive industries.

52. PWYP members lobbied the OECD throughout 2006 and 2007 during the renegotiation of its ‘Recommendation Common Approaches on the Environment and Officially Supported Export Credits’. See ECA-Watch website for further details.

53. See: <http://www.banktrack.org/>.

54. See: <http://www.eca-watch.org/>.

55. Further information on the Equator Principles and NGO criticisms of the initiative can be found on the website of the NGO network BankTrack. See: <http://www.banktrack.org/>.

56. *IMF Guide on Resource Revenue Transparency*, page 17.

57. IFC Social and Environmental Sustainability Policy, page 4.

58. H.R. 3057 [109th]: Foreign Operations, Export Financing and Related Programs Appropriations Act, 2006, Section 585 (c). See: <http://www.govtrack.us/congress/billtext.xpd?bill=1109-3057>.

59. See for example: *Digging for Development: A Historical Look at Mining and Economic Development*, by Thomas Michael Power, Oxfam America, September 2002.

60. See for example: *Unearth Justice: Counting the Cost of Gold* by Anne Lindsay and Geraldine Macdonald, CAFOD, May 2006.

61. CORE is a UK-based coalition of charities and NGOs that campaigns for mandatory social and environmental reporting by listed companies. See: <http://www.corporate-responsibility.org/>.

62. See: <http://www.icbl.org/>.

63. These are the PWYP coalition membership principles: *‘Members of the Publish What You Pay worldwide coalition of NGOs will: (a) Advocate for the mandatory disclosure of payments made by extractive industry companies, both multinational and state owned enterprises, to all national governments on a disaggregated and country-by-country basis; and will wherever possible endeavour to: (b) Positively and constructively engage with other coalition members, companies, governments and other relevant actors at national and regional levels; (c) Provide regular updates on activities, strategies and plans related to the campaign; and (d) Proactively speak out to the media and public on the issue of revenue transparency, promote Publish What You Pay and widely disseminate relevant and important information on the campaign’.*

64. This question only analyses the international PWYP website (<http://www.publishwhatyoupay.org/>) and the versions that were live on the Internet between 2002 and 2007, which are no longer available to view. In 2008, a new website—the one that is online at the time of publication—was launched with new features, structure, design and a brand new PWYP logo. There are several national coalition websites which are managed—many very effectively—by local coalition members. Links to these sites can be found on the PWYP website.

65. PWYP international coalition website. See: <http://www.publishwhatyoupay.org/>.

66. A list of research reports on the resource curse and related issues by NGO coalition members can be found on the PWYP website under ‘Publications.’

67. G8 Declaration on Fighting Corruption and Improving Transparency, June 2003. See: <http://www.g8.fr/evian/>.

68. See: http://action.openthebooks.org/t/2211/campaign.jsp?campaign_KEY=293.

69. INGO coalition members that provide funding assistance to other PWYP members and/or national coalitions include: Bread for the World, CAFOD, Care International, Catholic Relief Services, Christian Aid, Cordaid, Intermon Oxfam, Misereor, NIZA, Open Society Institute and many national Soros foundations, Oxfam America, Oxfam Australia, Oxfam GB, Novib, Partnership Africa Canada, Revenue Watch Institute, Secours Catholique/Caritas France and Swissaid. Government development agencies and international organisations also support civil society efforts on revenue transparency.

70. See RWI website: <http://www.revenuewatch.org/>.

71. In practice, RWI’s ‘value chain’ approach means aiming to improve licensing processes, tax regimes, revenue savings regimes, investment strategies and decision-making processes for the expenditure of resource revenues.

72. The Guide is an internal document. It is only available to coalition members.

73. Sub-national reporting means the disclosure of payments by companies to regional and/or local government authorities and transparency of receipts received by these levels of government.

74. A further and related challenge PWYP faces is whether there is a need to widen the scope and participant base of existing national coalitions by considering, for example, expanding or revising activities and strategies, taking the campaign to the grassroots and involving new partners.

About the Authors



Mabel van Oranje

Since July 2008, Mabel van Oranje has served as CEO of The Elders. She is also a co-founder and co-chair of the European Council on Foreign Relations. Mabel worked for the Open Society Institute as Director of OSI's Brussels office (1997–2003) and subsequently as OSI's International Advocacy Director (2003–2008). She was actively involved in the creation of the Publish What You Pay coalition and a member of the Management Committee of the International PWYP Coordinator until 2008.



Henry Parham

Henry Parham earned a Bachelor of International Studies from the Flinders University of South Australia, where he also served as Student Union President (2001) and worked on state and federal election campaigns in Australia. Henry was the International Coordinator of Publish What You Pay from 2002 till 2007. He now serves as Policy Officer for The Elders (since September 2008).

Revenues from the oil, gas and mining industries are an important source of income for governments of over 50 countries around the world. Paradoxically, most of these countries are rich but the majority of their citizens are living in poverty. The lack of transparency in the payment and receipt of natural resource revenues has fostered corruption and mismanagement by officials in these countries.

Yet, if citizens know how much their government gets paid for the extraction of the country's natural resources, it becomes much easier to monitor how the revenue is spent. These proceeds can then serve as a basis for poverty reduction, economic growth, and development.

The Publish What You Pay (PWYP) coalition campaigns for greater transparency and accountability in the management of revenues from the oil, gas and mining industries. Over the course of six years, the PWYP coalition has grown to become a global network of over 350 community organisations, international NGOs and faith-based groups and more than 25 national civil society coalitions.

Publishing What We Learned discusses the origins and structures of PWYP, assesses the effectiveness of its advocacy and policy endeavours, and examines how the coalition has operated internationally, overcome challenges, and achieved success.

Mabel van Oranje, now CEO of The Elders, participated in the creation of the Publish What You Pay coalition and was a member of the Management Committee of the International PWYP Coordinator until 2008. Henry Parham, Policy Officer for The Elders, was the International Coordinator of Publish What You Pay from 2002 until 2007.

